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EDITORIAL

As We See It

"Are these taxpayers (wage earners) willing to have the Government go into debt at the rate of $10 billion per year for the foreseeable future to give them the equivalent of 'cigarette money' "? This question was asked last week by a group of Republican members of the Ways and Means Committee of the House of Representatives, a group which labeled a tax cut "on borrowed money" as "fiscally wrong—a time bomb for inflation." This question, or the equivalent of it, is certainly one which not only the wage earners but all the rest of us should be well advised to ponder and ponder prayerfully. This is necessary, notwithstanding the fact that members of the same party roared much more like suckling doves when just a few years ago deficits were often, if not regularly, met out of borrowed money while that party was in office at least at one end of Pennsylvania Avenue and despite all the smooth talk these days by government economists and advisers about the merit of spending borrowed money. We hear so much about reducing taxes that all too few stop to think at all about swollen and still swelling outlays and about real tax reform.

It is certainly bad enough to persist in spending more, much more than we are willing to give up in taxes. The tax system through which we collect whatever funds the government takes in—be it too little or adequate in amount—is an economic curse under whose spell we must inevitably suffer so long as we leave it intact, and that regardless of whether or not the total tax take is sufficient to cover actual outlays. But let us not suppose for a moment that we can redeem ourselves from these sins solely by any sort of action in the matter of taxation—as greatly as the right sort of action is needed in that area. The truth is that we are *(Continued on page 22)*

Present and Future Financial Impact of Supersonic Airplanes

By Selig Altschul,* *President, Aviation Advisory Services, New York City*

Expert answers are provided regarding the airlines industry's financial prospects between now and the expected advent of supersonic planes, and its ability to finance the shift from subsonic to supersonic transports. Mr. Altschul forecasts a long respite before meeting costly re-equipment needs of 1970-72 permitting industry's—but not all airlines'—improving profit-posture to act on current excess debt-equity ratio and to finance interim jet purchases. Favors mergers for ailing carriers unable to afford SST challenge.

How are the airlines going to finance the acquisition of supersonic transports? This was the question initially directed at me for discussion today. At this point, any airline financing program for the SST's must remain as nebulous as the development of the plane itself. More on this later.

Selig Altschul

A mist currently surrounds the ultimate outline of the SST. Essentials dealing with construction, purchase price, operating costs and related elements remain unknown. But there is no doubt that out of the haze a SST will emerge and is likely to be in scheduled commercial service by the early 1970's. It is this very fact which importantly influences current airline financial policies and positions. And the resultant financial structure of the industry during the intervening years will largely determine its ability to meet the challenges of the SST age. Technological progress has been rapid and has fueled the tremendous growth of the industry. Equipment development, starting with the DC 3, represented an initial outlay of about $100,000 per copy. Some nine years later, accelerated transitions saw the introduction of the DC 4 with its $450,000 tag, followed soon thereafter by the first Lockheed Constellation at around $750,000, the DC 6 at around $1 million, the DC 6B at about $1.5 million and the Super-Constellation and DC 7 in the $2 million class.

Each of these equipment transitions required an infusion of more and more capital. Limited earnings were largely reinvested and supplemented from time to time by equity financing plus short-term loans. Long-term debts were isolated exceptions. These piston-powered aircraft were written off over periods of four to seven years. Such cash throw-offs, through depreciation charges, were previously applied in an almost continuous cycle toward retiring debts (created in past years to finance purchases) and/or toward subsequent aircraft acquisitions. In this process, larger and larger capital formations evolved for the individual airlines. In this framework, the industry was able to handle its growing equipment requirements.

This pattern of large cash throw-offs and the broader capital base of the industry would have been able to assimilate continuing aircraft acquisitions pretty much in the past conventional manner except for two significant developments. First, the cost of the jet transports ran around $6 million per copy. This represents quite a jump in requirements from the capital formation stepped-up from the $2 million unit cost of a Super G or DC 7. years will largely determ *(Continued on page 18)*

PUERTO RICO SUPPLEMENT: SECTION TWO

The Security I Like Best...

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

McCormick & Co., Inc.—Joseph E. North, Analyst, Goodbody & Co., New York City. (Page 2)

Leece-Neville Co.—B. Winthrop Pizzini, President, B. W. Pizzini & Co., Inc., New York City. (Page 2)

JOSEPH E. NORTH

Analyst, Goodbody & Co., New York City

McCormick & Co., Inc.

No matter whether your food is pickled, sauteed, roasted, cured, stuffed, smoked, mashed, frozen, or whatever—the odds are that at some point it has been seasoned or flavored by McCormick & Co., Inc., world's largest processor of these items. The diversity and universality of users of the company's products—from housewives to processors—enables the investor in McCormick shares to "buy the food industry," in effect, with a single investment. About a year ago, in this column, I recommended purchase of Charles of the Ritz, Inc. at 19, feeling the price-earnings ratio was far too low, comparatively; subsequently, the shares moved up some 50% in price, as the ratios came more closely into line. An investment in shares of McCormick & Co., Inc. offers an opportunity for profit, I believe, which is double-barreled—as earnings evaluations adjust, and as the long-term prospects of the company take shape. The shares sell at 13.5 times the estimated $2.35 a share earnings in fiscal 1963, distinctly modest by comparison with other food shares of comparable quality.

Founded in 1889, McCormick & Co., Inc. is today the largest domestic processor of spices, herbs and food seasonings, selling hundreds of items in this country and many foreign lands, as well. Recent growth has been stimulated by new seasonings, products, and packaging developed to satisfy consumer demand for greater convenience, nutrition and flavor. In the past 30 years, sales have increased to $52.3 million from $3.5 million. Stockholders' equity increased fourfold, and profits after taxes soared to $1.2 million in 1962, from a deficit of $14,000 in 1932, the last loss year, by the way, McCormick has experienced. In the 1951-62 span, yearly rates of increase in sales and earnings were a sedate 2.7% and 5.6%, respectively, but the 1958-1962 pace has picked up to 8% and 17%, respectively.

Industry-wide retail sales of spices and spicy sauces grew by about 7% annually in the 1957-62 period. The strong upsurge in spice usage stems from several factors: more foreign cooking, in which spices are used more freely; the spread of better-seasoned institutional eating in hotels, clubs, restaurants and industry; and the sharp rise in use of convenience foods, which use fairly sophisticated seasonings.

About 40% of the company's output is consumed in processed foods, with the meat packers (particularly of sausages and luncheon meats) being the largest users. Canners, commercial bakers, pickle packers and condiment makers are also important industrial customers.

The consumer market is the dominant, and the most complex, end of McCormick's business, encompassing flavorings, extracts, seasonings, seeds, herbs and spices dried and foilpacked sauces and seasonings (new, and quite successful). In many lands, the company's line also includes mayonnaise, catsup, tapioca, and peanut butter, to name just a few. The *Gourmet* line of bottled rather than tinned spices, is imaginatively styled and merchandised. These were introduced in 1959, and caught on at once. Coffee and tea are important; they are sold at retail, and, in bulk, to institutional users.

Spice prices are viciously unstable—pepper has quadrupled in price inside of a year, or fallen by 50%—but the company is big enough to stabilize margins by shooting for a certain profit per pound, rather than per dollar of sales.

A number of important mergers have been undertaken in recent years, and the Baker Extract Co., long-established manufacturer of flavorings, was purchased in 1962; in the same year, McCormick's Greater Baltimore Industrial Park, on 280 acres, was born. Plenty of room for expansion is afforded here, apart from opportunities for profit in a triple-A-tenanted industrial park.

Ahead of the 527,123 no-par common shares (119,691 voting and 407,502 non-voting shares, traded interchangeably over-the-counter) are 7,381 shares of 5% preferred, $100 par, and $2.1 million of 3.3% serial debentures, maturing by 1967. Current assets of $16.7 million compare with current liabilities of $9.6 million, for a ratio of 1.74:1. Considering prospective cash demands, there appears to be little chance for liberalization soon of the current 20 cent quarterly dividend rate. Since 1949, the shares were split 4-for-1, 6-for-5, 11-for-10, and 2-for-1; they are now held by some 2,000 stockholders.

The company reports only annually and results are currently slightly ahead of last year's pace. In my belief, the shares represent high quality at an unusual discount, and I recommend their purchase in accounts able to live with restricted marketability.

Summary of Sales and Earnings

Years Ended Nov. 30	Sales (000)	Pretax Profit Margin	Net After Taxes† (000)	Net Per Share*
1957	$36,539	3.8%	$695	$1.30
1958	38,913	3.7	709	1.33
1959	43,050	3.6	772	1.46
1960	48,647	4.5	1,061	2.04
1961	50,430	5.0	1,126	2.13
1962	52,261	5.4	1,229	2.26
1963‡	54,000			2.35

* Before preferred dividends.
† After preferred dividends.
‡ Estimated.

(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.)

B. WINTHROP PIZZINI

President, B. W. Pizzini & Co., Inc., New York City

Members New York Stock Exchange and American Stock Exchange (Associate)

The Leece-Neville Company

Year-to-year sales statistics have long been one basic yardstick for measuring growth potential. When the pattern continues sharply upward, it's usually assumed a company is doing well.

An interesting anomaly emerges, however, when this yardstick is currently applied to Cleveland's Leece-Neville Company. This pioneer producer of automotive electrical equipment is doing very well, but this fact is not entirely reflected in the price of its stock.

Sales in 1950 were only $4,430,000. They had increased four-fold to $17,880,000 by 1962, 27% higher than in 1961.

Final figures for the 1963 fiscal year ending July 31 have not as yet been released. But, based on its first nine months, they appear to have increased another healthy 20 to 25%.

Certainly this sales performance suggests solid growth. Yet public interest in the company's stock has waned in recent months, presumably because of a false assumption.

Leece-Neville's 1963 earnings failed to keep pace with sales. Indications are that for 1963 they will be only slightly higher than last year, when they increased 168% over 1961—perhaps $1.30 vs. $1.26 per share.

This was not due to the much-discussed profit squeeze, as apparently was assumed by investors. Management simply got caught in another kind of squeeze based on happier circumstances—the burgeoning sales themselves.

Cleveland facilities had to be quickly increased by 100,000 square feet to meet continued growth in volume. This, plus the dislocation caused by facilities expansion and concurrent development and marketing of two important new products was largely responsible for the sales-earnings contraction.

Three Cleveland plants now have 300,000 square feet of floor space. A plant in Gainesville, Ga., has 77,000. Employment has been increased from 1,200 to 1,500. All of this is expected to take care of further sales increases up to $30,000,000.

Much of the company's past success has been from aiming for high-demand markets. Product developments and additions during the past year followed this policy. They included windshield wipers, outright essentials to safe motoring, and transistorized ignition systems.

The latter are new in concept but already enjoy strong demand

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France's Inflation Hedging Experience With Bond Issues

By Bernard Seligman, *Assistant Professor, School of Commerce, Accounts and Finance, New York University, New York, N. Y.*

France provides an excellent illustration of measures taken to protect the bond holder from the inroads of price inflation. Dr. Seligman reviews the bewildering variety of protections built into private, government and nationalized bonds, none of which was linked to the cost of living index but to other unique indexing arrangements, until ended by official decree under De Gaulle's stabilization program. Hindsight shows that indexed bonds produced a consistent yield above that available on conventional government bonds and this is believed to reflect additional income paid on linked issues as well as greater risk entailed.

Following the end of World War II, many countries, particularly those in Europe were faced with the problem of inflation and the necessity of encouraging savings to offset the inflation, as well as to provide funds for investment purposes. However, because of the destruction caused by the war and its concommitant inflation, it was very difficult in numerous countries to induce savings from a public reluctant to invest in any form of fixed income financial instrument. One of the solutions devised to overcome this problem was the development of value linking clauses in financial contracts.

Bernard Seligman

"Value linking," or "indexing," as it is often called, refers to the provision which has been inserted in financial contracts, whereby payments are adjusted to the movements of some sort of reference index. The reference base, for instance, may be a cost of living index number, the foreign exchange rate, the price of "free gold," or any number of variety of reference points that have been devised. By adopting this system, payments such as interest, become variable rather than fixed as in the traditional bond form. In the postwar period such arrangements were widely adopted in countries like Finland, where bank deposits and loans were "indexed" to the cost of living, and Israel where wages, and bond interest and principal were linked to either the cost of living or the foreign exchange rate. In the Scandinavian countries, too, similar techniques were used for insurance contracts and old age pensions. France, however, was the only major country which extensively applied the value linking device to bond issues.

The reason for the adoption of value linking in bond issues in France seems quite clear. Just as occurred in other periods of history when similar arrangements were used, notably Germany after World War I, inflation has been the motivating force. In the 1948-1958 period, for example, France experienced an inflation of greater magnitude than any other western European country, averaging an increase of 7% a year in the price level. Furthermore, this inflationary trend dates back to a much earlier date, for between 1914-1939 the annual depreciaton of the franc measured in terms of purchasing power averaged 8% a year, and between 1939 to 1948 rose to 40%. Consequently, the deterioration of the capital market in France dates to about the beginning of World War I. Thus by the 1950's, over 90% of the funds provided for investment purposes came from sources other than the capital market.

Obviously this trend in the capital markets reflected the refusal of the public to lend its savings to either government or business, and by the end of World War II, there was practically no market for new bonds or even stocks in France. The government, therefore, was forced to borrow mainly from the banking system and private industry could only get capital from retained earnings. New business development then became restricted to existing companies and a significant share of the public's savings was diverted to gold hoarding or the accumulation of foreign exchange.

It was this background that forced the use of value pegging devices in the bond market in France, and this type of bond issue became so important, that in several of the years between 1952-1959 they were the dominant form of security issue. They were markedly significant in the government bond market for they comprised over 90% of the new government issues in 1952, 1956, and 1958. By 1959, however, after the inauguration of the new DeGaulle Government and the adoption of a stabilization program, all indexing practices, except for certain wage contracts, were ended by official decree. Nevertheless, many of the bond issues are still outstanding and offer not only an

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Thursday, September 19, 1963

Articles and News

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Muddle & Misunderstanding About Euro-Dollars

By Paul Einzig

Misconceptions about Euro-dollars and whether they help or hurt the dollar's international acceptance are cleared up in simple, explicit terms by one of the foremost experts on the subject. Using a recent letter to the Chronicle, and a recently published book to illustrate muddled thinking on the subject, Dr. Einzig explains what Euro-dollars are, who supplies and holds them, why they serve to strengthen the dollar and, further, why proposals to tax them would redound to our disadvantage.

LONDON, Eng. — Although Euro-dollars have now been in existence for some years, very few people seem to understand what they are and what they are supposed to do. Every now and again I come across evidence of muddled thinking about it, and there is a deplorable lack of knowledge on the essential facts on the functioning of the system.

A letter by Mr. William Stix Wasserman, appearing in the Aug. 29 issue of *The Commercial and Financial Chronicle,* provides a characteristic instance of such muddled thinking. Mr. Wasserman comes out in favor of curtailing the use of Euro-dollars by means of taxation. That is, of course, a matter of opinion. But, surely, before putting forward such a proposal he ought to have first ascertained what Euro-dollars are. That he had failed to do so is indicated by the following sentence: — "Euro - dollars consist of money borrowed on short-term *from American* banks by both European and Canadian banks." (Our Italics.)

Whatever Euro - dollars may consist of they most certainly do *not* consist of "money borrowed from American banks" by European banks. Although the Euro-dollar deposits are owned by American corporations (not by banks, let it be noted!) most of them are owned by European and other Central Banks and other non-American depositors of dollars held with American banks. It is *not* the American banks which lend these dollars to Europe, but the European and other non-American holders of the dollar deposits.

Had Mr. Wasserman only realized that the dollars concerned are owned by depositors resident outside the United States, I am sure he would not have suggested that Euro - dollar transactions should be made the subject of discriminatory taxation. Foreign holders of these dollars are fully entitled to *sell* their holdings outright any moment they choose, and it is difficult to imagine any justification for trying to prevent them from *lending* their dollars to whoever pays the highest interest. Any such attempt would be looked upon by them as the beginning of a policy of exchange restrictions. This would generate fears that their holdings might eventually be blocked. Their natural reaction would be to get out of dollars at once. To impose a tax on Euro-dollars, so far from strengthening the dollar, would inevitably cause a flight from it by foreign Central Banks and other holders.

Euro-Dollars Help Strengthen The Dollar

Apart altogether from fears of exchange restrictions, the resentment that would be caused by discriminatory taxation of interest earned by non-resident depositors on dollars lent outside the U. S. would itself be sufficient to induce a great many of them to sell their dollars outright. What Mr. Wasserman does not seem to realize is that, so far from accentuating selling pressure on the dollar, the working of the Euro-dollar system tends in given circumstances to mitigate it.

Until the recent rise of interest rates in the United States, the yield on foreign short-term funds held there, whether in the form of time deposits or Treasury bills or other forms of short-term investments, was quite unattractive. The fact that foreign holders of dollars had the opportunity to improve their yield by lending their deposits in the Euro-dollar market must have induced many of them to keep their dollars instead of switching into some other currency. Had it not been for the Euro-dollar system, the Federal Reserve authorities might have had to raise their interest rates much earlier, and they might have to raise their interest rates much higher in order to retain the foreign short-term funds in the United States.

The existence of Euro-dollars enables the American monetary authorities in given circumstances to abstain from penalizing domestic borrowers by raising domestic interest rates for the sake of defending the dollar. Foreign holders of dollars are enabled by the Euro-dollar system to earn a higher yield even if interest rates for domestic borrowers are kept relatively low.

This does not of course mean that the operation of the Euro-dollar system removes altogether the necessity for raising domestic interest rates in order to defend the dollar. For the interest rates on Euro-dollars do not assist in bringing down or keeping down cost of production in the United States and do not therefore assist in making American goods more competitive. In order to achieve that end, a further rise in domestic interest rates might become inevitable because of the persistent adverse balance of payments. The higher interest rates on Euro-dollars do not cure that ill. To the extent however, to which pressure on dollars is due, not to the adverse balance of payments, but to withdrawals by holders of foreign short-term funds dissatisfied with the inadequate yield—the operation of the Euro-dollar system provides a solution which enables the United States to get the best of both worlds. Money rates can be kept relatively low for domestic borrowers while foreign holders of dollars can be satisfied by the payment of higher Euro-dollar rates.

Dr. Einzig's Forthcoming Book On Euro-Dollars

Needless to say, all this is a gross over-simplification of an extremely involved argument which I have tried to develop in full detail in my forthcoming book *"The Euro-dollar System—Practice and Theory of International Interest Rates,* to be published early next year by Macmillan and Co. in London and by the St. Martin's Press in New York. But the above observations should, I think, suffice for indicating the need for knowing more about Euro-dollars before feeling qualified to advise the U. S. Government and Congress what to do about them.

Incidentally, Mr. William Stix Wasserman is not alone in being somewhat confused when writing about Euro-dollars. By sheer coincidence, he finds himself in the company of his namesake, Mr. Max J. Wasserman. A recently published book entitled *International Finance* by Max J. Wasserman, Charles W. Hultman and Laszlo Zsoldos, contains the following strange passage:

"Banks which transact business on the Euro-dollar market generally accept deposits denominated in dollars. These deposits are *usually covered* by dollar deposits in United States banks." (Our italics). The joint authors seem to be unaware that Euro-dollars *are* dollar deposits pure and simple, in no way different from the hundreds of billions of other dollar deposits held by United States banks.

A Euro-dollar transaction simply means that a certain dollar deposit in the United States, instead of being held by *A,* is now held by *B* to whose account with an American bank it is transferred for a limited period. The deposit is not "covered" by a dollar deposit in the United States —it *is* a dollar deposit held in the United States. The transactions does not mean that the money is taken out of the United States, though it may mean transfer from one American bank to another. If only this elementary fact were realized there would be less nonsense talked about American banks losing deposits as a result of the operation of the Euro-dollar system.

Phila. Inv. Women To Hear Tabell

PHILADELPHIA, Pa. — The Investment Women's Club of Philadelphia will hold a meeting September 30 at 5:30 p.m. in the Concourse Conference Room of the Philadelphia National Bank. Edmund W. Tabell, Vice President and director of institutional research for Walston & Co., Inc., New York City, will be guest speaker.

Edmund W. Tabell

The interested public is invited to attend.

J. S. Clark With Merrill, Turben

CLEVELAND, Ohio — John S. Clark has become associated with Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Clark was formerly Vice-President of Fahey, Clark and Company.

OBSERVATIONS...

BY A. WILFRED MAY

TAXATION AND POLITICS

Relief on the taxation of dividend income (contended to constitute double taxation in many quarters) is certain to entail further controversy with the tax bill's consideration by the full House, the Senate Finance Committee, and on the Senate floor.

The House Ways and Means Committee by the margin of a single vote radically upset the existing arrangement, enacted in 1954 under which the first $50 of annual dividends have been exempt and a 4% credit granted on the balance. (The exclusion is $100 for married couples, if each has $50 of dividend income, or if their stock is jointly held.)

The pending bill would reduce the dividend credit to 2% in 1963 and abolish it entirely in 1965; but, for the benefit of small stockholders, the exclusion would be increased to $100 ($200 for couples).

The "population statistics" confirm the pending proposal's favoring the small shareholder; and to cynics this is suggesting its final enactment.

Approximately 4,800,000 people receiving less than $50 in annual dividends would continue to be entitled to exclude all their dividend income. Added thereto would be four million shareholders receiving dividends totalling from $50 to $100. These four million holders would be better off than they are now by $48 annually ($50 additional exclusion less the 4% credit thereon beginning in 1964). The wealthier balance of shareholders would be making up the estimated increase of $300 million in the levy on dividends — before allowing for cuts to be enacted in individual income tax rates.

* * *

AMBIVALENCE OVER THE DECADE

The larding of President Kennedy's attitude toward foreign aid with restraint, manifested in his appointments of the middle-of-the-road chairman and members to the Clay survey committee, and his own early cut-back of his appropriation request, had its roots in his "findings" as a Congressman.

As cited in the current published "J. F. K.—The Man and the Myth" by Victor Lasky,* Congressman Kennedy not only voted to slash economic aid abroad, but spoke up vigorously against the whole concept of foreign assistance.

Reporting on an "inspection" trip to Asia, Kennedy's talk to the Boston Chamber of Commerce on Nov. 19, 1951 is quoted by Mr. Lasky as follows:

"We cannot reform the world. . . . Uncle Sugar is as dangerous a role for us to play as Uncle Shylock. . . . The thirty billions of dollars we are spending in Europe have yet to prove that they have made for self-defense in that area; but whatever is true there, to repeat such a procedure in Asia or the South Pacific is impossible. . . .

"We cannot abolish the poverty and want that for centuries has characterized this area. There is just not enough money in the world to relieve the poverty of all the millions of this world who may be threatened by Communism. We should not attempt to buy their freedom from this threat. All we can do is help them achieve that freedom if they really wish to do so.

"Our resources are not limitless. We must make no broad, unlimited grant to any government. Aid and help in the matter of techniques is a different thing. But as some of our recent experiences demonstrate, mere grants of money, are debilitating and wasteful. Moreover, we ought to know that mere expenditures bring no lasting results — people who are with us merely because of the things they get from us are weak reeds to lean upon.

"The vision of a bottle of milk for every Hottentot is a nice one, but it not only is beyond our grasp, but is beyond our reach. Because of a naive belief that the export of dollars would solve the world's ills, the United States has failed to realize the possibilities that lie in encouraging the export of techniques."

*J. F. K. — THE MAN AND THE MYTH. By Victor Lasky—Macmillan—693 pp.—$7.95.

C. B. Richard To Admit Four

H. Van B. Richard, senior partner of C. B. Richard & Co., 50 Broadway, New York City, announces, subject to the approval of the New York Stock Exchange, the admission of John G. Morgan, Leslie E. Fourton, George R. Canty, Jr. and Robert M. Schroder, as general partners, effective Oct. 1, 1963, in the 116 year-old New York Stock Exchange and American Stock Exchange member firm.

Mr. Morgan, currently Vice-President in charge of McDonnell & Co.'s Park Avenue office, will take charge of the firm's Sales Department. He has had many years of securities sales management experience, as mutual fund sales manager of Kidder, Peabody and thereafter, as branch sales manager with Shields & Co.

Leslie Fourton, who will become partner in charge of the firm's Institutional Sales & Research Department, similarly brings with him many years of Street background, as Vice-President in charge of Research for Hayden, Stone, and thereafter, as partner in charge of Research for Delafield & Delafield.

George Canty, now Executive Assistant to NYSE Executive Vice-President Edward C. Gray, will assist Mr. Richard in the firm's administration and management. Mr. Canty will also take charge of the firm's new business and syndicate activities. He was formerly on the Western Union financial staff.

Mr. Schroder, now Operations Partner for Coggeshall & Hicks will assume similar duties with C. B. Richard. He has also been Operations Partner of Filor, Bullard & Smyth, and earlier, was on the NYSE investigations staff.

Belt Conveyed Profits

By: Dr. Ira U. Cobleigh, *Economist*

A resume of the attractive position of Link-Belt Company in relation to the capital spending plans of U. S. business, and the advance of automation in almost every phase of industrial production.

In 1957 corporate capital investment outlays in the United States totaled $37 billion. The figure may approach $40 billion this year, and perhaps reach $41 billion in 1964. These new altitudes in corporate spending augur most favorably for sustained vigor in our entire economy during coming months, and are of special import to the major manufacturer of capital goods we have selected for review today, Link-Belt Company. This company is distinguished not only for its leadership in mechanical power transmission and engineered material handling equipment, but for the fact that it has earned net profits in 49 out of the last 50 years.

Automated Material Handling

When we think of automation we're inclined to picture in our minds electric typewriters, and electronic recording, accounting, data processing, and computing machines. We seldom consider how extensively the old fashioned assembly line, made famous by Henry Ford, has been streamlined and automated. Industrial engineers have learned that conveyor belts can be trained or engineered to handle not only manufactured products being put together in stages on the way to the shipping room, but almost every kind of item from transistors and jelly doughnuts to A frames and carloads of strip-steel. In creating this ubiquitous and inexorable industrial military march, like beer cans on a TV commercial, from raw stages to finished products, Link-Belt Company plays a major role.

Engineered Product Propulsion

Link-Belt Company has engineered a conveyor system that flows newsprint rolls from dockside to pressroom for the Milwaukee Journal. For the motor industry, Link-Belt has perfected an hydraulic lift that transfers car bodies from one conveyor system to another. Other massive and almost completely automatic systems designed and produced by Link - Belt include conveyors, some running for several miles, for transport of rock products, cement, coal, lumber. The Company makes a high speed coal barge unloader, a railroad car pusher, and conveyor and transfer systems used in the new continuous steel casting process.

Computer run systems do the thinking as well as the pushing and may shortly lead to warehouses, distributing and packaging centers that will take in and store, account for, and deliver out, a wide assortment of inventoried products just by pressing a button. The research and development department at Link-Belt is steadily at work on advanced engineering of this order, to cut labor and handling costs, increase efficiency and speed up production.

Conveyor Belts and Transmissions

The work horse in assembly line automation is the conveyor belt which either runs down hill on rollers, or trolleys or is motor driven. Link-Belt makes, in great profusion, both kinds. It offers a wide assortment of standard power transmission machinery, which accounts for about 75% of sales, and engineers systems, such as the ones described above, which provide 25% of sales. Individual production items include transmissions, chain drives, speed reducers, dumpers, elevators, drag lines, cranes, power shovels, rectifiers and convertors; and the Company derives some 16% of sales from parts and service.

Manufactories

Link-Belt has its home office in Chicago and operates 15 plants in the United States and 3 in Canada. The International Division includes operations in Australia, Brazil, Mexico, South Africa and Switzerland. Sales are handled through 38 district sales offices in the United States and distributors and representatives throughout the world. Foreign sales (including Canada) are believed to represent about 20% of total sales in 1962. Capital outlays are expected to be about $2¾ million this year 1963, up a half million over 1962.

Sales Volume

Sales of Link-Belt reached an all time high of $163.9 million in 1956. Last year the total was $158 million, but the upsurge in 1963 has been most impressive. Sales for the first half were $86 million against $80.8 for the same period in 1962, a gain of 6½%. There is a possibility that results for the full year 1963 may top the 1956 sales total, but per share net is unlikely to equal the $5.95 figure reported in that year. In common with many heavy industries, Link-Belt has felt a "profit squeeze" but expects to improve the distillation from gross into net this year by innovations that increase operating efficiency, and by specially developed engineered systems that may create higher profit margins.

Business is quite well diversified with orders coming not only from many industries, but all over the world. No single customer accounts for more than 10% of sales, and many new markets are being opened up in chemicals, drugs and merchandising where the efficiencies of automated product and material handling have not yet been as broadly applied.

Earning Power

It can be truly said that the earning power of Link-Belt Company over the years has been impressive. In every year of the past half century except 1932, the company has earned a profit; and for the last 10 years net has averaged about $4 a share on the 1,893,491 shares (sole capitalization) outstanding. Balance sheet position has been consistently excellent with current assets of $80 million on March 31, 1963, and a current ratio then of better than 4 to 1. For the last four years the cash dividend has been $2.40 a share which, on current price (NYSE) of 55, provides a yield of 4.4%.

Investor Appeal

Investors may well be attracted by the quality of Link-Belt products and the growth of sales from $83 million in 1950 to almost double this year. The company has 9,505 employees and 11,352 stockholders. It would appear that the number of stockholders might well increase. The shares, with less than 2 million outstanding, should respond quite sensitively to good news. The fact that the company has paid continuous dividends for 75 years in a row makes a real appeal to those who respect staying power in the investment values they select. About price/earnings ratios, net this year should gain substantially over the $3.20 per share reported in 1962. The first half figure was $1.98. Using a $4 estimate for 1963, Link-Belt common now sells at about 13.7 times current earnings—certainly no extravagant multiple for so proven an equity. If sustained earning power, a distinguished corporate record, and the advance of automation interest you, you may want to look further into Link-Belt Company.

Chemical Fund Elects Officers

John F. Van Deventer has been elected Senior Vice-President and Donald A. Young has been elected Executive Vice-President of

John F. Van Deventer Donald A. Young

Chemical Fund Inc., it has been announced by Francis S. Williams, Chairman.

Mr. Van Deventer, a Vice-President of Chemical Fund since 1953, is also a Vice-President and member of the investment committee of F. Eberstadt & Co., Managers & Distributors, Inc., 65 Broadway, New York City, the investment manager of the fund. Previously, Mr. Van Deventer had been with Bankers Trust Company and General Aniline and Film Corp.

Mr. Young has been a Vice-President of Chemical Fund since 1956 and is also a Vice-President and member of the investment committee of F. Eberstadt & Co., Managers & Distributors, Inc. Prior to joining the firm in 1952, Mr. Young had been with Owens-Illinois Glass Company.

Anderson, Strudwick To Admit Four

RICHMOND, Va. — Anderson & Strudwick, 913 East Main Street, members of the New York and Richmond Stock Exchanges, on Oct. 1, will admit Garnett O. Lee, Jr., Clyde A. Bracey, Jr., James W. Grove and Edwin B. Meade, Jr. to partnership. Mr. Bracey and Mr. Lee are in the firm's municipal department in Richmond. Mr. Grove is Charlottesville manager for the firm.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

In the midst of all the controversy about what to do for the Negro in the way of education, it develops that there is currently a drive underway for 50 million dollars to aid 32 Negro colleges in the South. Unnoticed, it was launched about a week ago in the White House flower garden, when President Kennedy strongly urged contributions to the fund.

These colleges are allied with the United Negro College Fund, organized 20 years ago, and member colleges date much farther back. On the record, these colleges have been a main source of Negro leadership. Among living UNCF college graduates are two Congressmen, a director of the United States Mission in the Sudan, Novelists, poets, judges and lawyers and doctors. What the colleges have done to advance Negro education is a tribute to the Negroes, themselves, and the whites who have aided them.

These colleges are located in the 11 States of the Old South. Georgia leads in the number of these colleges, with seven. Other States with these colleges are North Carolina, six; Tennessee, four; Alabama, Texas, and Virginia, three each; Louisiana, two, and one each in Florida, South Carolina, Arkansas and Mississippi. The colleges' student bodies number more than 25,000. The average annual cost to the student for board, room, tuition and books is less than $1,000 a year—half the national average. Their scholarship aid and loans to needy students are high. More than half the students obtain part-time work to help finance their education.

The fund drive is under the direction of a 35-member national committee, headed by Charles G. Mortimer, chairman of General Foods Corporation. Included in the committee membership are heads of many of the country's largest industrial firms and business leaders, with a sprinkling of professional men.

Mr. Mortimer pointed out that these colleges are all in the south where lack of high quality education for Negroes is most acute; that they are fully accredited institutions. The faculties and student bodies include some white professors and students. And he described these colleges as the best available instruments for bringing improved educational opportunity to thousands of Negro young people. The $50 million program allots $28 million for improving plant facilities; $10 million for immediately needed special education projects, and $12 million for better faculties and "indispensable" scholarship aid.

The magnitude of this special development campaign is underscored by the fact that gifts to the United Negro College Fund since its founding a score of years ago total only $47.1 million. This includes about $17 million raised in the only other capital funds drive launched in 1951. The Ford Foundation already has pledged to give $15 million on a matching basis. This is an excellent start. Funds will be sought from other foundations, corporations and individuals. The drive comes in the last quarter of the Emancipation Proclamation's 100th anniversary year.

The majority of Negroes still live in the 11 States of the South. It is in these States that the need for college educational facilities is most acute. Almost a decade after the Supreme Court decision regarding integration of students, only three out of every hundred Negroes attending college are enrolled at predominantly white colleges and universities in the South. This fact indicates the seriousness of the problem. It is also a fact that, throughout the country, 80% of all college students attend college in their own States. The Southern Negro students cannot afford to go North to college in any large numbers. The answer, if they are to have the education they require, lies in improvement and extension of these Negro colleges in the States of the South.

Hertz, Neumark & Warner Forming

Effective Oct. 8, Hertz, Neumark & Warner, members of the New York Stock Exchange, will be formed with offices at 2 Broadway, New York City. Partners will be Irving E. Hertz, member of the Exchange; Ronald Neumark, Henry Warner, Norman F. Carney, Morton H. Bohrer, Irwin L. Axelrod, Robert A. Flint, Jerry Perlman, and Stanley Kroll, general partners, and Arthur S. Mandelbaum and Louis S. Adler, limited partners. Mr. Hertz is President of Lieberbaum & Co. Incorporated, of which Messrs. Neumark, Warner and Carney are also officers. Mr. Axelrod, a member of the American Stock Exchange is a Vice-President of Reuben Rose & Co. Inc.

William R. Staats To Admit Two

LOS ANGELES, Calif.—William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges, on Oct. 1 will admit F. Alden Damon and William T. Walker, Jr. to partnership. Mr. Walker is manager of the firm's syndicate department. Mr. Alden has been with the firm for some time. Prior thereto he was Los Angeles manager for Glore, Forgan & Co.

Downey Joins Sey, Brown Firm

John F. Downey has resigned as Senior Vice-President and Director of J. Maxwell Pringle & Co., Inc. to become Executive Vice-President of the Mortgage Banking Firm of Sey, Brown & Zimmerman, Inc., 26 Broadway, New York City, according to an announcement by President William F. Sey. Mr. Downey, a lifetime resident of Brooklyn, is a retired U. S. Army Lieutenant Colonel and saw service in World War II and the Korean Conflict.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

In discussing the state and municipal bond market last week, we intimated that usually but little volume business developed during September. The records indicate that those that rush back to business immediately following Labor Day might better relax at the seashore or in the mountains for at least another week or two. Even then, there would seem to be plenty of time to prepare for that quixotic fall demand for tax exempt bonds.

A general post-Labor Day demand for municipals has not shown itself as yet, partly because large investors never are much in evidence before late September or early October and partly because the September calendar of new issues has brought forth but little in the way of attractive or even stimulating offerings.

Moreover, the Treasury's vast advance refunding operation has spread its suspenseful influence over the bond market for a ten day period climaxed with yesterday's Treasury statement that it was well pleased with the result of the pre-refunding and advance refunding operation. This should serve to help clarify the bond market. The corporate bond market has recently shown no brightening influence since its orbit has been over-shadowed by the Treasury offering.

A Depressing Issue

The presence of some $50,000,000 of State of California bonds, the unsold remnant of the late $100,000,000 new issue flotation, has had a sombering effect upon both dealers and professional investors. A few bonds traded at down 15 basis points less ½ but interest has since been curtailed considerably under the sheer pressures of volume.

With California bonds perennially in supply, rebuilding this market under present circumstances could be a costly affair. The underwriters as well as the state may suffer prolonged effects from this classic example of overcompetition in an easy market atmosphere.

Good "Fare" for Investors

The new issue calendar for the month ahead has begun to broaden and it now assumes a closer to normal total. The scheduled, as well as tentatively scheduled competitive offerings now total about $500,000,000 through October. The largest single offering involves $47,500,000 Baltimore, Maryland bonds offered for sale Oct. 1.

Actually, the wide assortment of offerings of only moderate size makes for a relatively steady price pattern. With prices as generous as they are at present, any general investor demand should be well serviced by the varied schedule of new issues ahead.

Moving Closer

The most interesting proposed offering, a negotiated one, continues to be the $184,000,000 Douglas County, Washington P.U.D. #1 issue comprised of approximately $46,230,000 serial (1974 - 1993) bonds and approximately $137,770,000 term bonds due 2018. *Blyth & Co., Inc.* and eight other dealers head up the underwriting group. Flotation is expected October 2.

Yield Index Up Slightly

While yields have been improved for U. S. Treasury issues, both long and short during the past week, the yields available from state and municipal bond offerings have also increased slightly. *The Commercial and Financial Chronicle's* yield Index increased from 3.081% to 3.095% over the past week indicating an average sell-off for 20 year high grade bonds of about ¼ of a point.

The market, however, appears to be generally steady due to brisk new issue bidding. The secondary market continues to be very inactive with spreads tending to widen. Offerings, however, do not give way easily. Profits are still difficult to come by.

Inventories a Problem

Street inventories would appear to be little changed from a week ago. However, with the breaking up of the California account, many dealers found themselves with the unwelcome inventory rather than joint account liability. This has put some additional pressure on the market which has resulted in additional account closings and some important repricing in other accounts. For example, the New Housing Authority account cut prices 10 basis points across the board.

The *Blue List* total of state and municipal bond offerings has been reduced some from recent levels and now totals $499,689,000. However, it would seem apparent from the market's recent actions that inventories are a necessary but undesirable impedimenta. With realistic pricing seemingly a forgotten technique, it has become progressively more difficult to properly distribute the growing volume of state and municipal financing. We really have developed a chronic secondary market problem.

Dillon's Prescription

The Administration, through Treasury Secretary Dillon, made an interesting statement yesterday concerning credit and bond prices. He ruled out the classic remedy for an imbalance of international payments, tightening credit to restrict domestic consumption and curb inflation, as exactly the wrong remedy. To sharply restrict credit would only lead to increased unemployment, lower profits and lessen investment when we need more of all the Secretary said.

The day before, the president of the First National City Bank of New York had recommended another small increase in the Federal Reserve's rediscount rate, along with other reforms to reduce the balance of payments deficit.

Dollar Bonds Mixed

Since the Treasury's announcement of its advance refunding, the dollar quoted toll road, toll bridge, public utility and other long term revenue issues for the most part have been easier. The *Chronicle's* revenue bond Index, derived from averaging the available yields from 23 of the most actively traded issues, showed the market off ¼ of a point on the average last week and shows it to be off another ¼ of a point this week. The Index stands at 3.549% this week as against 3.53% last week.

Important changes show up as follows: Chesapeake Bay Bridge and Tunnel 5¾s-112½ bid, off ⅞; Chicago O'Hare Airport 4¾s-111½ bid, off 2; Grant County, Washington P.U.D. 3⅞s-101½ bid off ¾: Illinois Toll Road 3¾s-91 bid, off ½; Indiana Toll Road 3½s-90 bid, off ¾; Mackinac Bridge 4s-102 bid, off ½; Maine Turnpike 4s-102 bid, off ½ and Maryland and Delaware Turnpike 4⅛s-106 bid, off 1. Several issues were off ¼ of a point and several were unchanged. A few issues including Florida Turnpike 4¾s, Massachusetts Turnpike 3.30s, New York State Power 4.20s, Richmond - Petersburg Turnpike 3.45s and Virginia Toll 3s made gains of ¼ or more in this period.

Recent Awards

This past week was a mediocre one in the field of new issue underwriting with but $66,591,000 of bonds offered for public bidding. Competition to buy new loans continued to be very keen but investor demand is spotty and most of these issues have a considerable way to go before they can be considered successful underwritings.

Last Thursday there were two issues awarded worthy of brief mention. The City of Akron, Ohio sold $3,000,000 Public Library Building (1965-1984) bonds to the group headed by *Blyth & Co.* at a net interest cost of 3.0934%. This winning bid compared favorably with the runner-up bid, a 3.1085% net interest cost, which was made by the First National City Bank and associates.

Other major members of the winning group are Harriman Ripley & Co., Paine, Webber, Jackson & Curtis, Dean Witter & Co., Roosevelt & Cross, Hayden, Miller & Co., Fahnestock & Co. and Sweney, Cartwright & Co.

Reoffered to yield from 2.15% to 3.20%, bearing a 3⅛% coupon, the issue is off to a slow start with the present balance in group totaling $2,030,000.

Wayne County, Mich. sold $2,185,000 Metropolitan Water Supply System (1967-2002) Limited Tax bonds to the syndicate managed by *Lehman Brothers* at a net interest cost of 3.5655%. The

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.20%
*Connecticut, State	3¾%	1981-1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.05%
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	3.35%	3.25%
*Chicago, Illinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.26%	3.20%

September 18, 1963 Index=3.095%

*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 19 (Thursday)			
Jeffersonville Flood Con. D., Ind.	2,241,000	1966-1993	2:00 p.m.
Metropolitan Seattle, Wash.	15,000,000	1967-2002	11:00 a.m.
Westwood, Mass.	1,100,000	1964-1983	Noon
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 Colleges of Arizona, Board of Regents	2,860,000	1966-2003	10:00 a.m.
September 23 (Monday)			
Burnsville, Minn.	1,250,000	-------	-------
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)			
Corpus Christi, Texas	3,750,000	1964-1983	11:00 a.m.
Honolulu, Hawaii	8,000,000	1966-1983	2:00 p.m.
Huntsville Hosp. Bldg. Auth., Ala.	2,936,000	1966-1993	-------
Knoxville, Tenn.	3,000,000	1964-1983	Noon
Monroe, La.	6,500,000	1965-1993	10:00 a.m.
New Castle County, Dela.	2,285,000	1964-1998	-------
North Carolina Cap. Imp.	21,985,000	1964-1980	Noon
Palatka, Fla.	1,200,000	1964-1993	2:00 p.m.
Perinton Central S.D., No. 1, N. Y.	1.988,000	-------	-------
Wilkes County Sch. Bldg., N. C.	1,250,000	1965-1985	11:00 a.m.
William S. Hart U. H. S. D., Calif.	1,500,000	1964-1983	9:00 a.m.
September 25 (Wednesday)			
Albert Lea Indep. S.D., #241, Minn	3,410,000	1965-1986	-------
Arizona State College, Ariz.	1,110,000	1966-2003	-------
Falmouth, Maine	1,000,000	1964-1983	2:00 p.m.
Fort Myers, Fla.	1,700,000	1964-1980	11:00 a.m.
Lincoln School & Town Hall, R. I.	2,495,000	1964-1983	11:00 a.m.
Mason City Ind. S. D., Iowa	2,600,000	1964-1983	2:00 p.m.
Oklahoma Colleges Bd. of Regents,	1,200,000	1964-1995	10:00 a.m.
Orleans Levee Board, La.	12,500,000	-------	-------
Southwestern State College, Okla.	1,100,000	1966-2003	10:30 a.m.
Suffolk County, N. Y.	5,120,000	1964-1993	Noon
Warren Consolidated S. D., Mich.	3,500,000	1965-1989	7:00 p.m.
September 26 (Thursday)			
Buena Vista, S.D. No. 9, Mich.	2,500,000	1965-1988	8:00 p.m.
Galveston, Texas	1,800,000	1966-1985	2:30 p.m.
Southwest Missouri State College	4,390,000	1965-2002	11:00 a.m.
Wolfeboro, Etc., Gov. Wentworth Reg. Sch. Dist., N. H.	2,525,000	1964-1983	11:00 a.m.
September 30 (Monday)			
Hopkins Indep. S.D. No. 274, Minn.	1,580,000	1965-1978	3:00 p.m.
October 1 (Tuesday)			
Baltimore, Md.	47,500,000	-------	-------
Grosse Ile Tp. S. D., Mich.	2,370,000	-------	-------
Huntington Beach Union HSD, Cal.	1,785,000	1964-1974	11.00 a.m.
Linden, N. J.	3,877,000	1964-1988	11:00 a.m.
Los Angeles Unified S. D., Calif.	25,000,000	1964-1988	9:00 a.m.
Milwaukee County, Wis.	7,255,000	1964-1978	11:00 a.m.
Westchester County, N. Y.	5,670,000	-------	-------
Worcester, Mass.	8,455,000	-------	-------
October 2 (Wednesday)			
Ann Arbor Sch. Dist., Mich.	3,750.000	1966-1986	3:30 p.m.
Douglas Co., P. U. D. No. 1, Wells Hydro-Elec. Rev. Bonds, Wash.	184,000,000	-------	-------
[Negotiated purchase to be underwritten by syndicate headed by: Blyth & Co., Merrill Lynch, John Nuveen, Kidder, Peabody, A. C. Allyn, F. S. Smithers, B. J. Van Ingen, Wm. P. Harper & Son & Co., and Foster Marshall, Inc.]			
Huntington Beach, Calif.	3,750,000	1965-1983	7:30 p.m.
Mississippi (Port Bonds)	3,545,000	-------	10:00 a.m.
Vanderburgh County, Ind.	2,500,000	1964-1982	2:30 p.m.
October 7 (Monday)			
North Las Vegas, Nev.	4,947,000	-------	7:00 p.m.
Riverside Jr. College Dist., Calif.	2,000,000	1964-1983	11:00 a.m.
October 8 (Tuesday)			
Lapeer School District, Mich.	1,600,000	1964-1990	8:00 p.m.
Palos Verdes Peninsula USD, Cal.	3,500,000	1966-1988	9:00 a.m.
October 9 (Wednesday)			
Cincinnati, Ohio	17,250,000	1965-1999	Noon
Kansas City, Mo.	12,000,000	1964-1993	10:00 a.m.
Los Angeles Dept. of W & P, Cal.	12,000,000	-------	-------
October 10 (Thursday)			
Buffalo, N. Y.	12,000,000	1964-1983	-------
Butler Sch. Dist., N. J.	1,520,000	1965-1984	8:00 p.m.
Detroit-Metro Wayne Airp't, Mich.	33,000,000	1967-1999	11:00 a.m.
Worthington Exempted Village Sch. Dist., Ohio	1,200,000	1965-1984	11:00 a.m.
October 15 (Tuesday)			
East Texas State College	3,000,000	1966-2012	10:00 a.m.
Pa. State Hwy. & Bridge Au., Pa.	35,000,000	1964-1983	-------
Tucson, Ariz.	3,800,000	-------	-------
Washoe County, Nev.	1,000,000	1964-1983	11:00 a.m.
October 16 (Wednesday)			
Baton Rouge, La.	30,000,000	-------	11:00 a.m.
Bethlehem City Area S. D., Pa.	8,000,000	1965-1985	-------
Orleans Parish School, La.	3,500,000	1964-1983	10:00 a.m.

Financing and Other Vital Changes in Japan's Economy

By Yoshizane Iwasa,* *Chairman and President, The Fuji Bank, Ltd., Tokyo, Japan*

A revealing insight of the uniquely different role Japan's banks played in decisively assisting that country's amazing growth is provided by the head of Japan's largest commercial bank. Discussed, also, are vital, far-reaching changes scheduled to take place in the domestic economy and in regulations effecting trade and capital liberalizations as Japan approaches full membership in the international community upon its acceptance of OECD Article VIII next spring. Light is thrown on unique use of overloans exceeding deposits now being cut back as industry is able to obtain capital.

Introduction

I should like to discuss briefly the role of banks in Japan's economic development. First, let us look at the main characteristics of Japan's postwar economy and its bank management.

Yoshizane Iwasa

The second World War left Japan's economy in a state of almost complete annihilation. Under extreme personal hardship, the entire nation worked to rehabilitate the economy and restore the nation's strength.

Since, however, the supply of funds for economic reconstruction was based on inflationary policies, a rather severe inflation prevailed in the years immediately after the war. Thanks to American economic aid and appropriate domestic fiscal and monetary policies, the crisis was overcome.

By 1951, mining and manufacturing production, as well as gross national product, regained the prewar level. 1951 also was the year in which the San Francisco Peace Treaty was signed, so it was a memorable year for Japan, politically and economically.

Thereafter, the economy developed favorably. By 1962, mining and manufacturing production came to four times the prewar level using 1934 through 1936 as an average. Gross national product almost trebled. The actual average yearly rate of growth of the gross national product from 1956 to 1961 amounted to 8.5%. In the same period, the rate of economic growth came to 4.2% in the OEEC and 2.2% in the U. S.

It is, of course, not surprising that the growth rate should be low in an economically mature country such as the Untied States, and high in a country like Japan, recovering from the ruins of war. Nevertheless, the fact that Japan could regain her prewar level in six years and then achieve a fourfold expansion of her production in the next 11 years testifies to the strong growth potential of the Japanese economy.

The country's financial institutions played a very important role in these developments, and particularly in satisfying the huge fund demand of "growth" industries. It was impossible to provide the necessary funds through the accumulation of savings from national income. Naturally, business firms should rely in the first place on an increase in internal funds for growth capital, and as a rule, long-term equipment funds should be raised through debenture issues.

But in postwar Japan no rapid expansion of the capital market could be expected, and companies were unable to procure the necessary funds in the long-term capital market. Moreover, the adoption of sound fiscal policies and the strict adherence to a balanced budget after the initial postwar chaos saddled national income with a heavy tax burden. The ratio of taxes to national income jumped from the prewar average of 14% to somewhat over 20%.

Despite consistently high savings, deposits were insufficient to provide industry with the necessary funds, and the capital required for Japan's rapid expansion was supplied through credit created by the central bank. The ratio of bank loans to deposits, therefore, often exceeded 100%, and it stood at 97% even in 1962.

Such a situation is unheard of in the United States and Europe, but it does not mean an inflation and as a matter of fact, Japan's money market is under tight control. In short, the expansion of Japan's economy was not financed through fiscal deficits, but through the much more readily adjustable money supply system. Occasionally, this led to an "overheating" of the economy, but the "overloans," regarded in the United States and in Europe as highly abnormal, may, on balance, have had more beneficial than detrimental effects.

In case industrial funds are provided through overloans, the lending operations of the city banks require a high degree of selectivity and judgment with regard to quantity and quality. Among the qualities of a successful Japanese bank manager, business judgment is by far the most essential.

Given Japan's peculiar postwar conditions, overloans were unavoidable in order to combine economic growth with stability. At present, the national economy has reached a fairly high level of development, so that an aggravation of the overloan situation in order to stimulate further growth no longer appears appropriate.

Under overloan conditions, the monetary system loses its normalcy, and distortions appear in the system of interest rate. Hereafter, as far as possible, overloans will have to be liquidated. Moreover, Japan expects to assume the duties of Article Eight of the IMF agreement next spring and will join the OECD as a regular member this autumn. As the nation this approaches full membership in the international community, Japanese banking and the domestic monetary system have to conform quickly to international standards.

This brings me to an appraisal of the main characteristics of Japanese commercial banks. One outstanding feature of Japanese commercial banks, in which they differ sharply from banks in the United States and Europe, is their role as the chief suppliers of funds to industry. This situation became particularly pronounced after the Second World War. To some degree, the same situation had prevailed in prewar times. One reason for this was the per capita national income was very low, so that there was little direct investment in securities, and saving usually took the form of bank deposits.

In those days, the deposit balance of all Japanese banks roughly equaled Gross National Product. After the war, people gradually shifted to other form of saving and direct investment in securities increased, but even in 1962, deposit balances corresponded to 65% of Gross National Product. Compared with a ratio of 47% in the United States and 21% in West Germany, Japan's ratio is still high. The fact that time deposits account for the largest part of deposits is characteristic of Japan.

Even today, 60% of all deposits in Japanese commercial banks are time deposits, and most are for one year or longer. This contrasts sharply with deposits in the United States and Europe.

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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:

Bank Stock Survey—Comparative analysis of the first-half results of 40 leading commercial banks—Blyth & Co., Inc., 14 Wall Street, New York, N. Y. 10005.

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

Canadian Stocks—Comparison with U. S. counterparts—Bulletin—Wills, Bickle & Company Limited, 44 King Street, West, Toronto, Ont., Canada.

Colon Free Zone—Illustrated brochure discussing advantages of using the Free Zone for expansion of export trade—U.S. Office, Colon Free Zone, Dept. CFC, 247 Park Avenue, New York, N. Y. 10017.

Consumer Credit—Bulletin—Goodbody & Co., 2 Broadway, New York, N. Y. 10004.

Copper Stocks—Analysis with particular reference to **Anaconda Co., Copper Range Co.** and **Phelps Dodge Corp.**—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available are comments on **International Paper, Rayonier, Scott Paper, Cluett, Peabody, Ferro, Warner & Swasey** and **Beam Distilling.**

Electric Utilities—Report—Salomon Brothers & Hutzler, 60 Wall Street, New York, N. Y. 10005.

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.

Japanese Market—Survey—Daiwa Securities, Ltd., 149 Broadway, New York, N. Y. 10006. Also available are reviews of **Isuzu Motors, Yashica, Nippon Electric, Nippon Express, Takeda Chemical** and **Matsushita Electric.**

Optical Industry—Analysis with patricular reference to **American Optical Company** and **House of Vision**—The Milwaukee Company, 207 East Michigan Street, Milwaukee, Wis. 53202.

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.

Pressed and Blown Glassware Industry—A study by Richard H. Slavin—West Virginia University, College of Commerce, Morgantown, W. Va.

Railroad Car Leasing in the United States—Study of the Private Car Lines—Burnham and Company, 60 Broad Street, New York, N. Y. 10004.

Savings & Loan Holding Companies—Report with particular reference to **Financial Federation** and **Wesco Financial**—W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005.

Selected Stocks—List of issues which appear interesting arranged by industries—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603.

Selected Stocks—List of issues which appear interesting—The Illinois Company Incorporated, 231 South La Salle Street, Chicago, Ill. 60604.

Steel—Survey of outlook—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005. Also available are reports on **W. R. Grace** and **American Cyanamid**, and comments on **Tax Exempt Revenue Bonds.**

Steels—Review—Halle & Stieglitz, 52 Wall Street, New York, N. Y. 10005. Also available is an analysis of **Electric Utilities.**

Television Industry — Bulletin — Dean Witter & Co., 45 Montgomery Street, San Francisco, Calif. 94106. Also available is an analysis of **J. C. Penney Company.**

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Addressograph Multigraph — Review—Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are reviews of **Amerada Petroleum, Fairchild Camera & Instrument, Ford Motor Co., Georgia Pacific, International Harvester Co., International Telephone & Telegraph, Interstate Department Stores, Minnesota, Mining & Manufacturing, Pan American World Airways,** and **Singer Co.**

Addressograph Multigraph Corp.—Comments—Colby & Company, Inc., 85 State Street, Boston, Mass. 02109 (firm asks stamped addressed envelope when requesting copies). Also available are comments on **Automatic Canteen** and **Smith Kline & French.**

American Machine & Foundry Company—Survey—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Alo available are reviews of **Chrysler Corp., Upjohn Company, Crowell Collier, Socony Mobil Oil, Standard & Poor's Corp., Unilever, W. R. Grace & Co.** and **Boise Cascade Corp.**

American Smelting & Refining Co.—Analysis—Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005.

Anglo Huronian-Kerr Addison-Bouzan-Prospectors Airways Merger — Discussion — Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ont., Canada. Also available are analyses of **Quebec Natural Gas Corp.** and **Famous Players Canadian Corp.**

Chicago and Northwestern Railway—Analysis—Schwabacher & Co., 100 Montgomery Street, San Francisco, Calif. 94104.

Chicago Pneumatic Tool — Analysis—Newburger & Company, 1401 Walnut Street, Philadelphia, Pa. 19102. Also available are reviews of **Interchemical Corp., Koehring Co., Pennsylvania, Power & Light, San Diego Imperial, Union Carbide** and **United States Steel.**

Cinerama—Report—Reuben Rose & Co., Inc., 115 Broadway, New York, N. Y. 10006.

Controls Company of America—Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004. Also available are analyses of **Norton Company** and **Ferro Corp.**

Dayton Malleable Iron Company—Analysis—John A. Kemper & Company, 32 North Ludlow St., Dayton, Ohio 45402.

Distillers Seagrams—Review—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on the **Rails, Delta Airlines, North American Car,** and **Varian Associates.**

Ducommun Incorporated — Analysis—Hill Richards & Co., Inc., 621 South Spring Street, Los Angeles, Calif. 90014.

Empire Financial—Review—I. L. Rennert & Co., Inc., 56 Beaver St., New York, N. Y. 10004. Also available are reviews of **Computer Instruments Corp.** and **House of Vision.**

General Telephone & Electronics—Analysis—Robert W. Baird & Co., 731 North Water Street, Milwaukee, Wis. 53201. Also available are analyses of **Consolidated Foods, Louis Allis Company,** and **Weyenberg Shoe.**

Georgia Pacific Corp.—Review—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is a review of **Rockwell Standard Corp.**

D. C. Heath & Company—Analysis—D. H. Blair & Company, 5 Hanover Square, New York, N. Y. 10004. Also available are analyses of **Johns Manville Corp.** and **American Seating Co.**

House of Vision — Analysis—Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603. Also available is a report on **Standard Oil Company of New Jersey.**

International Resistance Co.—Analysis—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Aerospace Stocks, Sterling Drug, Owens Illinois Glass** and **Paper Stocks.**

International Resistance Co.—Review — Edward A. Viner & Co., Inc., 26 Broadway, New York, N. Y. 10004. Also available are reviews of **Anglo Canadian Telephone** and **Arden Farms.**

Iowa Illinois Gas & Electric Co.—Review — L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Kennecott Copper — Analysis—Van Alstyne, Noel & Co., 40 Wall Street, New York N. Y. 10005.

Lau Blower Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **Lockheed Aircraft Corp.**

Life Insurance Company of Kentucky—Analysis—Berry, Douglas & Fitzhugh, Inc., Stahlman Bldg., Nashville, Tenn. 37203.

Li'l General Stores, Inc.—Bulletin—De Witt Conklin Organization, 120 Broadway, New York, N. Y. 10005.

R. H. Macy — Review — Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004. Also available are reviews of **North American Aviation, Olin Mathieson Chemical Corp.** and **Phelps Dodge.**

Major Pool Equipment Corp. — Report — Hill, Thompson & Co., Inc., 70 Wall Street, New York, N. Y. 10005.

Malone & Hyde, Inc. — Report—Rader, Wilder & Co., Union Planters Bank Bldg., Memphis, Tenn. 38103.

Northern Pacific Railway—Analysis — Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Ramer Industries Inc.—Bulletin—Low Priced Investments, 11 Steuben Street, Albany, N. Y. 12207.

Richardson Company — Analysis—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia, Pa. 19102.

Singer Company—Analysis—Jas. H. Oliphant & Co., 61 Broadway, New York, N. Y. 10006.

Sun Oil Company — Analysis—Walston & Co., Inc., 74 Wall St., New York, N. Y. 10005. Also available is a report on **United Fruit Company.**

Tonka Toys Inc. — Analysis — Splaine & Frederick, Inc., 800 North Marshall, Milwaukee, Wis. 53202.

United States Life Insurance Co.—Analytical brochure — Hecht, Weingarten & Co., Inc., 125 Maiden Lane, New York, N. Y. 10038.

Western Air Lines — Comment—Schweickart & Co., 2 Broadway, New York, N. Y. 10004. Also available are comments on **Textron Inc.** and **Pan American World Airways.**

The Security I Like Best

Continued from page 2

in the replacement market—may soon be O. E. M. items. They provide improved performance, use less electricity and reduce wear on ignition points and condensers.

High level sales continue in the company's line of high-output special purpose AC-DC alternators. This revolutionary automotive item was designed and developed by Leece-Neville following World War II to reduce electrical system failures.

The same is true with its conventional DC generators, voltage regulators, switches, cranking motors and mass-produced fractional horsepower motors for automobiles and trucks. Small AC motors are also manufactured in volume for the ever-growing appliance industry. About 15% of the company's output goes to the Department of Defense.

AC-DC alternators have lately been generally adapted to passenger car use. But Leece-Neville is not disturbing its established specialized market to compete for O. E. M. sales. The company, however, has 300 alternator models in production. Therefore competing in the passenger car replacement market is a highly profitable reality.

It is obvious that all Leece-Neville products go to constantly expanding markets. These are areas within the dynamic transportation and appliance industries where combined O.E.M. and after-market needs exceed production of the basic products themselves.

Leece-Neville has made dividend payments without interruption for 40 years, a record achieved by few companies in the United States. It succeeded in increasing dividends from 20 cents in 1960 to 40 cents in 1962; and in 1963, it will pay 40 cents in cash with the possibility that an extra dividend may be paid during the calendar year.

Cash payments were supplemented by a 3% stock dividend in 1956 and 1957, 5% in 1959 and a two-for-one stock split in 1962. Slightly over 500,000 shares are now owned by approximately 1,500 stockholders. Traded over-the-counter, the stock is currently quoted around 12⅜ bid — 12⅞ asked.

What is my opinion of Leece-Neville's immediate prospects?

Cost and disruption of currently-needed expansion will not materially affect earnings in future years as it has in fiscal 1963. Management exercises its unusual tight control over all operating factors. The markets for its established products continue to expand. Two new high-demand items are being strongly promoted through a well-seasoned sales organization.

All of these, to me, add up to one logical conclusion — an early resumption of increased earnings along with further sales growth.

In sum, I believe Leece-Neville stock represents an especially attractive investment at this point in time, definitely offering above-average capital appreciation possibilities.

Named Boston Manager

BOSTON, Mass. — Marshall F. Campbell, Jr. has become associated with Richard J. Buck & Co. as manager of the Boston office, Statler Office Bldg.

Planning in Puerto Rico—Purposeful and Profitable

By Ramos Garcia Santiago, *Chairman, Puerto Rico Planning Board, Santurce, Puerto Rico*

Possessor of one of the world's fastest growth strides, Puerto Rico's puissant performance in large measure reflects the efforts of its Planning Board. While the results of the Board's planning are well known, little publicity has been given to the Board itself and to how it effectuates coordination between the government and public corporations, municipalities, and private industry. Mr. Garcia here explains how his agency works and sketches the accomplishments of more than 20 years' successful coupling of concepts and practices. He is optimistic about next year's outlook, hopes that the unemployment rate will succumb to new measures being instigated, and reviews sector-by-sector the noteworthy growth of private enterprise.

Government planning in the Commonwealth of Puerto Rico is a most important tool for insuring the smooth functioning and steady progress of private enterprise in an expanding economy.

Ramon G. Santiago

One of the reasons is that planning in Puerto Rico is a comprehensive function that plots growth for both government and private industry. It strives to bring together the resources of rapid expansion—investment, manpower, initiative—and help them work efficiently and soundly for the benefit of the society as a whole.

A large land mass like the United States has great difficulty in meeting such a goal efficiently. But Puerto Rico is a small island —100 by 35 miles—and the impact of planning can be felt rapidly in every corner of the economy.

Exactly what does this planning consist of?

On the economic side, the Planning Board, as the coordinating agency for the Puerto Rican Government, reviews and determines priorities for public improvements to be carried out by government agencies and public corporations. Master plans for the expansion of schools, roads, hospitals and other vital services are scaled down and fitted into a workable four-year program of island-wide construction and public financing. The published four-year plans become an important document in the deliberations and plans of private industry, since details on government spending for a four-year period are available at a glance, and planned public incentives to move along lagging areas of the economy are announced in time for them to become part of the plans of private industry.

Public Hearings

This document also allows the economy to meet its immediate and long-range needs in a coordinated and democratic fashion. Public hearings are held on the four-year program before it is submitted to the legislature, as well as on its yearly revisions. The document embodies the goals and objectives of the Government of Puerto Rico.

The studies constantly being conducted by the Planning Board as well as the Board's yearly Economic Report to the Governor serve as basis for the decisions that go into the four-year program. However, the results of these studies, which constitute a constant pulse-reading of the economy, also offer profitable information to investors and other businessmen.

The Board's periodic economic and sociological projections, while originally designed to help determine public needs and government expenditures, have become an invaluable aid to businessmen in their own planning for the immediate and long range future.

We feel that all determinants of an economy — government and business as well as consumer and worker—should be considered as part of a whole; they have all become partners in more than two decades of valuable experience in the development of a sound economy.

The other side of the Puerto Rico planning coin, physical planning, also plays an important role in helping business and government to see clearly where future markets, manpower and transportation facilities will be needed and located. Public hearings here, too, are relied on to assure that master planning in Puerto Rico remains an expression of the important elements of the community.

The results of such planning over the past twenty years have shown how successfully the concept can work. Economic growth during the last fiscal year 1962-1963, for example, was 10.6% above the previous year's record, and we saw net income pass $1.8 billion for the first time in Puerto Rican history. The Commonwealth's net income has been growing for the past several years at almost twice the rate of the mainland U. S.

Optimistic 1964 Outlook

The Board's outlook is for continued growth this year, with the rate of increase continuing as high as before. The nine per cent (9%) rise in national income actually predicted for fiscal 1964 will continue to give Puerto Rico one of the highest growth rates in the world. It would also mean that net income will reach the $2 billion mark by June, 1964.

The Board's projections are based on the assumption that the United States economy will continue to grow moderately in 1964, thus maintaining demand for the rising output of Puerto Rico's new industries, and encouraging a continuing high rate of mainland and local capital investment in new manufacturing enterprises. This investment has converted the Island's economy from a traditional dependence on agriculture to its impressive production of manufactured goods.

Some 900 factories recruited by the Economic Development Administration (called Fomento in Spanish) are now in operation, many of them subsidiaries of "blue chip" corporations such as General Electric and Union Carbide.

Manufacturing now employs almost 100,000 workers, two-thirds of them in plants recruited from U. S. companies by Fomento. More than 100 new factories, employing an additional 7,000 workers, are scheduled to go into operation within the next six months.

Coping With Unemployment

Puerto Rico is still coping with a serious problem of unemployment, about 11% of the labor force, and steps are being taken to up the recruitment of outside capital, mainly from the states, but also from Europe. New tax and training incentives are also being offered to encourage local investors to undertake joint manufacturing ventures with outsiders who have production and marketing know-how, and a new million-dollar Marketing Corporation has been staffed to help local enterprises expand existing markets and develop new ones around the Caribbean area and in Latin America.

The Puerto Rico construction industry, which has consecutively set new records for the past seven years, continues to grow. The value of new construction reached $325 million last year and is scheduled to rise to $368 million by the end of 1964. Home building, hotel construction and public works are all at high levels. The building industry which accounted for only $108 million in 1953-54, has tripled its activity in just ten years.

Commonwealth government construction alone is expected to reach $67 million in value, 16% above last year, with $30 million ear-marked for roads.

Agriculture is due to show a modest gain with net income rising from $220 million to about $231 million, mainly as a result of continued growth in the livestock, poultry and dairy industries. A new $30 million program just launched to speed mechanization of the Island's sizeable sugar industry is not expected to make itself felt for at least another year.

Tourism income, which reached $80 million last year, is expected to top $88 million in 1963-64. The number of visitors is expected to go well over last year's half million mark.

New hotel projects valued at almost $20 million were completed during the year and another $30 million worth of hotel projects will be completed in the coming year. Among them are the $12 million, 420-room Sheraton, the $8 million, 288-room Ponce de Leon, and the $8.5 million, 200-room Tishman-Howard Johnson Hotel.

Newest Rewarding Activity

Tourism development is gaining ground outside the now-well-established San Juan metropolitan area, a trend that is expected to continue. Puerto Rico's experience is that good tourism facilities constitute an attraction for new industrial investors, and usually result in speeding an area's economic growth.

The opening of the 80-room Hotel Conquistador last summer has brought visitors for the first time to Puerto Rico's northeast coast. On the northwest coast the Dorado Hilton added first class facilities to those of Laurence Rockefeller's nearby Dorado Beach Hotel. On the west coast at the port city of Mayaguez, where a duty-free Foreign Trade Zone has been established, another Hilton hotel is under construction. The plush Ponce Intercontinental Hotel on the south coast is now in its third year.

It has become common for those of us who offer round-up reports of the Puerto Rican economy to say that these reports give a strong indication of growth and progress, However, we tend to omit many of the human factors that have contributed, and continue to contribute to that progress — dedicated public officials, enterprising private citizens, even hard-headed businessmen who have opened unknown avenues of profit and employment in Puerto Rico. Suffice it to say that a good part of the pride—and the profits —of Puerto Rico's industrial and economic progress has been shared by fellow citizens from most of the 50 states, who found to our mutual advantage that we are just beginning to tap the wells and open the doors to opportunity in Puerto Rico.

PUERTO RICO: SELECTED INDICES OF PROGRESS

	1950	1960	1963
Gross National Product (current prices—millions of $)	755	1,645	2,193.1
Personal Consumption Expenditures (millions of $)	663	1,353	1,740.0
Gross Fixed Internal Investment (millions of $)	111	348	486.9
Net National Income (current prices—millions of $)	614	1,362	1,811
Agriculture	149	188	220
Manufacturing	89	291	432
Trade	102	237	293
Commonwealth and Municipal Government	70	175	241
U. S. Government	46	78	97
Others	158	393	528
Property of Income (millions of $)	225	441	570
Disposable Personal Income (millions of $)	638	1,346	1,759
Bank Deposits (millions of $)	270	562	946
Population (thousands)	2,211	2,350	2,534
Life Expectancy (years)	61	70	71
Total School Enrollment	475,465	718,454	723,221
University Enrollment	12,734	24,023	31,300
Labor Force (thousands)	686	625	695
"Fomento" Factories Opened	82	698	968
Motor Vehicles Registered	60,727	179,657	251,456
New Telephones	32,294	75,794	147,227

Sterne, Agee to Be Corporation

BIRMINGHAM, Ala. — Sterne, Agee & Leach Incorporated, will be formed effective Oct. 1, with offices in the First National Building. As of the same date, Sterne, Agee & Leach will cease doing business as a partnership.

Officers of the firm will be Mervyn H. Sterne, chairman of the board; Rucker Agee, president; Mortimer A. Cohen, senior vice-president; Alonzo H. Lee, senior vice-president and secretary; Henry S. Lynn, senior vice-president and treasurer; Ernest E. Armstrong, Arthur B. Durkee, William K. McHenry, Jr., Charles C. Hubbard, Will Hill Tankersley, Alonzo H. Lee, Jr., vice-presidents; Arthur M. Lyons, comptroller; and C. Judson Carlisle, assistant secretary.

H. Hentz & Co. To Admit Florin

H. Hentz & Co., 72 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 30, will admit Donald M. Florin to partnership.

Educating Investors About Expanding School Systems

By Roger W. Babson

There's more to the phenomenal school population expansion than meets the initial look. Mr. Babson ticks off some of the investment implications in terms of the revolutionary approach to teaching which has created an almost new publishing and equipment industry, and of the construction of school buildings which requires the spending of billions of dollars in the years ahead.

Every Fall I become interested all over again in the continuing expansion of our school system, affecting every part of our country. Being an economist, I am particularly fascinated by the impact of the "school explosion" on many different business fields.

Back-to-School Sales Bonanzas

It is estimated that this season will see approximately 50,000,000 youngsters going to school, some for the first time, most of them moving up the education ladder. Practically every state in the Union is spending more and more money on public schooling, trying desperately to keep up with the enormous increase in the total of young citizens. Think what these unending expenditures mean to dealers in cement, stone, bricks, steel, glass, gravel, tile, lumber, and a wealth of additional items involved in building, furnishing, and operating schools.

At this season, department, discount, variety, and chain stores are crammed with mothers and their youngsters buying a vast variety of back-to-school essentials: pencils, notebooks, typewriters, shoes, raincoats, dresses, suits, sportwear, and many more. In fact, back-to-school buying is the third largest merchandising event for such stores — exceeded only by Christmas and Easter sales. This year, purchases in the field are topping those of last year by approximately 5%, reflecting the climb in consumer spendable income. My studies of population trends show that there will be no letdown in school building or in the purchase of school supplies for many years to come.

Ripples Widening Out

As a matter of fact, I look for the climb in school costs to have a steadily more powerful effect on business in general over the years ahead. One line that has been radically changed by the swift growth of school-agers is textbooks. This used to be a relatively conservative business, but now the textbook companies have to run full tilt all the time to keep up with the need not only for more books but for new books with a modern slant. Educational processes have been changed greatly, and new teaching approaches are generally employed. This means a great boom for textbook houses, and they expect sales for the current fiscal year to top last year's by 10%-20%.

Recent reports show that schoolroom furniture has become a tremendously important business as a result of the big splurge in school construction. Definite figures are hard to come by, but best estimates indicate that companies which make school chairs, desks, tables, etc., are selling about $100,000,000 worth annually. Special emphasis is placed upon movable furniture, since the trend today is toward classes of varying sizes and special groups for different categories of study.

California a Prime Example

With California now adding people faster than any other state, it is interesting to look at what is going on there. As of now, the Californians are laying out more than $2,000,000,000 a year trying to keep up with the demand for school space at all public educational levels. The scope of this demand can be graphically demonstrated when one set of figures is shown: Back in 1947 the school population was increasing some 90,000 annually; at present the rate of growth is 200,000 per year. There is every indication that the gain will persist.

So wide are the needs of the nation's school system that a tremendous number of products are absorbed, either directly or indirectly. So I advise my readers who manufacture goods to look into the possibility of selling them to those constructing, furnishing, or running schools. Many services may also find markets in this important field.

What About the Years Ahead?

More billions are going to be spent in the years just ahead, and those on the inside track will get the largest slices of this pie. It will be worth while in many instances to watch for school building intentions. Also, get to know your municipal officials and the contractors most likely to land the job of putting up new school buildings. If you are too shy to do this, you will simply watch others walk away with the markets that you might easily have shared.

With Seasongood & Mayer

CINCINNATI, Ohio—Richard A. Sena has been added to the staff of Seasongood & Mayer, Security Savings Building.

Merrill, Turben Branch

CLEVELAND HEIGHTS, Ohio — Merrill, Turben & Co., Inc. has opened a branch office in the Severance Center under the management of Robert D. Thum.

William O. H. Freund, Jr., has been assigned to the office as registered representative.

Olmstead, Allen Office

BEVERLY HILLS, Calif.—Olmstead, Allen & Company has opened a branch office at 134 Plaza Terrell under the management of Wallace Allen.

Now Elizabeth Securities

ELIZABETH, N. J.—The firm name of Elizabethtown Securities Co., Inc., 1 Broad Street, has been changed to Elizabeth Securities Inc.

Changes Firm Name

OKLAHOMA CITY, Okla.—The firm name of Parker, Bishop & Hart, Inc., 22 Park Avenue, has been changed to Parker, Bishop & Welsh, Inc. The firm maintains a branch office in Duncan, Okla.

Williston & Beane Adds Ga. Offices

J. R. Williston & Beane, 2 Broadway, New York City, New York stock exchange firm, has taken over the four offices of Clement A. Evans & Company, Georgia securities and investment banking company. They are located in Atlanta, Augusta, Macon, and Savannah.

Alph C. Beane, Chairman of the Board of the New York-based firm, said the acquisitions were completed Sept. 16. Four former officers of the Evans organization have become Vice-Presidents and voting stockholders of J. R. Williston & Beane. They are: James T. Beeson, Augusta; John R. Kable and Irvin T. Ragsdale, Atlanta; and Arthur B. Simkins, Savannah.

J. R. Williston & Beane, established in 1889, is one of the oldest brokerage firms in the country and now has 11 offices in the United States and a branch in Sao Paulo, Brazil. This purchase brings the number of branches to 16 from five when Beane joined the firm in 1958.

The Evans firm, which was founded in 1932, has discontinued its business.

Mr. Beane said that the purchase will assure clients of the Georgia offices full services in both securities and commodities as they will be doing business with a firm that is a member of the New York Stock Exchange and other leading commodity and stock exchanges. The expansion, he said, will add memberships in the Midwest and Philadelphia-Baltimore-Washington Stock Exchanges.

D. C. National Bank Issues Savings Bonds

The initial issue of District of Columbia National Bank 4% savings bonds was placed on sale at 9:00 a.m. Monday, Sept. 16, according to Carl B. Brunner, President. The bonds will be available in denominations from $50 to $1,000, with holdings limited to $10,000 per account, and with 4% interest guaranteed during the entire five-year life of each bond. Interest at the rate of 4% per annum will start at issue date, and will be compounded quarterly. Thus earnings of 22% on the funds invested are assured when held to maturity.

"This new approach to savings is part of D. C. National's program of creative planning for the advantage of depositors" Mr. Brunner said. "The bank guarantees the 4% interest rate for five years, in spite of the fact that interest rates may fluctuate. Meanwhile, privileges are provided whereby depositors may redeem their bonds prior to the five-year maturity date. It is our feeling that many people and organizations are eager to find ways to invest a portion of their capital for maximum return with the certainty that their principal will not shrink."

Fifty dollar bonds will be sold at $41, $100 bonds at $82, 500 bonds at $410, $1,000 bonds at $820. Holders of the bonds may redeem them at five-year maturity, or at any anniversary of the date of issue without notice, or at any other time after 90 days written notice. Each bond is insured by the Federal Deposit Insurance Corporation. The bonds will be available only at the District of Columbia National Bank, or upon written order.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Central Maine Power Company

Central Maine Power, with gross assets of over $300 million and annual revenues of about $51 million, serves some two-thirds of the population of Maine as well as two-thirds of the manufacturing plants in the state. It ranks number four in size in New England. Electricity is served to 289 communities in central and southern Maine, Portland being the major city served. In its 64 years' history, the company has taken over some seventy smaller companies, the last of which was Rumford Light Company in 1958.

Maine, in addition to its farming and resort activities, has a considerable amount of light industry, including paper and pulp, textiles, metal trades, lumber and woodworking, boots and shoes, and shipbuilding. The company's revenues are 46% residential and rural, 17% commercial, 26% industrial and 11% miscellaneous. Reflecting the rather slow growth of population and industry in New England, the company's revenues have shown an average annual increase over the past five years of about 6% per annum, and earnings per share about 4%. The latter reflected a rather moderate rate increase in 1959-60 plus flow through of tax savings from the use of accelerated depreciation.

As to future growth, management expects an annual increase in revenues of about 5% based on anticipated gains of about 5½% in peak demand annually. Central Maine's generating capacity is 550,000 kw, about half hydro and half steam generating; 47% of output last year was generated by hydro. About 15,000 kw more capacity will be available next year from New England Electric's new station and by mid-1965 Central Maine will have completed its own new 125,000 kw steam plant. This unit, now under construction, will be about 13% more efficient than any now on the line. The company has a number of interconnections with neighboring utility companies, including Bangor Hydro-Electric and Public Service of New Hampshire.

The next major generating plant addition may come into service in 1970 or later depending on the amount of economy power which may be available from other New England utilities. The company is in favorable position to add new capacity. Both the Wyman and Mason Steam Station sites are only partially developed and there is room for new units totalling at least a million more kilowatts after 1965. It is also fortunately situated with relation to hydro development: At existing stations, it can provide 145,000 kw of additional capacity simply by putting in two more units at a very attractive incremental cost per year. It also owns or has under substantial control pumped storage and gravity hydro sites which are capable of being developed to well over 1.5 million kilowatts when and as needed.

However, there is a third possibility for future additions to capacity — atomic power. The Yankee Atomic Plant in Massachusetts has performed very well, and while costs are fairly high, the proposed larger Yankee Plant in Connecticut, scheduled for operation in 1967, is expected to produce power at less than 6½ mills per kwh. Central Maine Power's 6% participation in this plant will help take care of additional power needs until 1969, it is estimated.

Construction expenditures, and the resulting interest on construction credited to earnings are forecast as follows:

Year	Est. Construction Expenditures	Est. Credit for Interest on Construction
1963	$10,000,000	$60,000
1964	18,000,000	210,000
1965	12,000,000	280,000
1966	9,500,000	30,000
1967	9,000,000	25,000
1968	9,000,000	25,000

Very little financing will be required other than bank loans to carry this construction program through 1963-4; a $10 million bond issue (or perhaps a convertible) might be issued in 1965 after which no additional financing would probably be required until the end of 1968. Equity ratio is about 35%.

In recent talks before the New York Society of Security Analysts by three top officials of the company, six management policies were described which were expected to improve service and achieve greater efficiency and economy. These would include strict cost controls, standardization of materials, equipment and procedures, further automation of generating stations, mechanization of record-keeping, etc.

With respect to promotional programs to increase sales, Central Maine Power like other utilities will make a strong play for space heating. Effective September 1 this year new incentive rates became effective which should save customers about $1 million a year. The company has long had promotional rates for water heating and has a 29% saturation compared with the industry average of 21%, but hopes to do better. An aggressive campaign began this summer with a sales quota of 1,000 water heating units, and while this objective was reached in August the campaign will be continued. New incentive rates have also been devised for farm customers to increase farm mechanization ("electricity is the farmer's cheapest hired hand.")

The regulatory climate in Maine is considered somewhat bleak, but Central Maine Power obtained about a $2 million increase in rates in 1959-60 enabling it to earn 5.9% on net plant last year, as compared with 4.6% a decade earlier. This improvement in earnings permitted two dividend increases in 1961 totaling 20 cents a share, placing the dividend on an annual basis of $1.60. A favorable factor is that the company is allowed to use fuel adjustment clauses on all sales except for highway and area lighting; as a result, earnings are no longer subject to wide fluctuations due to water conditions, fuel use, and fuel prices.

As noted above, accounting is on the liberal side, with flow through for most tax savings. The stock has been quoted over-counter recently around 40 yielding 4%. Based on estimated 1963 earnings of about $2.30 a share the P-E ratio is 17.4.

Moderate Rate Rise to Aid Economy, Payments Crisis

By Dr. James J. O'Leary, Vice-President and Director of Economic Research, Life Insurance Association of America, New York City*

Dr. O'Leary's statement on what is wrong with the Administration's interest-equalization tax proposal advocates moderate interest rate rise as a better way to handle the capital-outflow problem. He further states this would aid the economy and not retard it, and that the Life Insurance industry, except in this matter, supports the other governmental policies directed toward reducing unemployment and encouraging expansion. The economist takes note of the jump in the industry's holdings of foreign securities which rose from $764 million for all of 1962 to $857 million in the first half of 1963 mostly because of expanded Canadian operations of a nature said not to adversely affect our balance of payments. He says that the interest rate decline since 1959 has been responsible for U. S. investors' interest in higher yields abroad.

My testimony is in behalf of the American Life Convention and the Life Insurance Association of America, two associations with a joint membership of 302 life insurance companies which have 98% of the total assets of all U. S. legal reserve companies. I shall present the views of these associations with regard to some of the general economic questions raised by H. R. 8000.

James J. O'Leary

The life insurance business appreciates the vital importance of determined government measures to reduce and ultimately eliminate the persisting deficit in the U. S. international balance of payments. Since 1958 we have piled up an aggregate payments deficit of $15.7 billion. The deficit is continuing this year at a rising rate. As a result, during the past five and one-half years we have lost about $7 billion of gold, lowering our gold stock to $15.6 billion. Inasmuch as $12.4 billion of these reserves is required by statute to cover the total of Federal Reserve notes and deposit liabilities outstanding, our "free gold" has been reduced to $3.2 billion. In addition, as a further result of the continuing payments deficit, foreigners and foreign governments have built up their holdings of short-term liquid assets in the U. S. to more than $25 billion. The seriousness of the situation is evident.

The decline in the deficit in 1961 and 1962 was encouraging, but as President Kennedy stated in his message on the balance of payments problem, a considerable part of the reduction was attributable to special measures such as advance repayments of debt by foreign governments. The Administration deserves much credit for its imaginative and constructive efforts to meet the problem. Through such means as the tying of foreign loans and grants to U. S. exports, the gold pool, the development of cooperation from foreign governments in restraining their drawing on gold, the currency "swap" arrangements, and in other ways, the Administration has worked hard to alleviate the danger. Solutions to this problem do not come easily.

Despite these efforts, this year the deficit has taken a turn for the worse. During the first half of the year it has been running at annual rate of $4.2 billion. Contributing to this increase has been a pronounced rise in long-term portfolio investment abroad. The "interest equalization tax" has been recommended as a temporary measure to meet this development.

Jump in Life Insurance Foreign Securities Held

During the past year and one-half, as interest rates became relatively more attractive in Canada and other foreign countries, the life insurance companies in the U. S. have expanded their holdings of foreign securities and mortgages. In 1962 life company holdings of foreign securities and mortgages increased by $764 million. About 83% of this increase was in new issues of Canadian obligations. A large proportion of this total represented the net increase in holdings of Canadian obligations by life insurance companies in connection with their insurance business in Canada. This portion did not enter into the deficit in our balance of payments because Canadian savings dollars received by U. S. companies on their Canadian business were simply reinvested there. Regarding the other part, our foreign investments in Canada and other countries have made it possible for them to buy capital equipment and other goods in the U. S. which has strengthened the export surplus in our balance of payments. Moreover, the rising income from foreign investments steadily aids to reduce the payments deficit. In the first half of 1963 life companies have increased their holdings of foreign securities and mortgages by $857 million. Again, nearly all of this was in Canadian obligations.

The life insurance business, of course, strongly supports sound action to correct the deficit in our balance of payments. The only question is what are the best steps. We have serious reservations about the soundness of the interest equalization tax as a measure to correct the rise of portfolio investments abroad.

Criticizes Administration's Proposal

(1) Despite claims to the contrary the proposal moves toward direct control over capital outflows, which the Administration rejected as "contrary to our basic precept of free markets." It is not consistent with our traditional policy of encouraging freer international trade and full convertibility of currencies.

(2) Since it approaches direct control, and departs from the free market pricing mechanism, the legislation must contain certain exemptions which weaken its effect. This results in difficult legislative decisions as to types of loans that should be exempt. Thus its effect can be discriminatory and unfair as between different participants in the capital market. It also presents extremely complicated administrative problems, for example the policing of commercial bank loans to insure that they are not used as a substitute for long-term securities issues.

(3) Other countries faced with payments deficits occasioned by capital outflows — for example, Canada and Great Britain—have traditionally employed monetary policy and interest rate changes to cope with the problem. The wisdom of a tax approach is being questioned by foreigners. Thus the tax may provoke retaliation by other countries, not only in the capital funds area but also possible restrictions against our exports. It may worsen the climate for broadening world trade under the Trade Expansion Act.

(4) The proposal is advanced as a means of reducing long-term capital outflows without departing from a policy of maintaining very easy long-term credit and low long-term interest rates at home. This fails to recognize that under present conditions less easy long-term credit in this country and moderately higher long-term interest rates would be desirable. After three and one-half years of easy credit availability largely as the result of Federal Reserve policy, the availability of financing has reached the point of excessive ease in certain areas of the long-term credit market. This is not good for the health of our economy.

(5) There is real question about the effectiveness of the interest equalization tax. We believe that there is a definite possibility that the Administration will shortly be forced in any event to employ the monetary tool and rising long-term interest rates to deal with the problem.

Advocates Freeing Long-Term Interest Rate

If the interest equalization tax is not the best way to check the flow of portfolio investments abroad, what should be done? In our judgment the best approach would be for the monetary authorities to encourage and permit a moderate rise of domestic long-term interest rates. Under existing conditions a rise in the order of ½ of 1% would in our judgment accomplish the desired results.

The approach we advocate would avoid the difficulties outlined earlier which are inherent in the interest equalization tax and would be effective in meeting the problem. Investing institutions in this country have a natural preference for placing their funds domestically. The decline in long-term interest rates (½ to ¾ of 1% since 1959) is largely responsible for U. S. investors' increased interest in higher-yielding foreign securities. A moderate rise in long-term domestic interest rates would go far toward reversing this trend.

In our judgment, the moderate increase of domestic long-term interest rates needed to check the flow of capital abroad would not impede our domestic economic expansion. The Federal Reserve authorities have already moved, with Administration blessing, to raise short-term interest rates in order to check the continued large outflow of short-term funds. With the rise of short-term rates, there would have been a natural tendency for long-term rates to rise also. This has not occurred, however, because the Administration and the monetary authorities have taken the steps to prevent it on the ground that higher long-term rates would hamper economic expansion.

The business expansion now in progress has good momentum and would not be adversely affected by higher interest rates. It has been our experience that business concerns are not appreciably deterred by rising borrowing costs so long as profit expectations on new investment expenditures are promising, as we expect them to be in the foreseeable future. It has also been our experience that a moderate rise in the interest rate in home mortgages accompanied by sounder credit arrangements, has little effect on the rate of residential construction. Accordingly, the concern that a rise in long-term rates would reverse the general business expansion seems to us to be unjustifiable. This is particularly true under today's circumstances in which financial institutions already have huge backlogs of forward commitments to buy securities and to make mortgage loans at interest rates prevailing in the past year.

The life insurance business strongly supports government policy directed toward reducing unemployment and encouraging expansion of our economy. We want an improved rate of economic growth on a sustainable basis—consonant with stability of the general price level. An increase in long-term interest rates, which reduces the balance of payments deficit and also helps to maintain price stability, would make an important contribution to sustainable long-term growth of our economy.

In summary, the life insurance business strongly supports action to correct the deficit in the U. S. international balance of payments. We have, however, serious reservations about the soundness and effectiveness of the proposed interest equalization tax as a measure to correct the rise of portfolio investments abroad. We believe that the best way to check the outflow of long-term capital would be to permit and encourage a moderate rise in long-term interest rates. Finally, we are convinced that a moderate rise in long-term rates would aid rather than retard economic expansion in this country and would be to the advantage of the American economy in the long run.

*Statement filed with the House Ways and Means Committee by Dr. O'Leary on behalf of the American Life Convention and the Life Insurance Association of America. Dr. O'Leary was unable to present it personally due to his father's death.

Paine To Be V.-P. Of Clark, Dodge

Effective Oct. 1, A. G. Paine will become a Vice-President of Clark, Dodge & Co., Incorporated, 61 Wall Street, New York City, members of the New York Stock Exchange.

Cohn & Delaire Forming

Effective Oct. 1, Cohn & Delaire, members of the New York Stock Exchange will be formed with offices at 50 Broad St., New York City. Partners will be Maurice J. Cohn and Alvin J. Delaire, member of the Exchange. Both are partners in Kahn & Peck, Cohn & Company.

Joins Jas. H. Oliphant

Jas. H. Oliphant & Co., 61 Broadway, New York City, members of the New York Stock Exchange, have announced that Ervin Stanley Dunn, II, has become associated with the firm. For the past seven years Mr. Dunn has specialized in the management of individual and institutional portfolios. Previously he was Vice-President and a director of Dunn Worsted Mills, Woonsocket, R. I.

B. P. Gay Opens

BROOKLYN, N. Y. — Bryan P. Gay is conducting a securities business from offices at 749 Carroll Street.

Retaining Our Role in World Securities Markets

By William C. Cates,* *Executive Vice-President, United International Fund, Ltd., Hamilton, Bermuda. Sponsored by Waddell & Reed, Inc., Kansas City, Kans.*

Spokesman for a group of international investment analysts pinpoints what are believed to be serious errors in the proposed Interest Equalization Tax of 1963 insofar as they apply to taxing purchases by Americans from foreigners of outstanding equity securities. Mr. Cates' critique evaluates what may happen to the delicate but important "confidence" factor, and suggests possible alternatives to the proposed tax which, he says, would be as effective but not as damaging to the functioning of international securities markets.

I would like to confine these remarks to that part which proposes to tax purchases by Americans from foreigners of outstanding foreign equity securities at 15%. This part of the tax did not really seem to be intended, as it does not fall under the title: Interest Equalization Tax Act of 1963. Further more, Secretary Dillon, in testimony July 23 before the House Banking and Currency Committee, explained that direct investment had been excluded from the tax in part because direct investments earn a share of the profits of the foreign concern whereas bond issues — the main objective of the tax, according to Mr. Dillon—yield only a flat interest return.

Free Capital Markets

In the President's Special Message on the Balance of Payments on July 18 it was stressed that this tax was not intended to interfere with free capital markets in foreign securities. Thus far the proposal, since it is to be retroactive, has brought trans-Atlantic trading in foreign securities virtually to a halt.

A world-wide securities market requires that individuals be free to buy and sell in any major financial center. If this tax is enacted, however, there will be two markets at different price levels — one among Americans, one overseas. If an American cannot find another from whom to buy a foreign security, he will have to pay a 15% capital tax to get it from abroad and thus risk a 15% loss on reselling it. The market for each security being divided in two will thus become far narrower and far more cumbersome than it was before July 18. Interference with the normal market mechanism may not have been the intention of this tax but it will surely be the result.

Exchange Control

This leads to the question: To what degree does the proposed tax constitute exchange control? Broadly speaking, exchange control means some limitation of the freedom of a citizen to transfer his property out of the country through purchases of foreign currencies. Such control may take a multitude of forms.

The inevitable result of exchange control is that two markets develop with two prices for the foreign currency—the official and the "free" prices.

Under the proposed tax, a citizen will remain free to transfer his property abroad but the Treasury limits what he may do with it when he has it there. That it imposes a capital tax rather than an absolute ban is a difference of degree, not of principle.

The proposed tax does not control purchase of foreign currencies but only purchase of stocks and bonds expressed in these currencies. Europeans with long, unhappy experience in this field are all too likely to interpret this as a first step towards exchange control. We cannot see how a saving of some $100 million a year out of a balance of payments deficit now $4 billion warrants such a step.

Repercussions

As has been pointed out, controls, or a tax, on purchase of foreign securities inevitably creates two markets for them. The American price of a given foreign security may contain a premium over the foreign price anywhere up to 15%, at which point shares will be purchased abroad to add to the supply in American hands. This premium, in the case of certain widely traded foreign securities, will become a barometer, highly visible on both sides of the Atlantic, of the preference of Americans for foreign securities at any given moment.

Foreigners will say to themselves: "Why buy American securities when the Americans are paying a premium to buy ours?"

Foreigners have in recent years been buying between $200 and $300 million a year net of American equities, producing an exchange inflow which could well be reversed. Furthermore, foreigners have about double the amount invested in our corporate securities as we have in theirs. Jarring their confidence could obviously have serious repercussions. If this tax is seen abroad as a step towards exchange control, and if, on top of it all, the proposed tax makes no significant dent in the balance of payments deficit, everybody must ask himself the question "What next?"

Finally, the proposed bill, as it applies to outstanding equities, embodies two principles of taxation which we hope this nation can avoid unless alternative methods have been exhausted. One of these is a capital tax — not on income, not on capital gains and not on inheritance — but simply on the transfer of an individual's capital from one form to another. This kind of tax is new to our country and sets a regrettable precedent.

The other new principle in this tax is that Americans are for the first time being denied freedom to purchase certain kinds of assets outside of this country.

To sum up: This tax on outstanding foreign equities sets some grave precedents. The results to be achieved are comparatively negligible, and the risks it poses to confidence in our currency are incalculable.

* * *

EDITOR'S NOTE: The author in the following paragraph sums up eight pages of his statement to Rep. Wilbur Mills, Chairman, House Ways and Means Committee. The rest of Mr. Cates' testimony then follows in full:

H. R. 8000 was originally intended to have a dampening effect on all purchases of foreign securities by Americans, which purchases in 1962 amounted to slightly over $1 billion. However, with the exemption of Canadian new issues, the impact is sharply reduced, the total purchases of foreign securities liable to the tax having been approximately $300 million in 1962. That part of H. R. 8000 which proposes to tax purchases of OUTSTANDING securities, as distinct from new issues, affects magnitudes which have been negligible for the past two years and which, in our judgment, are unlikely to exceed $100 million per annum in the foreseeable future. This $100 million potential saving is negligible in a balance of payments picture where the annual deficit was $3.6 billion in 1962 and where the single item of expenditure by Americans on foreign travel was $2.9 billion in 1962.

* * *

Possible effects of the proposed Interest Equalization Tax include:

Concern Over the Next Step

(1) *Confidence Factor.* The proposed tax is widely regarded in Europe as a form of exchange control. Under the tax, American citizens are not free to use their dollars to purchase foreign securities at the same price that these are available to non-American citizens. The premium, which any individual foreign security will enjoy among American investors over its foreign price, will range anywhere up to 15% before new shares are added to the pool of those already in American hands. If freedom is not given to Americans to exchange one foreign security for another in equal amounts without payment of the tax, it is likely nonetheless that a premium price for one or more of the most broadly traded foreign securities, such as Royal Dutch, will set the tone for bids and offers in other foreign securities. The belief that refusal to allow Americans to exchange one foreign security for another without payment of the tax bill will effectively avoid the creation of a visible security premium seems ostrich-like. This premium, analogous to the presently existing "investment dollar" premium for British citizens, currently 7¾% to 8%, will be widely regarded in investment circles as an indication of a negative confidence factor on the part of American investors in their own economy and currency. At times, when this premium rises towards the top level of 15%, there may occur waves of foreign selling of American securities and perhaps even flights of short-term capital. At the very least, the foreigner will ask himself, "Why buy American stocks if the Americans are willing to pay a premium to buy certain of ours?"

Exchange control, however named and however partial, is a serious step. Based on 1961 and 1962 figures, the maximum effect of the entire tax is not likely to be a saving of more than $300 million, out of a balance of payments deficit of $3.5 billion. The very fact that a drastic step is being taken, which nonetheless will have little impact on the balance of payments, has awakened widespread concern over what the next step may be.

Reduce America's Financial Role

(2) *Effect on the role of the United States capital market.* Since World War II, the United States has moved to first place as a financial center for the Free World. The tendency of foreign borrowers to float issues in the New York market is due as much to the broadness of this market as it is to lower interest rates prevailing here. The proposed tax will effectively weaken New York as a financial center for foreigners because it will seriously impede the marketability of any issues placed in New York, whether or not these issues would be purchased primarily by foreigners. Henceforth, under the tax, any foreign issue will have two markets — one for trading among Americans *cum* affidavit of American citizenship and the other for trading among foreigners. Such an impairment of the subsequent marketability of new issues can be expected to make these distinctly less attractive, both to Americans and to foreign purchasers, thereby reducing the role of New York as an international financial center.

A second effect of the tax will be to reduce dramatically the arbitrage activities of American firms in foreign securities. This in turn reduces the amount of reciprocal business which American firms can give to European banks to encourage the latter to purchase American securities for their customers. Therefore, rather than stimulating foreign purchase of American securities, the proposed tax will do the reverse.

In appraising the Interest Equalization Tax, as opposed to measures directed purely at new issues, it should be borne in mind that the amount of securities of any type sold in any market is usually dependent on the commission or the selling concession available to stimulate sales. Measures directed purely at new foreign issues would achieve most of the desired result as the selling concession available on new foreign issues is vastly greater than the commission available for selling outstanding securities. This is the major reason why the amount of American purchases of outstanding foreign securities has been substantially below the level of new issue offerings in this country. For this reason, control of new issues alone would be unlikely to lead to greatly increased purchases of outstanding securities.

(3) *Evasion.* Americans can still transfer funds out of the country and purchase foreign securities through foreign banks, which are under no obligation to report these transactions to American authorities. Such an obvious gap in the proposed tax law encourages violation, not only of this law but of the tax laws generally.

(4) *Loopholes.* The Interest Equalization Tax, as proposed, contains numerous loopholes which would vitiate its effectiveness and cause the diversion of foreign financing into abnormal channels. Among the more obvious of these are:

(a) Long-term commercial bank loans are exempt from the proposed tax — a circumstance which will place American commercial banks under increased pressure to grant such loans to foreign customers.

(b) Loans up to three years are exempt. These will unquestionably increase.

(c) American corporations are, of course, free to borrow money at long-term and are also free to transfer funds abroad. It will be difficult, if not impossible, to prevent American subsidiaries of foreign corporations from borrowing here and transferring the proceeds to the parent.

Possible Alternatives

Possible alternatives to the proposed tax, almost any of which would serve the purpose more effectively with smaller risk to foreign confidence and to the functioning of international securities markets, include:

(1) Creation of a Capital Issues Committee with representatives of the Treasury, the Federal Reserve Board and the investment banking community participating to screen new foreign issues on the basis of their anticipated drain on the balance of payments;

(2) A two-year tax moratorium on repatriated earnings of U. S. corporations;

(3) Tax incentives to foreign holders of American securities such as removal of withholding and inheritance tax liabilities;

(4) Tax incentives to U. S. corporations to stimulate export sales;

(5) A tax on foreign travel, possibly imposed on the period during which tourists are out of the country.

(6) Allowing long-term interest

rates to rise while designing appropriate tax cuts to offset the anticipated effects of such a rise on the domestic economy; and

(7) Reduction of foreign aid expenditures which are not tied to U. S. exports.

It is hard to see how we can in any case avoid resorting to one or more of these or similar measures to correct the present payment imbalance before the nation is forced on to the shoals of exchange control and *de facto* devaluation.

*From Mr. William C. Cates' testimony, on behalf of the International Investment Analysts, New York City, a group of individuals associated with major financial institutions, before the House Ways and Means Committee, Washington, D. C.

A. B. A. Publishes Market Research Newsletter

The American Bankers Association on Sept. 13 mailed to member banks the first issue of a new publication, "The Market Research Newsletter."

The newsletter, produced by the A.B.A.'s Department of Automation and Market Research, will be published quarterly. It will contain market research case studies, statistics and data of use to banks in conducting market research programs, and current items of interest to bankers engaged in the market research function.

Those desiring to be added to the mailing list for the newsletter, should write to the Department of Automation and Market Research, The American Bankers Association, 12 East 36th St., New York, N. Y. 10016. There is no charge for the publication.

N. Y. Secs. To Admit

New York Securities Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on Oct. 1 will admit Dudley H. Mills to limited partnership.

H. L. Wilder Joins Edwards & Hanly

HEMPSTEAD, N. Y.—Henry L. Wilder, Jr., has joined the New York Stock Exchange member firm of Edwards & Hanly, 100 North Franklin Street, as manager of mutual funds for the firm's 11-office network. In his new post, Mr. Wilder's principal responsibility will be to develop mutual fund sales for the entire Edwards and Hanly organization.

Prior to joining Edwards & Hanly, Mr. Wilder was resident manager of Bache & Co.'s White Plains office.

Now D. C. Janecke Co.

CARMICHAEL, Calif.—David C. Janecke is continuing his investment business from offices at 7321 Kiernan Drive under the firm name of D. C. Janecke Company. Mr. Janecke was formerly proprietor of the Columbia Basin Securities Sales of Moses Lake, Wash.

Joins R. S. Dickson

CHARLOTTE, N. C.—James M. Atkins, Jr. has joined the staff of R. S. Dickson & Co., Inc., Wachovia Bank Building, members of the Midwest Stock Exchange.

MUTUAL FUNDS

BY *JOSEPH C. POTTER*

The Remembered Man

In the years between the onset of the Great Depression and the advent of World War II a working formula for success in public life was to dwell on the virtues of the common man, frequently alluded to as "The Forgotten Man." After all these years, it is not quite clear who was The Forgotten Man any more than it is precisely understood what constitutes a growth stock or a blue chip.

Since the politicians directed their appeal at the folks who worked for wages and salaries, home owners and farmers, this might serve as a workable definition of The Forgotten Man. Oddly enough, in Wall Street, which always has adopted a no-sentiment, no-nonsense approach to the citizenry, this fellow always has been The Remembered Man.

Indeed, of late, the little fellow, as he is known to the Financial District has become an obsession of marketplace students. As the Investment Company Institute states the situation: "More than casual interest is being shown these days in the behavior of the small investor, a member of that vast fraternity who is as much a force in the economy as he is an influence in the stock market."

Each working day, Wall Streeters consult the odd-lot trading figures and proceed to analyze the longtime trend that discloses a preponderance of selling. The diagnosticians will tell you that this is good because the little fellow is always wrong and his departure from the scene even as the market (based on stock averages) was reaching new all-time highs is not calculated to discourage this conclusion.

No politician worth his salt, or his place on the ballot, would ever contend in open meeting that the little fellow is anything but a paragon of all the earthly virtues. But then sentiment and nonsense are basic ingredients in any recipe for success in political enterprise.

Based on the findings of the Investment Company Institute, however, the little fellow — or odd-lot investor — may not be nearly as wrong-headed as the wise men of Wall Street would have us believe. Taking note of the tendency during the past year of the little fellow to do more selling than buying, the I. C. I. says:

"Meanwhile, a look at how the funds have fared indicates that all through the market break of 1962 and up to the present, the sale of new fund shares consistently maintained a healthy balance over the turn-in or redemption rate."

For more than a decade, we are informed, odd-lot turnover has averaged more than 20% of reported stock market volume. But in June of 1962, odd-lot trading declined to 18.5%, in July to 16.8% and in November to an all-time low of 14.9%.

"Thus," says I. C. I., "it becomes evident that the current sales deficit has not resulted from any heavy selling of a determined nature, but seems to have grown out of a decline in buying enthusiasm."

Since I. C. I. sprinkles its study with statistics designed to show that the small investor, at the same time, has retained a considerable appetite for mutual funds, there is an understandable suspicion that this development is not entirely distressing to the trade.

A Wall Streeter, who never tires of sneering that "no one ever got rich buying mutual funds," last week was inspecting the other side of the coin. He admitted: "No one ever got rich buying odd-lots either."

What worries many a Wall Streeter is that a new generation of small investors — thinking of their declining years, an education for their children or even a fat capital gain one day — will turn increasingly toward the funds.

Many fundmen have been quietly saying this sort of thing for many years. At least one investment chief who foretold of such a development also has been fretful about investigations and practices within the field. What he long has feared is that government investigations might impair the faith of investors and what he long has wished is that the trade might attain a status of trust comparable to the banks and insurance companies.

His fears and wishes are shared by colleagues who recognize that the mutual funds may be destined yet to play a role in our economy that will dwarf everything that has gone before.

The Funds Report

Investors Diversified Services, Inc., and wholly-owned subsidiaries report that combined net operating income amounted to $8,657,099, or $5.95 per share, for the first six months of 1963. This compares with $8,652,902, or $5.95 a share, at the 1962 year-end and $8,812,695, or $6.06 a share, in the first half of last year. Net realized gain on investment transactions brought total combined net income to $6 per share on June 30, 1963, compared with $6.10 a share on June 30 1962.

Total assets under company management reached a high on June 30, this year, of $4,511,255,394, compared with $4,113,077,193 at the end of 1962 and $3,685,365,973 at the close of the first half of 1962.

* * *

Keystone Lower-Priced Common Stock Fund S-4 reports that at July 31 net assets totaled $182,249,936, or $4.16 a share, compared with $148,221575, or $3.66 a share, a year earlier.

Company has 123 issues in 18 industry groups, largest of which is oil and gas at 10.2%. During the year, major increases were made in machinery, metals and mining, and textiles. Largest individual holdings were Avco, Champlin Oil & Refining, Burlington Industries and Holiday Inns of America.

* * *

Life Insurance Investors, Inc., reports that net assets at July 31 totaled $59,188,535; or $17.26 a share. This compares with assets of $38,804,641, or $14.27 a share, a year earlier.

* * *

Loomis-Sayles Mutual Fund reports that on July 31 net assets were $106,571,536, or $15.50 a share, compared with assets at the end of the fiscal year (Oct. 31) of $90,003,088, or $13.40 a share.

* * *

Provident Fund for Income reports purchases of American Can, Borg-Warner, Fruehauf Industries, National Acme, St. Regis Paper, Scovill Manufacturing and American Electronics convertible 5¼s, 1973. It also reported that size of the General Motors holding was doubled (now approximately 3% of the fund as a whole).

* * *

Puritan Fund announces that at July 31 net assets amounted to $166.6 million, or $8.52 a share, against $117.5 million and $7.47 a share a year earlier. Fiscal year ends July 31.

* * *

Robert Kaufmann has been elected a director of **Scudder Fund of Canada.** He is a partner of Scudder, Stevens & Clark.

Two Hallmark Branches

CLEVELAND, Ohio — Hallmark Securities Company has opened two branches in Cleveland, one at 4143 Mayfield Road, under the management of Sam Moroff, and the other at 3818 Shannon Road, under the direction of Howard L. Rubin.

Now Security Planners

BOSTON, Mass.—The firm name of Delta Management Corporation has been changed to Security Planners Associates, Inc. Offices are now located at 122 Bowdoin St. The firm maintains branches in Fall River and Providence.

Form Robbie, Waters

Robbie, Waters & Co., Inc. has been formed with offices at 545 Fifth Avenue, New York City, to engage in a securities business. Herman H. Robbie is a principal of the firm.

G. H. Crawford Branch

GREENVILLE, S. C. — G. H. Crawford Co., Inc. has opened a branch office in the South Carolina National Bank Building, under the management of James F. Gallivan.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

FIDELITY AND DEPOSIT COMPANY OF MARYLAND—

Fidelity and Deposit Company is a relatively small well-established insurance company specializing in fidelity and surety coverages with an outstanding record of underwriting profitability and a consistent record of growth of investment income.

The company, which was formed in 1890, conducts operations throughout the United States and Puerto Rico through representation of approximately 15,000 agents and brokers. Underwriting has been consistently profitable over the years, reflecting the company's conservative practices involving the careful selection of underwriting risks.

In 1962 57.4% of net premiums written of 19.7 million were in surety lines. Approximately two-thirds of this volume represents contract bonds which guarantee the fulfillment of construction contracts for both public and private interests. The remainder of the surety volume is largely judicial bonds which guarantee the financial responsibility of litigants. Despite the existence of extreme competitive conditions in the construction industry which has resulted in unprofitable bidding by several contractors, the company has maintained a profitable underwriting record in this field.

Fidelity volume represented 23.2% of 1962 volume. This business, which largely protects banks and other institutions against losses through embezzlement of employees, has been disappointing to the company and the industry in recent years due to a substantial increase in losses. In 1961 the nation had a record high loss of $13 million through embezzlements, which is believed to have been cut in half last year. Therefore, substantial improvement in underwriting with a drop in the company's loss ratio from 53% to 33% was recorded. This favorable development was somewhat offset by a sharp increase in bank losses due to robberies, burglaries and larcenies. Overall, the company's loss ratio in these areas has been below the industry average.

Fidelity and Deposit is the nation's largest writer of fidelity insurance with premium income of $4.5 million in 1962. Annual premium volume tends to be erratic in this field due to the earlier widespread adoption of three year policies. Last year was a low year in the three year cycle but was about even with the corresponding period in 1959. A substantial increase in writings is being experienced in 1963 through considerable renewal business.

The company's remaining 20% of volume is equally divided between burglary and other fire and casualty lines. Burglary insurance has been consistently profitable to the company, while its record in other fire and casualty lines has been in line with industry experience.

Fidelity and Deposit's over-all underwriting profit margin has been well above the fire and casualty insurance industry average due to its successful specialization in its fields of interest. Profit margins have not dropped below 10% over the past decade and have been as high as 16.2% in 1954 and last year 15.2%, in contrast with the industry's unsatisfactory record over this period. In contrast with most underwriters, whose losses and expenses run on a 60%-40% basis, the company's expense ratio is usually twice its loss ratio. The considerable expenses required in carefully analyzing fidelity and surety risks traditionally consumes 55-60% of premium volume. However, the benefits of this expense is indicated in a loss ratio of approximately 25-35%, leaving a highly satisfactory profit margin.

Selected Statistics

	Admitted Assets	Net Premiums Written (000)	Policyholders' Surplus	Underwriting Results— Loss Ratio	Expense Ratio	Profit Margin
1958	$78.6	$19.6	$48.6	32.6%	56.5%	10.9%
1959	81.1	18.7	51.9	25.8	60.1	14.1
1960	82.0	20.7	52.1	33.2	55.1	11.7
1961	93.1	19.9	62.9	30.6	58.1	11.3
1962	88.9	19.7	59.1	27.5	57.3	15.2

Per Share Data

	Adjusted Underwriting Profit	Net Investment Income	Total Earnings	Dividends Paid	Liquidating Value	Price Range
1958	$1.87	$1.97	$2.79	$1.60	$56.11	$40-32
1959	2.91	1.94	3.06	1.70	57.96	54-42
1960	1.95	2.04	3.27	1.80	61.00	49-40
1961	2.27	2.20	3.23	1.95	71.73	74-43
1962	3.20	2.29	3.66	2.00	69.18	71-46

A strong financial position has consistently been maintained with cash and bonds equal to 130% of liabilities at year end. Nevertheless, while highly liquid, the company has pursued an aggressive common stock purchasing policy in recent years with monthly purchases on a dollar-averaging basis from underwriting earnings. Common stocks are now slightly in excess of one-half of total assets. Bond purchasing has concentrated on tax-exempt securities. This investment policy has provided consistent growth in net investment income and substantial expansion of policyholders' surplus through the rise in common stock values.

The Directors of Fidelity and Deposit have passed on to stockholders the bulk of net investment income in the form of cash dividends. The dividend payment has increased in each year since 1958 and has more than doubled over the past decade. Present quarterly payments, which were increased earlier in the year, are 55 cents per share.

The present year is expected to be another highly profitable one for the company. For the first six months, premiums written rose to $11.3 million from $10.2 million in the comparable period of 1962, benefiting from the cyclical bulge in fidelity volume. The underwriting profit margin rose to 18.6% from 16.1% in the past six months of last year, as a 23.8% profit was recorded in this year's second quarter. Net investment income rose to $1.12 per share, up from $1.07. Total earnings for the period, adjusting for the increase in the unearned premium reserve, rose from $1.77 to $2.06.

In August the company entered the life insurance industry with the purchase of all the common stock of Maryland Life Insurance Company of Baltimore. The acquired concern was formed in April, 1962 and had $2.2 million of life insurance in force at year end. The management of Fidelity and Deposit is prepared to substantially increase the capital funds of the new affiliate to assure the orderly growth of the life insurance operations.

The one million shares of common stock of Fidelity and Deposit are presently trading at the top of the year's $78-61 price range in the over-the-counter market. At that price, the stock is selling at an estimated premium of 10% over June 30 liquidating value, at approximately 20 times projected earnings for the year and provides a yield of 2.8% on the $2.20 annual dividend.

France's Inflation Hedging Experience With Bond Issues

Continued from page 3

interesting story of investment hedging against inflation, but may be of concern to investors seeking investment opportunity.

Government Bonds

Financial vlaue linking in the bond market began in France with the Pinay administration in 1952, which faced the problem of coping with inflation which had helped to destroy previous French Governments. Accordingly, an anti-inflation policy was adopted which entailed, among other things, cutting the government's budget, and the granting of amnesties for tax delinquencies which were widespread at the time. Furthermore, since the Pinay theory was that capital expenditures should be financed out of savings of the public rather than by taxation, the problem resolved into a question of how the government could sell bonds to a demoralized public. The Pinay loan was devised as an answer to this dilemma and was regarded as part of a broad anti-inflationary program.

The plan as finally evolved was to float a novel loan utilizing the internal free gold market established in 1948. In this market gold bullion, and French and foreign gold coins were traded in terms of francs by the public with no restrictions, although the Exchange Equalization Fund intervened in the market from time to time.

The so-called Pinay loan, then, was issued at par with 3½% interest, and was to run for 60 years, subject to annual drawings for retirement. The most intriguing part of the issue, however, was the linking of redemption values, (but not interest) to the price of the 20 franc gold Louis traded on the Paris gold market. The gold hoarder thus was invited to convert a non-income bearing asset into a security with income and still maintain the protection of hedging through gold price movements. In addition, since the security was sold on a "no questions asked" basis, the buyer could also escape the penalty of tax evasion and be rewarded for his possession of wealth. Besides the inflation hedge provided by linking redemption values to the price of the gold Louis, the government guaranteed at least par on the bond. Since their issue these bonds have increased in value and during 1962 traded in a price range of 127-146.

During the following few years after this experiment in government finance France achieved a period of relative prosperity and stability, and the government did not have to tap the bond market. But by 1956, once again the threat of inflation was renewed due to a round of wage increases, the cost of the Algerian War, and bad weather which pushed up farm prices. Under these circumstances, the administration would have preferred to raise taxes to meet their higher budgetary requirements, but the National Assembly would not approve of this action. Hence, once again an ingenious bond issue was devised.

The new bond issue, (Emprunt Ramadier) rather than being linked to the price of the gold Louis, as was the previous indexed bond, tied redemption values to the average of stock prices traded on the Bourse. Interest was set at 5%, and a guaranty of at least par was provided by the government. Since stock prices rose from the 1949 average used as a reference base in this issue, by the end of 1962 the government owed close to 96 francs for every 50 francs borrowed under this issue. In 1957, the following year, a small issue that was similar was carried out by the government, but was even more liberal in that a 10% capital bonus was guaranteed.

The DeGaulle administration which came into power in 1958, too, had to face the inflation problem, for wholesale food prices had risen almost 25% from June, 1957 to January, 1958. Furthermore, by this time, value linking practices had permeated the French capital market, so the government had to employ a similar technique in its borrowing operations. Accordingly, the gold peg technique, first used in 1952 was repeated in 1958, and like the orginal gold loan, redemption values were tied to the price of the gold Louis. Shortly afterwards, indexed bonds were forbidden by the government.

Corporate Bond Market

In France, government and semi-government bond issues have dominated the capital market in recent years, but as potential issuers began to realize that the savings of the public could be tapped if safeguards against inflation were provided, indexed bonds began to become prominant after the Pinay loan in 1952. These bonds were issued by both nationalized companies and by private enterprise, and during several years as a matter of fact were the dominant form of security issue for both types of companies.

One problem that had to be surmounted before indexed bonds could be effectively utilized by corporations was the doubtful legal status of these issues. French law had long held that the practice of sliding scales was opposed to the traditional nominalism of French monetary law, and such contracts have been held to be illegal by the courts. Special parliamentary approval, for instance, was necessary to validate the Pinay gold loan, and each corporate bond issue in France has to be approved by the Ministry of Finance prior to public offering, where it is carefully screened. Because of this legal restraint, corporations were inhibited from using a purely "monetary" index, such as the price of gold or the foreign exchange rate, and turned to non-monetary reference bases, such as the industrial production index, sales volume, the price of product sold, and other indexes.

Nationalized Companies

Public ownership of enterprise is important in France and accounts for about 20% of industrial capacity. Most of the nationalized companies which have used indexed bonds have employed measures which are external to the company, such as a national industrial average, while in the private sector, corporations have tended to use an index that is more closely related to the performance of the company itself, rather than rely on an index computed by a government agency. A variety of schemes in both sectors have been used which range from simple plans to highly complex formulas. A description of the salient features of some of the better known issues will make this clear.

The Caisse Nationale de

L'Energie bonds, for instance, were created in accordance with the Act which nationalized France's electric power and gas utilities. The bonds provided for interest at 3%, but offer additional interest based on a 1% deduction from the combined gross receipts of the two nationalized utilities, Electricite de France and Gaz de France. A redemption bonus, too, is paid out of the same 1% deduction, and the deduction from the receipts of the two utilities is divided between the extra interest and the redemption bonus in the same proportion as the two amounts are assigned each year for the payment of fixed interest and the nominal value of the debentures. Thus the extra interest is equal to 3% of the bonus payment on principal.

Obviously the main attraction of these bonds rests on its participation in the industry's receipts. Since their issue the redemption bonus and the rate of supplemental interest have been very favorable to bondholders, and recently these bonds traded in a range of 298-340 per 100 francs.

Electricite de France indexed bonds, too, offer an interesting investment vehicle, since interest and principal values are tied to the average price per kilowatt hour of electricity for the preceding year. For instance, one issue pegs interest at 200 times and principal at 4,000 times the cost per kilowatt hour. At the recent high of 402 for these bonds the investor would have realized a gain of over 25% from the par value of 320 francs.

The Bons d' Equipement Industriel et Agricole similarly link interest payments to the industrial production index in such a fashion that half of one per cent is added to the basic 5% interest for each increase of 1 point in the index. Finance Minister Raemadier described investors in these bonds as . . . "a kind of stockholder whose dividends vary in proportion with the growth of the gross national product." These bonds reached a high of close to 122 last year.

The French railway system, (S.N.E.F.) which also is nationalized has issued bonds which link both principal and interest to the price of a second class railroad ticket. The 1956 and 1957 issues, for example, are redeemable in annual drawings with redemption prices pegged at 1600 times and 1500 times the price per kilometer for a ticket for the 1956 and 1957 issue respectively. Similarly, the 5½% interest is supplemented by an amount equal to 64 times and 56 times the price per kilometer for the 2 issues. The bonds recently were selling at 160 and 150 for the 1956 and 1957 issues.

Privately Owned Corporations

In the private sector of the corporate bond market, companies have basically used two types of indexes as a basis for adjusting payments. One type of index is not related to the profitability of the company, such as a productivity measure, sales volume, or rate of turnover. The other type is directly related to the profitability of the issuer and thus resembles the income bond used in the United States. In addition, some of the bonds of French corporations provide for bonus payments even though the reference base does not change, and reserve the right to redeem before maturity on payment of a premium.

In addition to the practices described, some of the bond issues involve complicated calculations which have the effect of establishing "coefficients of indexation." Pechiney, for example, issued bonds in 1953 which called for a 5.5% interest rate plus ⅓ of the percentage increase in earnings and dividends. Sidelor, in the same year issued bonds with a 6% rate, but required that six centimes were to be added to interest and three francs to principal for each one million franc increase in dividends and reserves. The Citroen and the Simca bonds issued in 1956, as well as the Wendel bonds of 1959, similarly pay interest at a given rate, but adjust interest and principal as a function of the increase in dividends and reserves.

French corporations, too, have issued bonds that involve combinations of indexes. Naturally, any firm which uses sales volume as a reference point has automatically combined price and volume, but frequently an extra return is calculated on the basis of each index and the bondholder is entitled to any extra income on this basis. In the case of the Michelin bonds, for instance, 55 centimes are added to the 5½% coupon for each per cent increase in the tonnage sold, the 82½ centimes for each per cent increase in the price of rubber. Corresponding premiums on capital are 25 francs and 10 francs.

Some bonds of privately owned corporations are even indexed in a more complicated fashion than heretofore indicated. The Monod issue of 1952 calls for the extra return to be a non-linear function of the wage bill, the price of steel and the price of cement. In the S. A. de Vehicules Industriels et d'Equipements Mecaniques Saviem (SOMUA) issue of 1953, the return on the bonds is calculated by the formula 157 + (Ik — Io) Io, where Ik is the ratio of the value of total sales to the number of hours of direct labor in the year preceding payment; Io is the same rate in the base year (1952). Complicated issues such as these, may have narrow public markets due to the difficulty of understanding these terms, but may be acceptable to financial institutions who can appraise these features.

Price Trends and Rates of Return

As indicated in the accompanying table, indexed bonds have far surpassed conventional bonds in their price movements since 1952 when they began to come into investor favor. In the industrial category where most of the private corporation indexed bonds have been issued, they have increased in value by more than twice the price of their conventional counterpart. As an inflation hedge they have also proved to be effective, since the cost of living increased about 46% from 1953 to 1962, while indexed industrial bonds showed about a 94% gain in the same period. They have, however, been secondary to the great increase in common stock prices in France.

Theoretically indexed bonds should yield less than ordinary bonds, since the inflation hedge feature should cost the investor a premium compared to conventional bonds. This theoretical concept has proved to be consistently true in practice. Indexed bonds though, have also shown a consistent yield above that available on conventional government bonds. This probably reflects the additional income paid on the linked securities as well as the lack of a credit risk on government bonds.

Conclusion

It is apparent from the preceding discussion that a bewildering array of value linked securities have been issued in France to protect the bondholder against monetary depreciation. No issue, however, has been directly tied to the cost of living index; instead they have been linked under indexing arrangements which have run the gamut from simple devices to complicated formulas.

The original indexed loans were regarded as anti-inflationary in that they would promote savings, but when the DeGaulle Government assumed power in 1958, thinking on this matter shifted. Under the stabilization program which was adopted bond indexation arrangements were ended by official decree. With the success achieved by the anti-inflation program, the public became willing to invest in conventional securities, and the rationale for indexed bonds disappeared. The only issues available thus are the bonds issued prior to the de-Gaulle period.

Price Trends of Common Stocks and Bonds in France, 1952-1962

(Average 1949 = 100)

	Common Stocks	General Bond Index	Consols	State Guar. Bonds	Industrials Fixed Income	Industrials Indexed
1952	143	111	114	104	108	137
1953	159	114	117	105	110	142
1954	214	116	118	107	114	153
1955	302	127	123	116	122	189
1956	308	132	119	116	121	228
1957	390	127	107	110	109	242
1958	350	128	113	112	110	242
1959	466	141	126	123	117	257
1960	562	149	130	139	122	258
1961	659	157	131	151	129	275
1962	721	152	136	143	128	265

To Be du Pasquier Co.

As of Sept. 30, Alan C. Seskis will withdraw from du Pasquier, Seskis & Co., Inc., 61 Broadway, New York City, members of the New York Stock Exchange, and the firm name will be changed to du Pasquier & Company, Inc. Harry W. O'Connor will become President of the firm, and Thomas R. Muncy, Vice-President. Mr. Muncy will acquire a membership in the New York Stock Exchange.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The supply of funds for both the near-term and long-term borrowers is still ample enough to take care of their needs in spite of the higher short-term rates and the higher discount rate. Long-term rates have moved in a rather limited range because the monetary authorities continued to give support to that sector of the market. Thus "operation twist" is evidently doing something of value for the capital market because long-term rates are quite stable in spite of the skeptics who continue to say it can't be done.

It should be remembered, however, that the power of the monetary authorities is, under any conditions, very great. Our short-term rates, with the help from both the powers that be and the Treasury through its debt management, are still high enough to be competitive with those of other free money centers. This is supposed to help our balance of payments problem.

Operation "twist" has evidently become the successor to operation "nudge," but there is still more than a passing amount of skepticism among money and capital market specialists as to the ability of the monetary authorities to make this policy of theirs work for the benefit of all concerned.

It is the opinion of some capital market followers that the operation which has as its purpose the keeping of short-term rates on the high side in order to give some help to our balance of payments problem, while at the same time keeping long-term rates from going up to any appreciable extent so that the cost of long-term borrowings will not rise very much if any at all and the business recovery will not be retarded, cannot be accomplished because of the attraction that higher short-term interest rate will have for all investible funds over a period of time.

It is being pointed out that these two separate pools of money, the near-term funds and the long-term funds, will in time flow from one to the other. And, because of this kind of a natural development, the long-term interest rate will have to be moved up in order to keep funds in its sector of the money pool so that the capital needs of the nation are in the ample supply that is needed by the economy.

In addition, it is being noted that the high income tax rate, even with the proposed reductions, makes the cost of borrowing funds not too expensive for most corporations so that any modest increase in interest rates will not have very much of a retarding influence on the economy.

However, if there are unexpected developments, such as the worsening of our balance of payments problem, which should call for sharply higher rates, this would put an entirely different complexion on the money and capital markets and the economy as a whole. There is evidently a very large vested interest in the economy which is always pushing for higher interest rates because they believe that they will be helped most by such a development. They also believe that the level of interest rates, if high enough, will not only keep the readily movable funds here but it will, in addition, attract other funds to this country so that our balance of payments problem will be greatly alleviated.

This type of operation whether it be "twist" or "nudge," or the kind of thinking which is in favor of higher interest rates for long-term ones as well as short-term ones, is considered to be the negative approach to the balance of payments problem as well as the condition of the economy.

On the other hand, there is a growing group of opinion in the country that the way to solve our balance of payments problem as well as our economic problems is to make the business pattern here so attractive that funds will come to the United States irrespective of where the interest rate may be because the profit possibilities will be so very favorable here. This kind of thinking is of the positive type and will most likely be more forceful as times goes along.

The "pre-refunding" and "advance refunding" operation of the Treasury was a successful one, with $6.5 billion, or 28.3%, of the publicly held securities being turned in for the refunding issues. The most favored issue in the exchange was the 4% bond of 1973.

The State of TRADE and INDUSTRY

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

Following several months of expansion, industrial production for the first time this year declined fractionally according to the mid-month *National Summary of Business Conditions* compiled by the Federal Reserve System.

Industrial output fell slightly off in August while construction activity, retail sales, and nonfarm employment remained at record levels. The money supply declined a little after a substantial increase in July, but time and savings deposits at commercial banks rose sharply. Bond yields increased in early September, reflecting in part announcement by the Treasury of a large advance refunding.

Industrial Production

The Federal Reserve Board's index of industrial production in August was 125.6% of the 1957-59 average, 0.9% below the record reached in July and 5% above the level prevailing through the second half of last year. In August, production of iron and steel fell sharply further and output of autos declined from a high rate while production of most other materials and final products changed little.

Auto assemblies were down 9% from July and 13% from the June peak; production schedules indicate a rise in September. Output of other consumer goods changed little in August. Among business equipment, production of industrial machinery continued to expand while output of commercial machinery declined.

Production of iron and steel declined 12% and was 20% below the May peak. After mid-August steel ingot production leveled out. Output of other durable materials and of nondurable materials remained at record levels.

New construction put in place in August—at a seasonally adjusted annual rate of $65 billion—was unchanged from the June-July level. Residential activity declined somewhat further from its high in June, but other private construction continued to rise. Public construction increased somewhat, following an appreciable upward revision for the previous two months.

Employment

Employment in nonagricultural establishments changed little in August following seven months of advance. The unemployment rate was 5.5% compared to 5.6% in July, and 5.7% in August, 1962. Employment increased in finance, services, and state and local government but declined somewhat in manufacturing, reflecting mainly the curtailment in steel production and a greater-than-usual impact in August of auto model changeovers.

Agriculture

Based on Sept. 1 conditions, crop production was estimated at 108% of the 1957-59 average, up 1% from the estimate of a month earlier and equal to the record levels of 1962 and 1960.

Commodity Prices

Average wholesale prices of industrial commodities were stable in August and early September and were unchanged from a year ago. Prices of lead and steel scrap increased in the recent period while those of lumber, rubber, and hides declined, and average prices of sensitive industrial materials continued to change little. Among farm products, livestock prices declined as marketing of hogs expanded seasonally.

Bank Credit, Money Supply, and Reserves

Seasonally adjusted commercial bank credit increased $700 million in August, less than the average monthly expansion earlier this year. Holdings of non-government securities continued to expand rapidly, but total loans increased less than earlier, mainly because of decreases in loans to security dealers and finance companies. Holdings of U. S. Government securities declined somewhat further, following a large reduction in July. The average money supply, which had increased substantially in July, declined slightly. Time and savings deposits at commercial banks rose $1.2 billion, a larger amount than in other recent months.

Required and total reserves declined more than seasonally in August, due to a larger than usual reduction in U. S. Government deposits. Excess reserves declined somewhat and member bank borrowings from the Federal Reserve rose slightly. Reserves were absorbed principally through a decrease in Reserve Bank float, an increase in circulation, and an outflow of gold and they were supplied mainly through an increase in Federal Reserve holdings of U. S. Government securities.

Security Markets

After changing little in late August, yields on corporate and state and local government bonds and on long-term Treasury issues increased somewhat in early September, reflecting in part announcement by the Treasury of a large advance refunding. Treasury bill yields rose over the period; in mid-September the rate on three-month bills was close to 3⅜%.

Common stock prices advanced further in active trading. In mid-September average prices were 1% above the previous peak reached in December 1961.

Bank Clearings Surge 10.5% 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, Sept. 14 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 10.5% above those of the corresponding week last year. Our preliminary totals were $33,345,318,802 against $30,164,504,950 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Sept. 14—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$18,957,228	$16,273,357	+16.5
Chicago	1,451,250	1,350,437	+ 7.5
Philadelphia	1,191,000	1,128,000	+ 5.6
Boston	860,956	825,450	+ 4.3
Kansas City	550,668	537,116	+ 2.5

Week's 1.6% Steel Output Advance Is Largest Out of Past Four Weeks of Consecutive Rises and Is 7.2% Above Year-Ago Against 11.8% for Year's Cumulative Compared to 1962 Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Sept. 14 was 1,804,000 tons (*96.8%) as against 1,775,000 tons (*95.3%) in the Sept. 7 ending week. It was the largest increase since the July 13 week when output coincidentally rose by the same 1.6% figure.

This slim week-to-week upward change in output was the fourth net gain in a row out of the past 16 weeks. The four week's gain amounts to 2.4% which portends a 100 million ton year—highest since the 112.7 million tons in 1957. A decline had set in since last May 25 and, except for July 13 week's 1.6% gain, there was an uninterrupted decline until the week ending Aug. 24. The industry had hoped for a more vigorous upturn in the past four weeks but will not be unhappy if the succeeding weeks make up any disappointment felt so far while living up to last quarter bullish expectations.

Last week's output was 3.2 percentage points below the 1957-59 base period's average weekly output and was the lowest production since Nov. 10, 1962, when output again coincidentally, was the same as this week's (1,800,000 tons)—ignoring the Dec. 29, 1962 holiday week's tonnage. The latest week's output was 7.2% 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.

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 79,695,000 net tons (*115.6%) which is 11.8% above the Jan. 1-Sept. 15, 1962 production of 71,301,000 net tons.

In the comparison with last week's cumulative index total of 116.1, this week's tally faltered at 115.6 (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 Sept. 14	Sept. 7
North East Coast	90	93
Buffalo	82	80
Pittsburgh	88	89
Youngstown	84	80
Cleveland	98	95
Detroit	141	147
Chicago	100	92
Cincinnati	104	109
St. Louis	108	90
Southern	102	108
Western	110	105
Total industry	96.8	95.3

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

Automakers, No. 1 Steel Users, Schedule Record Output

By scheduling record breaking fourth quarter production, automakers have taken a strong short-term position that will go a long way toward adding zip to the entire economy, *Steel* magazine said. The move by the leading users of steel expressed their optimism about business the rest of the year, even though 1964 models

Continued on page 21

SECURITY SALESMAN'S CORNER

BY *JOHN DUTTON*

Customer Complaints Can Be Reduced

Today, record keeping is burdensome and voluminous in every line of business. For that matter, any individual who owns his home, works for a salary, or has acquired a few securities, must keep a comprehensive set of records, just to prove to the Internal Revenue Department annually that he is not "guilty of misrepresenting his proper gross taxable income." When it comes to the Federal Income Tax every citizen must prove his innocence—but in a court of law *the state* must prove that he is NOT GUILTY. But enough of that viewpoint, which has never been sufficiently explored in our "shotgun version of tax injustice as applied under the 16th amendment."

Recently I had the enlightening experience of watching the electronic processing department of a large New York Stock Exchange firm handle 30,000 customers' statements in less time than it would formerly take hundreds of clerks to produce this volume of work. It would be a helpful method of educating every security buyer, investor, speculator, trader, or even Mr. Average Mr. Public, if he could also have the opportunity that was afforded to me. I spent a meagre forty-five minutes with the young man who had charge of this battery of equipment, his assistants, and the fifty or more other clerks and helpers who checked information before it was processed by this amazing collection of wire, metal and machinery.

Today, it would be impossible to handle the massive volume of security transactions without mechanized electronic equipment. Here are a few facts that I learned. The young man who heads this department had a degree from one of the best technical schools in this country. He spent several years with one of the nation's top accounting firms. He worked two years learning what he could about the equipment he was to operate at the factory level, then he went to work for this brokerage firm.

In order to be sure there was a minimum of error, this firm ran the equipment on only ONE TYPE OF WORK (let us say for example) processing customer's orders into confirmation form, for ONE FULL YEAR, then operated the equipment side-by-side with the existing manual operation for another month before they put the first batch of statements (or whatever it was) through the computer, printer, etc. After several years the equipment is now processing many different procedures such as monthly statements, recording and verifying dividend accounts, and now these electronic wonders that are the product of man's unbelievable capacity to create, ARE AUTOMATICALLY FIGURING THE DOLLAR PRICE ON TAX EXEMPT BONDS WHEN SOLD ON A YIELD TO MATURITY BASIS.

Work With a Creator's Drive

This was a dedicated young man with whom I talked. He told me that his three assistants worked three days and nights with only snatches of sleep when they put a new system into operation, after months of study and preparation. It was almost like a devoted father discussing the merits of a worthwhile child to hear this story. Here were creators at work. When I asked him about errors, he told me that some were unavoidable but there are cut-offs that will actually stop the equipment, if such things as this happen. Say for instance, you as a salesman place an order for a stock that is very well known, actively traded, and you make the mistake, or your wire operator does so, and puts the order in at 100 when the stock is selling at 90. He has perfected a method of adjusting this equipment so that the order is automatically challenged and rejected. The memory department of these fantastic thinking machines will do this.

There are several steps taken before information is fed into the machines, that is done on a semi-mechanical and manual basis that is designed to eliminate normal error. If a run of thousands of transactions is completed and the figures don't balance, the equipment can be set in motion TO FIND THE ERROR, and the machines tell you that the errors exist. Millions of transactions are figures don't balance, the equipsent to department heads, managers, salesmen, and customers every week. Think of the work that is being done, and remember the next time that some customer tells you that your firm has a collection of lunk-heads in its accounting department that he is living in 1963. He has no conception of the accounting problems of a large investment firm, the great mass of paper work that must be expedited EVERY DAY, and the records that must be kept for clients, the state government, the federal government, and yes—even us salesmen.

When I asked about the percentage of errors, here are his rough figures. . . before this efficiently managed electronic equipment was installed, the normal margin of error was over 4% and there was less work to process. Today, that margin is down to less than 1% . . . and there is much more record keeping that must be done than ten years ago. He told me that some errors of a purely mechanical nature cannot be avoided. For instance, if a microscopically minute particle of foreign material happens to adhere to the magnetic tape that is fed into certain machines, a character or figure may be obliterated. When this happens there is an error in the statement, report, or confirmation, and what do you think happens? The totals that the machine checks *against itself* come up wrong, a red light flashes, the cutoff switch operates, and the equipment automatically finds ITS OWN ERROR. Then it is turned over to a typist for correction. Afterward the item is re-fed into the equipment. I may be wrong on this . . . possibly the correction is made immediately by the machines and then the manual correction is prepared if it is a report that is for permanent records, or a client. This was a forty-five minute guided tour. . . I tried to learn what I could, which was nothing except a great admiration for the people who made this equipment, the firm that installed it, and the dedicated group of people who operate it.

I asked the manager what would happen if he became ill. He took me over to a set of books. Every detail of every operation was outlined by code, numbers, and hieroglyphics I couldn't understand in a lifetime of study. Three other men were behind him to take over if he was not present. Everyone was trained to read and understand these manuals. The equipment was A. B. C. to them, they had spent years mastering its many uses, and are constantly studying new ways of making these marvels of our age do more and better work, of almost every nature that goes on behind the scenes every time you as a salesman take an order from a customer.

Don't Jump to Conclusions

It would do you good to spend just one hour in the mechanical back-office of a large investment firm, then several more hours in that part of the cashier's department that is still operated manually. If you are a customer or a salesman of securities, such an experience will make you humbly appreciate the great strides we have made in our business to cope with the paper work that our modern life demands. Mistakes will be made, errors are a part of living, but don't think everyone who has a complaint about an error in a statement, or a confirmation, doesn't also have a problem of living with BIGNESS. Mistakes will be corrected, sometimes it may take a few days or even a few weeks in some cases, but don't let your blood pressure zoom everytime someone says, "What kind of a firm is this. Look at my statement. Where are last month's dividends?" It may be that they could be wrong too. Possibly those great machines will credit their account the following month when they are actually entitled to them. There is a lot the public doesn't know. Some of them don't know where to sign a stock power but they will tell you that your firm consists of a bunch of idiots because they expect perfection sixty-one minutes out of every hour.

When you work for a progressive, well managed organization, you can be sure that they want their service to be the best they can offer to your clients. That is one of the advantages of the free enterprise, sink or swim, competitive world of business . . . you have to put up or shut up. But when you are exerting every effort to give the best service possible . . . don't apologize or try to defend yourself. You should see what some of your less efficient competitors are offering.

Sutro & Co. Will Admit Partners

SAN FRANCISCO, Calif.—Sutro & Co., 460 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges, will admit Theodore R. Seton and Harvey D. White to partnership on Oct. 1.

Freehling Opens Branch

CHICAGO, Ill.—Freehling & Co. has opened a branch office at 228 North La Salle Street, under the management of John E. Coleman.

The Market . . . And You

BY WALLACE STREETE

The stock market continues to face a real test. It has shown the collective ability to set new highs but what about individual performances?

Technicians still like the odds for a rousing advance through the supposed 750-760 barrier of the Dow Jones Industrials. Yet progress can only be measured in terms of what advances have been recorded by certain groups of stocks. At least that has been the reaction of many investors.

Trading Volume Heavy

Volume remains sizable. A five million share day cannot be regarded any longer as a major omen for good or ill. The fact is that trading turnover among the professionals has been active enough to generate a healthy type of market exclusive of public participation.

Some of the tape-watchers like a lot of company. And some even feel that amateur speculation means better days are ahead. Yet the current market appears able and willing to absorb the cross-currents of speculation without the need for the so-called excuse of "an everyman's market."

The main point among many tape-watchers is that some blue chips have become bluer, but that depends upon the favorites you follow. Witness Chrysler. It continues to set new highs yet it is constantly subject to profit-taking.

Ford, American Motors, and most notably Studebaker have recently attracted much attention although only Ford could be considered a member of the blue chip clan. Obviously some of the buying can be attributed to chart action. Technicians like to talk about technical patterns and chart-buying certainly falls under this category.

Economic Indicators Favorable

But the fact is that most economic indicators have been extraordinarily good recently. Even the latest report by Prentice-Hall, a careful and conservative business study group, looks for continued gains in consumer spending and other major economic barometers for the rest of the year.

The study adds that retail sales in August came close to $20.8 billion or slightly ahead of July's total, the previous peak. Yet the current climb in retail sales has not managed to match the pace of prior expansions of the postwar era.

The moral to investors, according to many Wall Streeters is: One new peak does not assure a summit. Or as one major marketletter writer has phrased it: "Until the market clears the old highs by a decisive margin, the high-volume churning of recent days will continue."

Meanwhile, it seems evident that hestitation will exert a major influence on the activity. Note that stocks like High Voltage Engineering and Control Data hit the most active list quite regularly. But their range of swings is becoming more limited.

Some brokers say an aggressive invested position is warranted in speculative accounts as long as the overall outlook is favorable. Stocks such as Polaroid and High Voltage are mentioned, yet the possibility of some back-off from current highs is not discounted.

Insurance and Bank Stocks Favored

More conservative accounts are urged to look to insurance or bank stocks. One widely-regarded service sees a renewal of the upward trend in bank earnings similar to that of the 1960-62 period. The recommendation also cites the fact that loan demand, slow to respond to improvement in general business last year, has advanced to better levels and should continue strong as business accelerates.

Yields for this group range from 2% to 3.5% among the major banks of the nation. Competition for deposits remains keen, yet little likelihood is seen for any reduction in bank interest costs. Pressure is expected to boost interest requirements more in the future.

Another influence on higher bank costs is laid to the fact that West Coast savings and loan institutions are currently paying dividends of 4.8 to 5%. This higher rate is also expected to help speed the growth of time deposits as a percentage of bank deposits.

Profit expansion, as a result, is not expected to match the growth of the early 1950's in the banking field. Yet the earnings outlook looks favorable and banking is still regarded as a growth industry in many respects.

The banks best regarded as top performers by this particular study include Wells Fargo, Marine Midland, Bank of America and First National City.

International Oils Liked

Some of the more aggressively minded portfolio pickers lean to the international oils. Oils appear to be especially attractive in an uptrending and inflation-wary market. Best picks among many services include Texaco, Gulf Oil, and Marathon. Old standbys such as Standard of Jersey, Cities Service, or Sinclair also have strong followings. The more merger-minded favor Amerada, Signal, Kerr-McGee, and Sunray DX.

But even without a merger, shotgun or otherwise, many of these so-called sellout candidates present a good and reasonably-priced venture, in the opinion of many petroleum industry followers.

[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.]

Exchange Firms Launch Training Program

A move toward establishing industry-wide training courses for administrative and clerical personnel of stock brokerage firms—referred to as "back office" or operations employees—has been launched by the Association of Stock Exchange Firms.

Today, training of operations employees who deal with the vast volume of entries, statistics, and activities involved in the millions of shares handled daily by the 500 association member organizations is conducted individually by firms, with little or no formal training material available.

For some time an association sub-committee of the business and office procedure committee has been considering the problem. Following a series of meetings supplemented by recommendations from the management consulting firm of Cresap, McCormick & Paget, an exhaustive survey questionnaire has been sent to executives of association member firms designed to pinpoint common training needs within the industry. The information derived will be used to facilitate the development of formal training material.

In recent years, during peak periods of stock market activity, the most acute shortage of trained brokerage personnel has been in the operations departments of member firms.

Serving on the sub-committee are: Chairman, Frank G. Zarb, Director of Operations Training, Goodbody & Co.; Robert C. Van Tuyl, Partner, Shearson, Hammill & Co., Chairman, Business & Office Procedure Committee; Michael J. DeMarco, Partner, Josephthal & Co.; John H. Kirvin, Partner, Glore, Forgan & Co.; Joseph F. Neil, Jr., Partner, Goodbody & Co.; Frank X. O'Hara, Office Manager, Jesup & Lamont; Charles A. Lindberg, Assistant Secretary, ASEF.

Ira Haupt & Co. To Admit Four

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1, will admit to partnership Orhan Idris Sadik-Khan, Edward F. Wrightsman, Leonard G. Hanauer, and Howard M. Brenner.

Katz in West Newton

WEST NEWTON, Mass.—Edward J. Katz is continuing his investment business from offices at 12 Ruane Circle. He formerly conducted a securities business in Boston under the firm name of Security Planners Associates.

Financing and Other Vital Changes in Japan's Economy

Continued from page 7

Banks lend part of these fixed deposits as funds for equipment investment, but the largest part is loaned as working capital. Equipment funds constitute about 15% of all bank loans.

In view of the composition of bank deposits, such a proportion of long-term loans seems perfectly feasible and implies no threat to bank liquidity. In this way, Japanese commercial banks, and in particular the large city banks, play a very important role in the financing of key industries, such as the chemical and heavy industries.

Importance for Japan's Economy

From the point of view of ensuring the growth and stability of the economy, the functions performed by the banks in supplying industrial funds give their accumulation of deposits and their loans policies an enormous importance for the national economy. The largest possible accumulation of deposits is necessary in order to guard against inflation, while bank managers must pay due attention to the national economy if their loans are to support stabilized economic growth.

This requires a high level of intellectual competence not only in top management, but even in the lower ranks of bank employees. Top management naturally bears the greatest responsibility, but branch managers and other echelons of middle management down to the ordinary clerks must possess a clear personal comprehension of economic issues and a sound understanding of bank management. Various measures therefore have been taken for the training of bank employees, and recently a training center has been set up in order to provide an opportunity for full-time retraining.

One of the characteristics of the Japanese employment structure is lifetime employment. An employee continues to work until his retirement age for the same firm which first hired him. Banks in particular almost never hire outsiders, so that most employees join the bank immediately upon graduation from high school or college, moving up to the management class and becoming bank officers after many years of experience. This gives personnel management and training added importance in order to develop young talent.

Management Aspects of Japanese Banking

Japanese banking has undergone a considerable concentration. Whereas 70 years ago close to 2,000 banks were in existence, Japan today counts 13 city banks and 65 local banks. The city banks possess numerous branches throughout the country. Through their branch network they collect deposits and supply funds for the economic development of the urban as well as the outlying districts.

The large banks, therefore, have a great number of employees, which makes it imperative to increase management efficiency. It likewise necessitates a scientific organization of management in order to ensure a smooth flow of instructions and complete mutual understanding between the head office and the branches.

In view of the great number of branch offices, a thoroughgoing rationalization, or streamlining of the banking business, based on a scientific and modern structure, is also required in order to reduce costs. In recent years, mechanization has received considerable emphasis.

The use of electronic computers was first contemplated in 1956, and today modernization, with its ensuing improvement in efficiency, has reached the international level in all banking operations. A Telex communications system connecting all branches speeds up business and makes it possible to withdraw deposits at every branch office. Television is utilized, and a computer center allows the concentration of business operations in the head office.

With the expansion of foreign trade and the progress of trade liberalization, the city banks have opened overseas branch offices in key cities to be in a position to handle foreign transactions. In this way they are prepared to cope with the international emphasis in Japan's economy.

Summary of Features

Let me summarize the features which characterize Japanese banking:

Firstly, there is a great concentration in the banking business, and a system of numerous branch offices prevails.

Secondly, the leading city banks, in particular, possess a nationwide network of branch offices through which they make an important contribution to the economic development of the cities as well as the countryside.

Thirdly, they also possess overseas branches in important foreign localities, enabling them to engage in foreign transactions.

Fourth, long-term, fixed deposits account for 60% of total deposits.

Fifth, banks are important fund suppliers for business enterprises. In the postwar period, in particular, they provided funds for reconstruction and economic growth, and even today the ratio of loans to deposits is very high.

Sixth, employees remain in service for a long time, and almost the entire staff stay with the bank until retirement.

Seventh, special attention has been given to the mechanization and modernization of business. In order to eliminate the complexity and inefficiency connected with the large number of branch offices, centralization of operations is based on electronic computers.

Eighth, much thought is given to training employees. A training center has been established in which lecturers from both inside and outside the banking profession contribute to the education of bank employees, so that their judgment in matters of daily business practice may be based not only on an understanding of bank management, but on an insight in the national economy and a world-wide point of view.

Effect of Country's Economic Growth

At this point, it may be worthwhile to examine the recent expansion of Japan's economy and, with it, development in bank management.

The growth of the Japanese economy became particularly spectacular in 1960. Due to a somewhat excessive expansion, an adjustment was thought necessary which was carried out smoothly in 1961 and 1962, and at present Japan enjoys economic stability.

Thanks to the high rate of growth, the modernization and rationalization of industrial plant and equipment made rapid progress. The major part of industry today is in a position to cope with the effects of trade liberalization. In April of this year the rate of liberalization was increased to 89% and it will reach 90% this month. With two or three exceptions, complete trade liberalization will be achieved in principle by next spring.

Another effect of the high rate of growth in recent years has been a considerable increase in national income. Accordingly, consumption rapidly assumed growing importance. To conform with these changed conditions, banks had to place more emphasis on consumer credit and personal loans, much like banks in the United States and Europe. As explained before, Japanese bank lending originally served almost exclusively the financing of production and distribution. This left no funds for other purposes.

Recently, however, the improvement in productive capacity has resulted in a rapid expansion of consumer credit, so that in their lending operations banks now serve both business firms and the public. This development has been accompanied by a very large expansion of the services offered by banks, which not only increased in coverage but also gained in depth.

Nowadays, banks must act as financial consultants for individuals as well as corporations. To this end, "thought service" made possible through expanding the research facilities of banks has become another important function of the banks.

Today, entrepreneurs and people in general try to conduct their economic affairs on the basis of reliable economic forecasts. This is another purpose for which the information on domestic and foreign economic trends gathered by the research departments of the banks is disseminated among their customers. Furthermore, small enterprises continue to occupy a very important position not only in Japan's economy, but also in the social structure of the country, and their stability is vital to economic and social equilibrium.

Banks cooperate with such enterprises by providing the funds required for their rationalization and modernization as well as by advising their management. Special "Management Information Centers" have been set up by banks in order to comply with the requests of customers. Here, advice is available on all business problems, including financing, taxation, law, foreign trade, management modernization, and so on. These information centers work closely with the research departments and thus are able to furnish information on a wide range of subjects. They truly have become financial consultants to bank clients.

Combating Inflation

As I pointed out earlier, Japanese banks fulfill an important function for economic stabilization by accumulating deposits. Recently, the so-called consumption revolution has greatly increased consumer spending. This may be unavoidable, but it makes it increasingly necessary to prevent inflation. Banks have increased their small branch offices in residential districts, whose primary purpose is to accumulate deposits. On the one hand, banks maintain large branch offices well equipped to provide a full line of services to business firms. At the same time, they work to maintain close contact with the public through unpretentious neighborhood branch offices. But in the future, banks will have to enlarge the sphere of their activities still further. The growing international aspects of Japan's economy probably will result in a series of changes in the country's industrial structure, which will necessitate an adjustment in monetary policies. These developments will require management policies designed to facilitate industrial reorganization and conform with structural change in the economy.

At the same time, there are tasks even more urgent than the reorientation made necessary by the liberalization. Together with the liberalization of trade and capital transactions, Japan's economy must be reorganized to assume an international structure, and these efforts must be supported by financial measures. While liberalization should serve the international development of all business ventures and give full play to the advantages of private enterprise, it should also aim at infusing Japan's economy with a truly global outlook. A new era opens before us, in which bank management, from directors through every single employee will have to display initiative inspired by international vision. To lead our country's advance into this new era is the fascinating task given Japan's bank managers. It is an assignment we welcome wholeheartedly.

*An address by Mr. Iwasa at the CIOS, International Management Conference, New York City, Sept. 19, 1963.

Present, Future Financial Impact of Supersonic Planes

Continued from page 1

orders came in individual large numbers. The motivation was the desire by the individual carriers to maintain and achieve competitive gains while meeting anticipated future traffic demands.

The high unit costs of jet transports and their numbers introduced greater elements of long-term debt to make their financing possible.

To bring a full flowering of jet transportation on trunk routes in and beyond the United States has meant capital expenditures by the industry in excess of $3.5 billion through 1962. Additional acquisitions of aircraft and supporting ground equipment during the next three years through 1965 could entail further capital outlays approaching $1 billion.

Excessive Debt to Equity Ratio

This big jump in airplane price tags and numbers has completely transformed the capital structure of the industry. For example, at the 1957 year-end, the U. S. trunk airlines and Pan American World Airways combined, had outstanding long-term debt of $566 million supported by stockholder's equity or net worth of $763 million. This resulted in a debt-equity ratio of 0.74 to 1.

Five years later, at the end of 1962, with the bulk of new jet equipment delivered, this same group of carriers now had an aggregate of $1,728 million in long-term debt, an increase of 205% since the 1957 year-end. Stockholder's equity mounted to $882 million, a mere 16% gain during the same five year period. This resulted in a debt equity ratio of 1.96 to 1 at the 1962 year-end. By all standards of prudent financial practice, the debt positions of most airlines are excessive.

Further, most, if not all, loan agreements are dependent upon earnings and/or new equity maintaining net worth positions at specified levels. In addition, various asset and working capital ratios must be maintained to avoid defaulting outstanding obligations.

Earnings power—past and present — is the fulcrum upon which the financial fortunes of the airlines rests.

Without the hope of earnings, the industry could hardly expect to attract capital in the forms of loans or equity to meet their requirements.

Once this fundamental expectation of earnings passes the muster of creditors, loan repayments would be anticipated from cash to be subsequently generated from one or more of the following sources:

Residual net earnings
Depreciation and amortization charges
Deferred tax and investment credits
Issuance of equity secuirties
Issuance of other debt securities
Sale of surplus equipment

Generation of funds from these sources is by no means an automatic operation. Further, there are very definite and delicate interrelations between the various sources of funds to be made available.

A number of carriers have entered into extensive lease arrangements covering aircraft engines and other equipment. This minimizes the amounts of new capital required. While this may mask a requirement for capital and "eliminate" the carrying charges involved, heavy lease rentals sometimes more formidable in nature appear and have to be serviced.

One of the strong elements in the airline financial picture has been and remains the substantial cash throw-offs resulting from depreciation and amortization charges. There can be no bland assurance, however, that such cash throw-offs will automatically occur. To become an effective source of cash, depreciation and amortization charges must be adequately covered by operations.

Not Enamored With Cash Throw-Offs

There are a number of analysts who are simply enamored with the nature and size of depreciation "cash throw-offs." It is represented in some circles as a magic elixir capable of performing many miracles. Old debts will be retired, funds for new facilities and equipment will be provided and a flood of cash dividends will cascade to stockholders—all made possible by depreciation "cash-flows."

If covered, such cash throw-offs, while formidable, can and do have a beneficial effect but can accomplish only one objective at a time. Cash made available to retire old debt cannot concurrently be utilized to pay dividends.

The jets were introduced in late 1958. It was their heavy capital outlays which led to the massive creation of debts and creaks and groans among the airline capital structures.

The introduction of jet turbine aircraft proved, of course, to be a tremendous stimulus to air travel.

In many respects, jet aircraft represented a radical departure from the piston-powered airplanes which they largely replaced. The speed, reduction in noise and vibration levels, and improved passenger comforts—at low fares—all made possible by the technologically advanced and efficient operating jets, have established sharp contrasts with piston-powered aircraft hastening the obsolescence of the latter.

It was this past pattern of upcoming major technological developments as a probability in superseding and making obsolete current aircraft types which has been most disturbing to the financial community's exposure to the industry.

Clear Financing Sailing Until 1970-72

But happily, the industry is now over its initial hurdles and, some quarters maintain that the group has clear sailing ahead. The jets have been outstandingly successful in operations. And, very importantly, the repeated extensive waves of new equipment orders so peculiar to the industry's early development now appear to have halted. With the SST not now expected until the 1970-72 period, at the earliest, it is felt that the industry will have a long respite before it will submit to another strenuous wave of costly re-equipment programs.

This is largely true. With the big jets being written-off over a 10 to 12 year period (one airline is using a 14 year life span with a most nominal residual value) most of this equipment should be down close to or at residual values by the time the SST's are commercially operational in the early 1970's. Operational characteristics and range of the SST's, as we now understand them, will preclude their entry into many markets which can only be served by the existing family of subsonic jets. Under these circumstances, the likelihood of the SST making obsolete extensive fleets of present-day jets is greatly minimized. Therefore, as long as they remain economically serviceable, subsonic jets may well enjoy as useful life extending considerably beyond a 10 to 12 year period.

On this premise, the airlines should be rapidly improving their financial postures. Further, in this process, internal capital formations are being strengthened and augmented.

Very important qualifications, however, are present in this outwardly favorable atmosphere which currently pervades the industry.

Heavy Interim Financing Still Needed

It would thus appear that under these circumstances and with current heavy cash generation through depreciation charges, no additional financing may be required for the major trunk airlines for some time to come. This complacency is shattered by the fact that two large carriers are now readying their individual financing programs, averaging about $100 million each, in order to obtain the necessary funds to acquire new equipment.

It is erroneous to assume that no major additional capital expenditures will be required in the intervening years. The airlines are always adding to and modifying their equipment and facilities. For example, starting late this year, a number of carriers will begin to accept deliveries of the medium-range 727's. This will be followed within the next few years by deliveries, first of the BAC 111 and, later, of the DC 9. Deliveries of all-cargo jets to a number of carriers are also scheduled during the next two years. Further, more and more ground facilities to accomodate passengers and to meet expanding air freight demands are major elements representing growing capital requirements.

A Closer Look at High Industry's Profits

Earnings for the airlines appear to have turned for the better in recent periods. After recording an aggregate loss of $34.6 million in 1961, the domestic trunk airlines —system-wide—turned in, as a group, a net profit of $25.9 million for 1962. However, upon close analysis, it is found that the "Lucky-Four" — Delta, National, Northwest and Western — and which contributed some 21.6% of the industry's domestic revenue passenger miles—earned $33 million last year. For the same year, the combined losses of TWA, Eastern and Northeast reached a total of $28.4 million. United and American, which together accounted for 44.6% of 1962's domestic revenue passenger miles reported net profits of but $17.2 million.

All this is by way of illustrating that no one airline can live by the average experience of the industry as a whole.

Nevertheless, airline financial formations, resting on their separate capital structures, have emerged on the highest plateau ever attained by the industry. Total system resources of the domestic trunk airlines aggregated almost $3 billion at the 1962 year-end. This compared with $1 billion at the 1955 year-end.

The group, subject to the qualifications previously noted, may indeed be entering into a period of relative stability in respect to major re-equipment programs. Given an era of sustained earnings, a real opportunity is at hand for the airlines to develop some financial muscle.

Reducing Sizable Airline Debts

Airline debts are of substantial magnitude. Interest charges for the 11 domestic trunks, aggregated some $80 million in 1962, (Pan American's interest bill added $15.3 million to the total last year.) This represents quite a burden to be absorbed by operations.

In addition to the short-term bank credits, long-term loans — mainly from insurance companies —are slated for retirement in the period ahead. A number of insurance company maturities extend to as far as 1996. However, sinking fund payments on these long-term obligations begin to appear on the schedule for 1964 and step up in volume for subsequent years. And as debts are amortized, lower annual interest charges should result.

It must be recognized that even as old debts are being retired, new obligations are being created for specific new property acquisitions. Moreover, concurrently, various refinancings may take place as prior debt obligations are "rolled-over" and lease commitments are converted to property purchases.

These cross-currents make most difficult any accurate long-range projections of debt retirement, and related elements—even if we were privy to the confidential plans of all of the individual airlines involved.

Nevertheless, on balance, the airlines, as a group may be expected to cut down their mountain of debt. Depreciation and amortization charges for the domestic trunks and Pan American aggregated $340 million in 1961 and $364 million for 1962. My own estimate in that cash throw-offs from this source may range from $350 to $375 million annually for the same group of carriers for the next five years.

(It will take a sizable reduction in the debt/equity ratios and a period of sustained earnings before airline stockholders may anticipate any material increase in cash dividends.)

In appraising the industry's abilities to take on a major capital program in the 1970's such as financing the acquisition of the SST's, the ultimate determinations will be made on financial positions and capacities of the individual airlines involved and not on the aggregate resources of the group as a whole. And as previously noted, wide variations in results prevail for the separate airlines.

Competitive State of the Industry

That such an erratic condition exists is indicative that not all elements of the industry are on a stable, healthy basis.

An over-abundance of capacity resulting from past over-certification of competitive operations has led to this disjointed state of affairs. The fact that passenger load factors hovered in the low-fifties is indicative that the industry's capacities are not being utilized to the fullest, efficient extent possible. There is a good deal of economic waste present here.

The Board's majority position in eliminating excessive competition on a major trunk route by refusing to renew Northeast's certificate was both courageous and constructive. Much more remains to be done in strengthening the Nation's airline network. Mergers are essential to correct industry imbalances and financial squeezes. In this process, more efficient and economical operations would eventuate under highly competitive conditions.

Back in 1955 and 1956, while the jets were appearing on the horizon, the CAB made the mistake of certificating route expansions geared to the piston-aircraft age. It would be ironic indeed if lack of statesmanship by the industry and the Board failed to anticipate the needs of individual airlines to meet the demands of the super-sonic age — a period which lies immediately ahead.

As I indicated at the outset, we may assume that an SST will be operational in commercial service by the early 1970's.

In looking at the economic and financial equation of how the airlines are going to acquire this equipment, it is impossible to divorce the technical considerations and hurdles now surrounding the SST.

Cost Hurdle for Unknown SST in 1970

Very little is known as to the ultimate design, construction and operational characteristics of this upcoming aircraft. Then there are related problems such as the effect of the sonic boom and radiation exposures of various types—to name a few of the unresolved factors. It is presumed that all of their problems will be satisfactorily overcome. But at what cost?

In the meantime, airline managements, their stockholders and lenders can hardly be expected to write blank checks for equipment having an uncertain purchase price and undefined operating costs.

Some eight years ago when the airlines embarked upon their subsonic jet acquisitions the guide-lines on this equipment were well established. Capital costs were clearly known. The ability of the equipment to generate specific productive capacity at defined operating costs were indicated in advance. This is the type of data generally expected of airline managements by lenders and others. A basis is thus established for measuring the extent of capital resources to be committed and how any resultant obligations incurred are to be repaid.

The aircraft manufacturers and airlines currently find themselves in an economic vacuum trying to resolve these elements. But until they do it is virtually impossible to expect any significant commercial orders for the SST, whether built in the United States or elsewhere.

Insurance Orders for the Concordes

It is known, however, that commitments have been made for the Concorde—a Mach 2.2 SST. Pan American World Airways, a few months ago, announced its order for six of the Concordes for future delivery. (Continental subsequently announced its intention to acquire three Concordes.) But this aircraft is only emerging from the design stage and presumably has the requirement of meeting some rigid specifications when flown.

The same terms of purchase for the Concorde extended to Pan American (and Continental) have been made available to other major U. S. trunks. They are reported to be payment by the carrier of $125,000 per airplane upon signing of the option agreement. Another $125,000 per copy is to be paid when the airplane is flown. If a successful flight ensues, the option holder must go forward with the purchase commitment or sacrifice the $250,000 per plane paid. However, absent a successful flight and withdrawal from the program, the option holder can recover the $125,000 per plane paid at the outset.

This arrangement is most advantageous to an international carrier such as Pan American which must contend itself with the prospect of Air France and BOAC acquiring Concordes should the aircraft prove satisfactory.

It will be recalled that following World War II, Pan American also held options to purchase the Rainbow then under construction by Republic Aviation and the Comet III from de Haviland Co. of England. The Rainbow program was never completed and the Comet III did not work out. But at the time, both of these "commitments" were excellent insurance.

Should developments on the Concorde permit Pan American to go forward on this program, its initial capital expenditures for this equipment can readily be handled. With depreciation and amortization charges now running at an annual rate of about $60 million, Pan American's capital structure should be able to absorb the initial Concorde acquisition—providing, of course, there are no other abnormal demands made on the company's resources and earnings are maintained.

The purchase price of the Concorde is reported at about $10 million with an escalation clause of 5% annually. This may well place the purchase price of the Concorde around $12 million per copy—if and when it runs the full course. In addition, the operating carrier will be required to provide extensive ground facilities to support the SST. Further, training and integration costs in introducing this aircraft will entail substantial expenditures by the airline. The extent of this capital outlay, i. e., support facilities and training expenses, are not ascertainable at this time.

But the final test for the Concorde or any other SST remains in the economics of the operations of the aircraft itself. Will the plane be able to operate on an economical basis? Can it compete with seat-mile costs of existing subsonic jets or attract sufficient volume at a higher tariff?

Determination of costs remain an enigma. Will a Mach II, for example, have a short or long useful life? Depreciation charges on a $12-15 million unit of equipment can vary widely depending if amortized over a short or long period of time.

These are but some of the economic questions that require answers before financing of the SST's can be approached by the individual airlines.

While answers are presently not available, technical and operational problems will be overcome and, hopefully, a SST will in time become an economic reality. At that point their financing will become definable and feasible.

Obviously, under those circumstances, competitive considerations will dictate that SST's be in widespread operation by trunk carriers. To meet this challenge and to wrest the fullest economic gains from the SST, there is an overriding requirement that U. S. airlines be strengthened. This can best be accomplished by a consolidation process of U. S. trunk carriers through mergers.

*An address by Mr. Altschul at New York University's Third Annual Air Transport Conference, New York City, September 11, 1963.

NEWS ABOUT BANKS AND BANKERS

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

Hilliard Farber, Charles V. McGreevey, Charles P. O'Beirne, and Otto Schoeppler have been promoted to Assistant Vice-Presidents of the **Chase Manhattan Bank, New York.**

Appointed Assistant Treasurers were James J. Brown, E. Blair McCaslin, Kenneth J. Perry, James M. Tiernan, Keith G. Willoughby and William F. Cowan, Jr.

* * *

Alan H. Temple has been appointed a member of the Trust Board of **First National City Bank, New York.**

* * *

The **Manufacturers Hanover Trust Company, New York** opened new quarters at the corner of 125th St. and Eighth Ave., Sept. 16.

Manager of the office is Alfred Lerner, Assistant Secretary. Assistant Managers are Albert J. Giannetti, Daniel Fernandez, and Albert L. Spence.

* * *

Craig S. Bartlett, retired Vice-President and Treasurer of **Manufacturers Hanover Trust Company, New York,** died Sept. 17. He was 65 years old.

Mr. Bartlett joined the then **Central Hanover Bank and Trust Company** in 1944 and was elected a Vice-President a year later. The bank changed its name to The Hanover Bank in 1951 and in 1961 merged with **Manufacturers Trust Company.** Mr. Bartlett was elected Vice-President and Treasurer of the combined institution.

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William H. Moore, Chairman of **Bankers Trust Company, New York,** announced that Bankers Trust has acquired the banking business of **The First National Bank of Farmingdale, New York** and will continue the office of that bank, 170 Conklin St., Farmingdale, Long Island, as the Farmingdale Office.

The total assets of the Farmingdale bank at the time of acquisition were approximately $37 million.

Ernest Hackwitz, formerly president of the First National Bank of Farmingdale, has been elected a Vice-President of Bankers Trust Co. and will be in charge of the Farmingdale Office.

Mr. Hackwitz has also been elected Chairman of the Farmingdal Advisory Committee of Bankers Trust Company. Messrs. Hilliard J. Coan, Lee O. Karp and W. Dwight Nostrand, formerly Directors of the Farmingdale bank, have been elected members of the Farmingdale Advisory Committee as well.

* * *

The **Bankers Trust Company, New York,** on Sept. 9 received approval given to Certificate of Amendment of Certificate of Incorporation providing for the following:

(1) Issuance of 111,804 shares of capital stock having a par value of $10.00 each, thereby increasing the total of issued and outstanding capital stock from $89,754,440 consisting of 8,975,444 shares of the par value of $10.00 each, to $90,872,480 consisting of 9,087,248 shares of the par value of $10.00 each.

(2) Total authorized capital stock is to remain, as heretofore, at $93,575,440 consisting of 9,357,544 shares of the par value of $10.00 each.

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The **Irving Trust Co., New York,** made Maurice Cusack a Vice-President.

* * *

The Comptroller of the Currency James J. Saxon on Sept. 10 gave preliminary approval to the application of a group to organize a new National Bank under the title, **Freedom National Bank of New York.**

The proposed location is at 275 West 125th St. Initial capitalization is $1,500,000, including 60,000 shares of stock at par value of $10, $600,000 surplus and $300,000 undivided profits.

Irving B. Altman will serve as Chief Executive Officer.

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The **Excelsior Savings Bank** has elected Edward M. Walsh an Assistant Treasurer.

* * *

The **Rotterdamsche Bank N.V. of Rotterdam - Amsterdam, The Netherlands** announced that **The Mercantile Bank of Canada, Montreal** would be operated jointly with the **First National City Bank of New York.**

* * *

Alden B. Sleeper, has joined the Trust Department of **The County Trust Company, White Plains, New York** as Vice-President and Trust Officer.

Mr. Sleeper has been Trust Officer in the estate analysis and new business section of the **State Street Bank and Trust Company, Boston, Mass.** since 1961 and has been associated with the **Rockland-Atlas National Bank of Boston, Mass.** from 1958 until its merger into State Street Bank in 1961.

Donald S. Sobwick, also has been elected Assistant Vice-President.

* * *

William F. Redpath will retire Sept. 30 as Vice-President of the **National State Bank of Newark, N. J.,** after more than 56 years in banking.

Since 1955, Mr. Redpath has been Vice-President in charge of National State's Orange office at 282 Main Street. He launched his career in banking at the same address in 1907, when the building was occupied by the **Orange National Bank.**

In 1950, this bank became a part of the National State Bank of Newark, and Mr. Redpath was promoted to Assistant Vice-President. He became Vice-President in 1955.

* * *

David R. Clifford has been elected Assistant Cashier, Commercial Banking Division, **Pittsburgh National Bank, Pittsburgh, Pa.**

* * *

The **Girard Trust Corn Exchange Bank, Philadelphia** elected Edward T. Clute Vice-President and Treasurer, and Leslie A. Hoffman Vice-President and Secretary. Both succeed the late Albert E. Shaw, who served as Secretary and Treasurer.

* * *

The **Western Pennsylvania National Bank, Pittsburgh, Pa.** elected George N. Beckwith, a Director.

* * *

The **Suburban Trust Co., Hyattsville, Md.,** elected Royal L. Coburn a Vice-President.

* * *

The **First National Bank of Chicago, Illinois** announced that Neil McKay, was elected Associate General Counsel of the Bank's Law Department, and Mr. Charles H. Walcott, who has been president of the **Security National Bank of Sioux City, Iowa,** was elected Vice-President in the Correspondent Bank Division.

* * *

The **Chicago Title & Trust Co., Chicago, Illinois** elected Richard L. Martin Vice-President, Illinois Title division and Harold M. Finley Vice-President, trust division.

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The **Live Stock National Bank, Chicago, Ill.,** elected Francis J. Hearn Vice-President.

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The **Bank of Highland Park, Highland Park, Ill.** elected Raymond C. Salm Vice-President.

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The **Manufacturers National Bank of Detroit, Mich.** elected Roland A. Mewhort President, succeeding Arthur J. Fushman, who becomes Chairman of the Executive Committee. The bank also announced the election of John C. Calhoun as Executive Vice-President and a Director.

* * *

Richard Koehn Vice-President and Controller of **First Wisconsin National Bank of Milwaukee, Wis.** was elected Executive Vice-President and a Director of the **First National Bank of Oshkosh, Wis.**

* * *

The Comptroller of the Currency James J. Saxon on Sept. 10 approved the conversion of **Fidelity Savings Bank, Ottumwa, Iowa,** into a National Banking Association. The bank will be operated by its present management under the title **First National Bank of Ottumwa.**

The capital structure for the converted bank remains the same, $1,047,152.03.

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The **Citizens Fidelity Bank & Trust Co., Louisville, Ky.,** elected Albert M. Brinkley, Jr., Executive Vice-President of **Union Planters National Bank, Memphis, Tenn.,** Chairman and Chief Executive Officer, effective Nov. 1.

* * *

The Comptroller of the Currency James J. Saxon on Sept. 13 approved the application to merge **First Union National Bank of North Carolina, Charlotte,** and **The Scottish Bank, Lumberton, N. C.,** effective on or after Sept. 20, 1963.

* * *

The Comptroller on Sept. 16 announced preliminary approval to organize a new National Bank in Miami, Fla.

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

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Five officers of **First National Bank in Dallas, Texas** were elected Senior Vice-Presidents.

The five, are: John Rawles Fulgham, Jr., and Leo Patterson, Jr., oil loans division; Horace E. Moss, commercial loans division; Robert P. Murphy, investments division; and John P. Poulos, correspondent banking division.

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The Comptroller of the Currency James J. Saxon Sept. 11 announced that he has given preliminary approval to organize a new National Bank in Powell Wyoming.

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

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The **First State Bank of Libby, Libby, Montana,** converted to a national bank under title of **First National Bank in Libby.**

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The **Bank of Idaho, Boise, Idaho** elected Erle E. Fulghum and Preston J. Bither Vice-Presidents.

* * *

Glenn K. Mowry has been appointed Senior Vice-President at **The Bank of California, San Francisco, California.**

Robert E. Atwell has also been elected Vice-President in the International Department. In addition, it was announced that Richard K. Stubbe has joined the Bank as Assistant Vice-President in the Business Development Department.

* * *

The **United California Bank, Los Angeles, Calif.,** elected Fred S. Huber, an Executive Vice-President; Victor H. Winfrey was elected a Senior Vice-President, and Albert P. Fiske, Jr., Lyman P. Juckett, Frank L. King, Jr. and Albert De Varennes, Jr., were elected Vice-Presidents.

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The United California Bank, Los Angeles, Calif., announced Sept. 17 that it had successfully completed the sale of $35,000,000 of its capital notes.

Sale of the notes was through private placement. The notes carry an annual interest rate of 4½% and mature in 25 years.

Frank L. King, Chairman, stated that a corollary rights issue of capital stock was being offered to stockholders at $62.50 a share. The warrants will be sent to stockholders of record Sept. 13 giving each the right to subscribe for one additional share for each 12 shares held. Rights expire Oct. 22. There will be 431,014 shares issued through the rights offering, with an aggregate subscription price of $26,938,375.

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The **First Western Bank & Trust Co., Los Angeles, Calif.** elected Raymond F. Talbert a Vice-President.

* * *

The **Ahmanson Bank and Trust Co. of Beverly Hills, Calif.** on Sept. 16 opened a branch at 3701 Wilshire Blvd., on the corner of Serrano Ave.

New branch manager is Alva E. Lawrence Jr., a Vice-President formerly in charge of lending operations at the home office.

IBA Receives 1964 Slate

PEBBLE BEACH, Calif.—David J. Harris, Resident Partner, Bache & Co., Chicago, has been nominated for President of the Investment Bankers Association of America, according to an announcement by Amyas Ames, current President of the Association and a

David J. Harris

Lloyd B. Hatcher

Albert Pratt

John P. Labouisse

Charles C. Pierce

Amyas Ames

managing partner, Kidder, Peabody & Co., New York. The IBA Nominating Committee made its report at the fall meeting of the IBA Board of Governors, Sept. 11-13, Del Monte Lodge, Pebble Beach, Calif.

Named with Mr. Harris were the following nominees for Vice-President:

Mark Davids, Lester, Ryons & Co., Los Angeles.
Lloyd B. Hatcher, White, Weld & Co., New York.
Albert Pratt, Paine, Webber, Jackson & Curtis, Boston.
John P. Labouisse, Howard, Weil, Labouisse, Friedrichs and Company, New Orleans.
Charles C. Pierce, Rauscher, Pierce & Co., Inc., Dallas.
Mr. Hatcher has been nominated for second term; he has been Vice-President since December, 1962.

The Association will act on the slate at its Annual Convention, Dec. 1-6, 1963, at the Hollywood Beach Hotel, Hollywood, Fla. Nomination is tantamount to election. The new President and five Vice-Presidents will be installed on Dec. 5.

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have not been tested in the marketplace, the metalworking weekly noted.

Said *Steel:* "Automakers have good cause to set their sights high. In the first eight months, new car sales totaled 4.88 million units vs. 4.45 million a year ago. At this pace, autodom appears headed for a 7.5 million unit sales year, and that's what most of the industry leaders forecasted."

Steelmakers are anticipating a 5 to 10% improvement in shipments for October, reversing a downtrend that started with the June labor settlement.

The automakers' optimism is only one reason for the upturn predicted by the steelmen. Other factors: Construction activity is expected to continue at a high level for weeks; smaller customers who are enjoying good business are expected to step up their buying to fill holes in inventories.

Steel mills have increased operations for four consecutive weeks, lifting the tonnage poured to the highest level since July. *Steel* predicts ingot production in the week ending Sept. 21 will be slightly higher than the 1,804,000 tons turned out in the week ended Sept. 14. Output then, equal to about 59% of unofficial capacity, was 2% above the previous week's.

Record Volume of Steel Imports

Steel imports into the U. S. set a record in the first half, the metalworking weekly reported. Net tonnage was 2,368,375, valued at $280,043,825. The tonnage figure was 15.2% above that in the like period of 1962 and 6.8% above that in the previous record year, 1960. While the imports were only 5.8% as large as U. S. mill shipments, they were felt keenly in some geographic areas and in various product categories, such as nails, barbed wire, and wire rods, *Steel* said. Leading supplier of imports to the U. S.: Japan. Top three receiving ports: Galveston, Tex., Los Angeles, and New York, in that order.

Steel's composite price on the barometer grade of steel scrap, No. 1 heavy melting, remained at $27 a ton for the third straight week. It said not enough domestic business is developing to provide a thorough test of quoted scrap prices at most consuming points. Midwest buying continues sluggish, but exports are giving some market support in the East and along the Gulf and West Coasts.

Record Imports Set Back Steel Market Recovery

A record of steel imports has cut into the recovery of steel production in the U. S., *Iron Age* reported.

The national metalworking weekly said the flow of steel into the United States during the summer came on top of higher-than-expected shipments from U. S. mills.

These two factors underscore the strength of the domestic economy, *Iron Age* stated. Industry was able to absorb this relatively high rate of total shipments at a time when it was also liquidating excess stocks built up as a strike hedge earlier in the year.

Instead of collapsing, the steel industry continued through July and August at about two-thirds of the peak rate of production reached in May.

Iron Age noted steel imports reached about 600,000 tons in July, to cap the previous monthly record of 516,000 tons in May. When July's imports were added to the domestic shipments in that month, the total shipments reached seven million tons to U. S. steel users.

Domestic shipments during the third quarter of this year were put at about 18.2 million tons. Even assuming a substantial drop-off of imports in August and September, the amount of steel going into the U. S. economy far exceeded most expectations.

Iron Age said this has resulted in a setback of the autumn recovery timetable. But it also reflects a better-than-expected third quarter. These two developments tend to offset each other in terms of production for the year. The forecast still remains at better than 106 million tons.

The day-to-day order rate continues to be mildly disappointing to the steel mills. There has been little real improvement, although the outlook for the fourth quarter remains good.

Orders from the auto industry are running at about 65 to 70% of what would be normal for production schedules. The lag is attributed largely to General Motors. This big steel user did not resort to drastic inventory cutbacks during the summer months. Consequently, it will be taking less than its normal buy until late in the year.

In contrast, other automakers are in for normal or near-normal tonnages for October. One major automaker is making supplemental buys for October delivery of cold-rolled sheet, giving a lift to the market for next month.

Iron Age noted that weakness in the market for steel pipe was recognized last week when a major producer dropped certain length and quantity extras. The move may not be the last.

While there was criticism of the move, most industry sources agreed that the concessions had been made before on an informal basis. In this case, the official move recognized going price concessions.

New Model Autos Pace End of Year Rise

Output of passenger cars and trucks in the U. S. since Jan. 1 soared over the 6,000,000-unit mark two week's ago, *Ward's Automotive Reports* said.

The statistical agency said passenger cars produced since the first of the year reached the 5,000,000-unit level Sept. 12, and the one-millionth truck of 1963 was produced Sept. 13.

Ward's said the passenger car total leads all years since 1955. A year ago, the comparable milestone was not reached until October. Also, of the estimated 5,028,467 cars made to date this year, some 260,000 are 1964 models. Output of these cars already leads record '63 output to the same date by 8.3%. On a model year basis, production of the '64's by Dec. 31 will pace all years in history, if current production schedules are realized.

Meanwhile, Ward's fixed truck production to date this year at 1,006,655. Only twice before in history — in war-time 1950-51 — have as many as a million trucks been produced by September.

Output programed for last week totaled 146,793 units, including 118,593 passenger cars and 28,200 trucks. Two weeks ago 66,949 cars and 21,832 trucks were made, and in the year ago period corresponding to last week, 116,282 cars and 22,014 trucks were counted.

In passenger car production last week, all producers showed gains from a week ago when a Labor Day holiday curtailed output. At the same time, each producer showed an increase in daily rate of output as their '64 operations broadened.

Chrysler Corp., which began its new model making over a month ago, last week was maintaining optimum production, and for the second week, planned some Saturday overtime work. It introduces its new cars to the public tomorrow (Sept. 20).

Studebaker Corp. programmed 2.1% of industry car making last week, working at a full assembly rate; American Motors, at Kenosha (Wisc.), planned a new increment in its operations last week. It was expected to account for 5.9% of the 118,593 cars scheduled; General Motors slated 51.1% and Ford Motor Co. 23.3% of the total, both producers yet to achieve normal outflow. Chrysler Corp.'s share of last week's operations was 17.6%.

Rail Ton-Miles Gain 3.9% Over Year-Ago

Loading of revenue freight in the week ended September 7, totaled 494,208 cars, the Association of American Railroads announced. This was a decrease of 88,633 cars or 15.2% below the preceding week due to the Labor Day Holiday.

The loadings represented a decrease of 197 cars or four-hundredths of one percent below the corresponding week in 1962, and a decrease of 20,012 cars or 3.9% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Sept. 7, 1963, are estimated at approximately 10.5 billion, an increase of 3.9% over the corresponding week of 1962 and 5.4% over 1961.

There were 15,602 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Aug. 31, 1963 (which were included in that week's over-all total). This was an increase of 1,551 cars or 11.0% above the corresponding week of 1962 and 3,336 cars or 27.0% above the 1961 week.

Cumulative piggyback loadings for the first 35 weeks of 1963 totaled 526,436 cars for an increase of 61,606 cars or 13.3% above the corresponding period of 1962, and 141,301 cars or 36.7% 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 61 one year ago and 58 in the corresponding week in 1961.

Truck Tonnage 2.7% Over Year-Ago

Intercity truck tonnage in the week ended Sept. 7 was 2.7% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. This continues a long series of tonnage increases which has now lasted for nearly 3 months. Truck tonnage was 15.7% below the volume for the previous week of this year. The ATA stated that the week-to-week decline was consistent with that found in earlier years for the week of the Labor Day holiday.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage from a year ago at 25 localities, with 9 points reflecting decreases from the 1962 level. Truck terminals at five points registered gains of 10% or more, while one terminal area showed a decline in excess of this amount.

Compared with the immediately preceding week, all 34 metropolitan areas registered decreased tonnage for the week of the Labor Day holiday.

July Truck Tonnage Up 11.3% Over 1962

Intercity motor freight tonnage hauled during July of this year showed an increase of 11.3% compared with that hauled in July of last year, the American Trucking Associations reported today. Tonnage reported on a cumulative basis for the period January through July of 1963 increased by 6.2% over the same period last year. July traffic increased 1.9% over that reported for June.

Lumber Production Down Since Last Week, Leaps However, 13.5% Over 1962 Week

Lumber production in the country totaled 207,718,000 board feet in the week ended Sept. 7, according to reports received from regional lumber associations.

Compared with 1962 levels production advanced 13.5%, shipments rose 11.0% and new orders rose 13.9%.

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

	Sept. 7 1963	Aug. 31 1963	Sept. 9 1962
Production	207,718	227,252	182,941
Shipments	201,522	241,632	181,440
New orders	207,475	232,778	182,083

A record 10 billion board feet of timber was cut in the nation's forest during fiscal year 1963 ending last June 30.

According to Secretary of Agriculture Orville L. Freeman, the timber harvested had a total value of $134.4 million. The harvest was one billion board feet over the preceding year, and 600 million board feet over the previous record harvest of 9.4 billion in 1960.

The volume of timber sold in fiscal 1963 came to 12.2 billion board feet. This was 1.9 billion board feet over the 1962 sales. It indicated that in addition to the 1963 production, sales also included some timber on hand.

A strike in the Pacific Northwest at the close of the second quarter 1963 idled nearly 10% of softwood lumber producing capacity. The impact of the labor dispute at major producing mills was reflected in a 26% decline in the average weekly lumber production at Douglas Fir sawmills during July, as compared to average July production in the years 1958-1962, reported the Lumber Survey Committee to Secretary of Commerce, Luther H. Hodges.

Total lumber production declined in volume below the level of both shipments and incoming orders during the second quarter of 1963, resulting in a 0.4% increase in gross mill stocks. By the end of the second quarter, unfilled order files had gained 8% over levels at the close of the first quarter and were in excess of year ago totals by 13%.

Electric Output Shows 7.5% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 14, was estimated at 18,107,000,000 kwh. according to the Edison Electric Institute. Output was 868,000,000 kwh. more than the previous week's total of 17,239,000 kwh. and 1,270,000,000 kwh. above the total output of 16,837,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 7.5%

Failures Rebound in Latest Week

After hitting a 1963 low of 208 in the holiday week, commercial and industrial failures climbed to 288 in the week ended September 12 reported Dun & Bradstreet, Inc. Casualties were more numerous than a year ago when 270 occurred in the similar week and they exceeded by 7% the prewar level of 269 in 1939. As well, the toll came close to the 1961 level of 292.

A substantial jump lifted failures with liabilities of $100,000 or more to 49 from 30 last week and 37 last year. Smaller casualties involving losses under $100,000 rebounded to 239 from 178 and edged ahead of their year-earlier toll of 233.

Wholesale Food Price Index Remains Even With Last Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., remained on an even keel this week, Sept. 17, at the $5.93 of the prior week. This index, while not exceeded since July 30, trailed the $5.95 of a year ago and the $5.99 chalked up in the comparable week of 1961. After running higher than 1962 from the middle of May, the index now has fallen behind a year ago for the past four weeks.

Wheat, flour and rye made sharp gains followed by lesser increments in corn, oats, barley, butter and cottonseed oil. Offsetting these rises were price declines in hams, bellies, cheese, cocoa, steers and hogs.

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.

Wholesale Commodity Price Index Rises This Week But Continues To Trail Year Ago

Although following a generally downward trend for the last few months, the wholesale commodity price level rose every day this past week reaching 265.69 on Monday, reported Dun & Bradstreet, Inc. The export market provided the main boost for this increase. Buying by the United Arab Republic and Pakistan, along with demand from elevator houses, caused wheat prices to skyrocket. Reduced crop production in Western Europe, Poland and Russia brought prospects of enlarged overseas needs for rye from the United States, boosting its quotations to season highs.

The daily wholesale commodity index advanced to 265.69 on Monday, Sept. 16, up from last week's 264.41 and from a month ago when it sank to the 1963 low of 264.11. However, the index con-

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tinued to trail the comparable 1962 level of 272.80 on the similar day.

Post Holiday Buying Slows Slightly

Consumer buying lost some momentum in the post holiday week ended this Wednesday, but managed to stay above volume in the comparable period last year when retailers turned in an exceptionally strong performance. Back to school purchases of clothing and supplies continued at a lively pace and partially offset some sag and unevenness in home goods activity. Warm temperatures in the mid-West and South dampened enthusiasm for fall apparel, but some solid gains were chalked up in the North East, especially for men's wear. While furniture was a fairly steady seller, demand for appliances and entertainment items was extremely spotty.

The total dollar volume of retail trade in the week ended this Wednesday ranged from +3 to +7% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages; West North Central —3 to +1; Mountain and Pacific 0 to +4; New England +1 to +5; Middle Atlantic and West South Central +2 to +6; East South Central +3 to +7; East North Central and South Atlantic +6 to +10.

Nationwide Department Store Sales Rise 3% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 3% for the statement week ending Sept. 7 compared with the like period in 1962. The week's gain over the year-ago week marked the 16th encouraging weekly uptrend in a row.

In the four-week period ended Sept. 7, 1963, sales gained 7% 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 Sept. 7), the 12 department store districts' retail dollar volume increased 3% (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 Sept. 7 gained 5% over the comparable year-ago week's figure. New York City's department store sales were up 8% for the four week period ending Aug. 24.

A *flash figure* for New York City's sales for the Sept. 14-ending sales week revealed a plus 4% 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 revealed a 1% advance over comparison with last year's period.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Sept. 7-ending week's total sales relatively unchanged from a year ago. The year-to-year contrast for the latest four-week period showed a gain of 3%. 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 3% over the year-ago week.

August Retail Sales Up 6% From Year-Ago But Unchanged From July

Total sales of retail stores in August were $21.1 billion, the U. S. Department of Commerce announced. This advance figure, after adjustment for seasonal variations and trading day differences, but not for price changes, was virtually unchanged from July 1963 and 6% above August 1962.

The Office of Business Economics noted that, after adjustment for seasonal variations and trading day differences, most major durable goods trades showed lower sales from July to August. Sales of nondurable goods stores increased to a new high in August. Small gains were recorded in most soft-goods lines. Based on the full sample, seasonally adjusted sales of all retail stores in July 1963 were about 1% above June.

As We See It

Continued from page 1

turning far too great a part of our income and our wealth over to government to be expended in ways that contribute little if anything to our real well being.

This state of affairs is very unfortunate and would be even if all such outlays were paid in as taxes or loaned out of genuine savings. It is all the more to be regretted if any substantial part of it is financed by funds created through the banks. We can in this way plunge ourselves into a morass of inflation or bleed ourselves into an economic anemia. Neither is in the least desirable. The real problem, if we wish to get back on firm ground again—and we must assume that we do—is that of curtailing government outlays, particularly but not solely at the Federal level. It is almost unbelievable how little serious attention is being given to this task — and we say this notwithstanding rather oblique and, we are afraid, often political, references to the mammoth outlays of governments everywhere. And we doubt if anyone who has cut his eyeteeth will take too seriously word from administration circles about a "tight" budget for 1965. The spenders usually succeed in quieting critics—or they think they do—by the simple expedient of asking them to indicate precisely which expenditures, actual or proposed, they would reduce or eliminate.

Such repartee doubtless has, or may have, considerable political effectiveness. It has no other merit. It is true that so large a part of our governmental outlays these days is either designed to help this, that, and the other element in the population or is alleged to have that effect, that any substantial reduction in expenditures all but inevitably deprives substantial numbers of voters of largesse to which they have long been told they are entitled, or else gives the spenders an opportunity to say that extended control devices and activities are being dismantled or their effectiveness so reduced as to leave the "underprivileged" at the mercy of predatory wealth, But, of course, to desist for such reasons as this is to abdicate in favor of the demagogue—and really turn the "underprivileged" as well as the rest of us over to those who can and will do us inestimable damage. Real statesmanship should not find it too difficult to see that truth prevails over ignorance and willful demagoguery — else we may as well admit that democracy is not functioning and probably can not in the nature of the case function helpfully.

Confusing Figures

There are, of course, many difficulties in the path of the advocates of fiscal reform. Many of them arise out of the enormous mass of statistical data now poured out upon the head of the unwary citizen. It was inevitable, we suppose, that such technical matter so profusely detailed would make it possible for the demagogues to make the worse appear the better reason. In point of fact some of the very elect seem to us to have been bewitched with their own figures, ratios and the like. We now have the "Administrative Budget," the "Cash Budget" and half a hundred other statistical devices. If one of them does not calm the fears or the uneasiness of the unwary, some other often can be made to do so. Meanwhile, we have manufactured such magic words as "Gross National Product," "Gross Saving," "Trust Fund Contributions," and a host of others, the exact meaning of which only a few specialists really know—and they apparently often forget it when they proceed to use them to prove a point.

There are, however, still a few facts which can be plainly stated and are included, often without much emphasis, in the deluge of governmental statistics. The current issue of the Federal Reserve Bulletin carries an estimate — hardly less than an official figure— of the total take of the Federal Government from the general public, including "contributions" to social security (they must not be called taxes). it falls just short of $110 billion. The figure has been rising for a long time and is still moving upward, but we do not recall it at any time in the past reaching this huge sum. Here is a fact that can and should be taken to heart by us all. It represents a very sizable portion of all the income of all the people for the period. And we must not permit ourselves to become muddled by talk about trust fund receipts and trust fund expenditures. Of course, these trust funds have no assets other that the I.O.U.'s of the Treasury itself. After all, Treasury debt rose nearly nine billion in the course of the year.

Wasted Wealth

It would not be difficult to use these same official statistics to show approximately what became of all this money, borrowed and otherwise, but it would require some of the sort of tiresome statistical juggling which so delights the government economist these days, and would probably leave the reader tired and no longer interested. What we can be sure of is that vast funds were expended for purposes which enriched the people as a whole not a penny, and which as a matter of fact in some instances at least in all probability resulted in so disrupting business procedures and transactions that the total cost of the whole process was greater by far than the actual cost as reported by the Treasury. We simply must no longer defer tackling the problem of reducing the proportion of our product which now flows into the hands of the politicians.

Friedman To Be Viner V.-P.

Harold Friedman will become vice-president of Edward A. Viner & Co., Inc. 26 Broadway, New York City, members of the New York Stock Exchange.

Census Reports on Puerto Ricans in The United States

There were about 900,000 Puerto Ricans in the United States in 1960, 613,000 of whom lived in New York City, according to a 1960 Census report published by the Bureau of the Census, U. S. Department of Commerce. The percentage living in New York had dropped to about 70% in 1960 from 80% in 1950.

Persons in the United States of Puerto Rican birth numbered 617,000 in 1960; those born in the United States of Puerto Rican parents numbered 275,000.

Only three States other than New York had more than 25,000 Puerto Ricans among their residents in 1960 — New Jersey had 55,000; Illinois, 36,000, and California, 28,000.

The sexes were almost equal in number among Puerto Ricans in the United States (446,361 males, 446,152 females). This is in contrast to the United States population as a whole, with its excess of more than 2½ million women in 1960, and to Puerto Rico, where there were 98 males to every 100 females. The ex ratio (number of males per 100 females) among Puerto Ricans in the U. S. in 1960 was higher than in 1950 and 1940.

The median age of Puerto Ricans in the United States in 1960 was 21.4 years as compared with 29.5 years for the total population in the U. S. Persons born in Puerto Rico and living in the U. S. in 1960 were on the average 27.9 years old. Of the 275,000 born in this country of Puerto Rican parentage, 125,000 were children under five years of age, and median age of the entire group was only 5.9 years.

Almost 16% of all Puerto Ricans 5 years old and over counted in the United States in the 1960 Census had been living in Puerto Rico in 1955.

Puerto Rican males 14 years old and over in the United States (both Puerto Rican born and natives of Puerto Rican parentage) had on the average completed 8.4 years of school, females 8.2 years.

The median income in 1959 for Puerto Ricans in the U. S. in 1960 was $2,533, ranging from $3,055 in California to $2,510 in New York.

The Census Bureau report presents data on social and economic characteristics of Puerto Ricans in the United States; in the States of New York, New Jersey, Illinois, and California; in the New York and Chicago metropolitan areas, and in the cities of New York, Chicago, Philadelphia, Miami, Los Angeles, Bridgeport, Newark, Jersey City, Hoboken, and Paterson.

Note: 1960 Census report PC(2)-1D—*Puerto Ricans in the United States* is for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402, and U. S. Department of Commerce Field Offices. Price 70 cents.

Brady, Garvin Admits

Otto B. Reimer has been admitted to partnership in Brady, Garvin & Co., 115 Broadway, New York City, members of the American Stock Exchange.

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)	Sept. 14	1,804,000	1,775,000	1,742,000	1,682,000
Index of production based on average weekly production for 1957-1959	Sept. 14	96.8	95.3	93.5	90.3
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Sept. 14	0.57	0.58	0.57	0.57
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 6	7,574,760	7,634,960	7,605,560	7,320,860
Crude runs to stills—daily average (bbls.)	Sept. 6	9,012,000	8,934,000	8,699,000	8,616,000
Gasoline output (bbls.)	Sept. 6	32,343,000	32,517,000	30,849,000	31,474,000
Kerosene output (bbls.)	Sept. 6	3,469,000	3,059,000	2,955,000	3,225,000
Distillate fuel oil output (bbls.)	Sept. 6	14,631,000	15,118,000	13,741,000	13,151,000
Residual fuel oil output (bbls.)	Sept. 6	4,859,000	5,234,000	4,816,000	5,552,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Sept. 6	183,450,000	184,139,000	187,472,000	178,749,000
Kerosene (bbls.) at	Sept. 6	36,024,000	35,971,000	34,147,000	36,429,000
Distillate fuel oil (bbls.) at	Sept. 6	165,828,000	161,726,000	142,879,000	163,906,000
Residual fuel oil (bbls.) at	Sept. 6	52,637,000	52,723,000	49,997,000	53,486,000
Unfinished oils (bbls.) at	Sept. 6	86,455,000	87,235,000	89,313,000	85,342,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 7	494,208	582,841	568,424	586,626
Revenue freight received from connections (no. of cars)	Sept. 7	432,699	498,359	469,586	460,461
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 7	8,110,000	9,680,000	9,085,000	7,390,000
Pennsylvania anthracite (tons)	Sept. 7	363,000	417,000	396,000	271,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Sept. 12	$583,100	$543,000	$655,100	$833,600
Private	Sept. 12	399,200	344,100	407,100	147,900
Public	Sept. 12	183,900	198,900	248,000	685,70[illegible]
State and Municipal	Sept. 12	177,800	168,600	219,100	87,400
Federal	Sept. 12	6,100	30,300	28,900	598,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Sept. 7	108	*127	104	105
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 14	18,107,000	17,239,000	18,713,000	16,837,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 12	288	208	264	270
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 9	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	Sept. 9	$63.11	$63.11	$63.11	$66.44
Scrap steel (per gross ton)	Sept. 9	$26.83	$27.17	$25.83	$26.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 13	30.600c	30.600c	30.600c	30.600c
Export refinery at	Sept. 13	28.400c	28.450c	28.400c	28.650c
Lead (New York) at	Sept. 13	11.500c	11.500c	11.250c	9.500c
Lead (St. Louis) at	Sept. 13	11.300c	11.300c	11.050c	9.300c
‡Zinc (delivered at)	Sept. 13	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Sept. 13	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Sept. 13	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Sept. 13	115.750c	114.750c	115.250c	108.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 17	88.74	88.81	89.20	88.71
Average corporate	Sept. 17	88.54	88.67	88.81	87.32
Aaa	Sept. 17	91.34	91.48	91.77	91.34
Aa	Sept. 17	89.92	90.06	90.20	89.37
A	Sept. 17	88.81	88.95	89.09	87.18
Baa	Sept. 17	84.30	84.30	84.43	81.90
Railroad Group	Sept. 17	96.78	86.78	87.05	83.79
Public Utilities Group	Sept. 17	89.51	89.51	89.78	88.81
Industrials Group	Sept. 17	89.37	89.51	89.64	89.51
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 17	4.00	3.98	3.93	3.87
Average corporate	Sept. 17	4.52	4.51	4.50	4.61
Aaa	Sept. 17	4.32	4.31	4.29	4.32
Aa	Sept. 17	4.42	4.41	4.40	4.46
A	Sept. 17	4.50	4.49	4.48	4.62
Baa	Sept. 17	4.84	4.84	4.83	5.03
Railroad Group	Sept. 17	4.65	4.65	4.63	4.88
Public Utilities Group	Sept. 17	4.45	4.45	4.43	4.5[illegible]
Industrials Group	Sept. 17	4.46	4.45	4.44	4.45
MOODY'S COMMODITY INDEX	Sept. 17	359.6	358.0	359.2	365.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 7	326,890	370,057	402,763	301,263
Production (tons)	Sept. 7	284,732	381,004	382,958	257,064
Percentage of activity	Sept. 7	75	100	98	72
Unfilled orders (tons) at end of period	Sept. 7	615,842	574,454	615,224	514,740
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Sept. 13	99.22	99.12	98.03	*98.63
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 23	2,763,460	2,957,460	2,221,120	2,923,900
Short sales	Aug. 23	557,490	664,180	479,910	632,710
Other sales	Aug. 23	2,082,760	2,379,180	1,733,790	2,173,370
Total sales	Aug. 23	2,640,250	3,043,360	2,213,700	2,806,080
Other transactions initiated off the floor—					
Total purchases	Aug. 23	632,620	659,340	378,170	686,730
Short sales	Aug. 23	50,000	122,610	51,200	97,100
Other sales	Aug. 23	531,830	529,170	313,800	495,090
Total sales	Aug. 23	581,830	651,780	365,000	592,190
Other transactions initiated on the floor—					
Total purchases	Aug. 23	1,081,743	1,223,420	859,491	1,067,985
Short sales	Aug. 23	219,910	230,560	141,220	225,019
Other sales	Aug. 23	938,482	1,036,876	684,219	955,631
Total sales	Aug. 23	1,158,392	1,267,436	825,339	1,180,650
Total round-lot transactions for account of members—	Aug. 23	4,477,823	4,840,220	3,458,781	4,678,615
Total purchases					
Short sales	Aug. 23	827,400	1,017,350	2,672,230	954,829
Other sales	Aug. 23	3,553,072	3,945,226	2,731,809	3,624,091
Total sales	Aug. 23	4,380,472	4,962,576	3,404,039	4,578,920
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. 23	1,359,620	1,528,043	1,229,478	1,600,511
Dollar value	Aug. 23	$70,242,663	$77,531,548	$65,446,196	$79,561,191
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Aug. 23	1,674,895	1,783,643	1,363,787	1,578,678
Customers' short sales	Aug. 23	12,110	13,998	21,254	29,913
Customers' other sales	Aug. 23	1,662,785	1,769,615	1,342,533	1,548,765
Dollar value	Aug. 23	$81,095,551	$87,379,508	$65,640,288	$79,971,767
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 23	659,610	652,250	466,740	498,520
Short sales	Aug. 23	------	------	------	------
Other sales	Aug. 23	659,610	652,250	466,740	498,520
Round-lot purchases by dealers—Number of shares	Aug. 23	321,660	397,740	337,830	513,100
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. 23	1,018,650	1,243,270	919,970	1,395,770
Other sales	Aug. 23	19,972,110	22,101,670	16,036,850	19,773,040
Total sales	Aug. 23	20,990,760	23,344,940	16,956,820	21,168,810
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Sept. 10	100.3	100.3	100.4	101.1
Farm products	Sept. 10	95.3	95.5	96.6	100.5
Processed foods	Sept. 10	101.8	101.7	101.4	103.2
Meats	Sept. 10	94.8	95.1	95.1	105.7
All commodities other than farm and foods	Sept. 10	100.7	100.7	100.8	100.8

*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
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of July:			
New England	$70,474,608	$42,818,646	$39,275,676
Middle Atlantic	123,196,274	105,227,256	179,836,450
South Atlantic	83,178,014	74,773,983	57,857,948
East Central	130,334,644	124,278,574	146,075,145
South Central	134,453,628	123,731,830	128,943,302
West Central	53,642,264	52,045,521	45,206,758
Mountain	51,407,707	30,775,515	37,756,327
Pacific	199,460,825	159,507,948	128,572,194
Total United States	$846,147,964	$713,159,273	$763,523,800
New York City	62,266,994	36,843,112	131,269,484
Total outside New York City	$783,880,970	$676,316,161	$632,254,316
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of June:			
Manufacturing number	206	241	237
Wholesale number	136	139	131
Retail number	591	595	606
Construction number	158	217	194
Commercial service number	120	111	113
Total number	1,211	1,303	1,281
Manufacturing liabilities	$30,552,000	$33,496,000	$32,821,000
Wholesale liabilities	13,418,000	11,157,000	9,535,000
Retail liabilities	20,697,000	39,291,000	27,065,000
Construction liabilities	11,925,000	19,828,000	13,627,000
Commercial service liabilities	9,559,000	14,502,000	5,445,000
Total liabilities	$86,151,000	$118,274,000	$88,493,000
COTTON GINNING (DEPT. OF COMMERCE):			
As of Sept. 1, running bales	1,327,591	------	1,497,573
COTTON PRODUCTION (DEPT. OF COMMERCE):			
500 lb. gross bales, as of Sept. 1	14,310,000	13,964,000	14,864,180
CROP PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Crop as of Sept. 1 final (in thousands):			
Corn, grain (bushels)	3,938,720	3,861,640	3,643,615
Wheat, all (bushels)	1,134,051	1,150,527	1,092,562
Winter (bushels)	895,904	895,537	817,154
All spring (bushels)	238,147	254,990	275,408
Durum (bushels)	50,663	52,604	71,809
Other spring (bushels)	187,484	202,386	203,599
Oats (bushels)	975,068	974,977	1,031,743
Barley (bushels)	395,574	388,430	429,495
Rye (bushels)	29,828	29,828	41,175
Flaxseed (bushels)	30,556	31,453	31,952
Rice (100 pound bag)	66,754	64,462	64,458
Sorghum grain (bushels)	517,875	497,069	509,137
Cotton (bales)	14,310	13,984	14,867
Hay, all (tons)	110,607	108,358	121,034
Hay, wild (tons)	9,399	9,180	10,899
Hay, alfalfa (tons)	64,681	63,774	71,651
Hay, clover and timothy (tons)	20,551	19,735	21,985
Hay, lespedeza (tons)	2,845	2,835	2,942
Beans, dry edible (cleaned) (100 pound bag)	19,915	18,962	18,827
Peas, dry field (cleaned) (100 pound bag)	5,009	4,710	4,947
Soybeans for beans (bushels)	728,208	723,178	675,197
Peanuts (pounds)	1,859,900	1,838,230	1,809,880
Potatoes, winter (cwt)	3,952	3,952	4,160
Early spring (cwt)	5,196	5,196	3,433
Late spring (cwt)	24,027	24,027	21,690
Early summer (cwt)	12,714	12,471	12,685
Late summer (cwt)	31,900	31,637	33,710
Fall (cwt)	190,308	189,667	191,025
Total (cwt)	268,097	266,950	266,703
Sweetpotatoes (cwt)	16,601	16,623	19,009
Tobacco (pounds)	2,202,057	2,236,889	2,309,055
Sugarcane for sugar and seed (tons)	13,634	13,311	10,097
Sugar beets (tons)	21,828	21,689	18,240
Broomcorn (tons)	26	25	26
Hops (pounds)	52,301	50,981	44,231
Apples, commercial crop (bushels)	122,183	117,930	125,425
Peaches (bushels)	73,077	72,988	75,789
Pears (bushels)	19,722	20,112	29,294
Grapes (tons)	3,576	3,562	3,210
Cherries (tons)	143	143	287
Apricots (tons)	220	220	166
Cranberries (barrels)	1,318	------	1,324
Pecans (pounds)	293,700	278,800	70,800
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of August:			
Industrials (125)	3.10	3.25	3.53
Railroads (25)	4.21	4.42	5.65
Utilities (not incl. Amer. Tel. & Tel. [24])	3.00	3.13	3.32
Banks (15)	3.02	3.12	3.43
Insurance (10)	2.48	2.54	2.63
Average (200)	3.08	3.23	3.50
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of July (in billions):			
Total personal income	$464.3	*$462.6	$443.5
Wages and salary receipts, total	314.1	*312.9	299.0
Commodity producing industries	125.0	*124.7	119.5
Manufacturing only	99.1	*99.0	95.0
Distributing industries	80.0	79.8	77.0
Service industries	40.8	49.4	47.1
Government	59.2	58.9	55.4
Other labor income	12.7	12.6	12.1
Business and professional	37.7	*37.6	36.6
Farm	12.6	12.4	13.2
Rental income of persons	12.1	12.0	12.0
Dividends	17.8	*18.2	16.4
Personal interest income	32.6	32.3	30.1
Transfer payments	36.5	*36.4	34.4
Less employees' contributions for social insurance	11.8	11.8	10.3
Total nonagricultural incomes	447.1	*445.8	426.0
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of August:			
Net sales	------	$59,009,500	$304,377,300
Net purchases	$33,534,000	------	------
U. S. GOVT. STATUTORY DEBT LIMITATION			
As of Aug. 31 (000's omitted):			
Total face amount that may be outstanding at any time	$309,000,000	$309,000,000	$308,000,000
Outstanding—			
Total gross public debt	306,534,617	304,834,516	301,841,941
Guaranteed obligations not owned by the Treasury	674,131	647,394	469,830
Total gross public debt & guaranteed obligations	$307,208,749	$305,481,910	$302,311,771
Deduct—Other outstanding public debt obligations not subject to debt limitation	367,054	367,324	373,961
Grand total outstanding	$306,841,694	$305,114,585	$301,937,810
Balance face amount of obligations issuable under above authority	2,198,305	3,885,414	6,062,189
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Aug. 31	$307,208,749	$305,481,910	$302,311,771
General funds balance	6,845,784	6,988,174	8,530,305
Net debt	$300,362,965	$298,493,736	$293,781,466
Computed annual average	3.403%	3.375%	3.263%

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. (10/1-4)
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., Pine Bluff, Ark.

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 being offered for subscription by stockholders of Allegheny Airlines, Inc., parent, on basis of one Ventura share for each 25 Allegheny shares held of record Sept. 13. Rights will expire Oct. 14. **Price**—$9.60 per share. **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-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.

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.

Amerline Corp. (10/1-4)
Sept. 5, 1963 filed 100,000 class A. **Price**—By amendment (max. $26.50). **Business**—Development and manufacture of magnetic tape reels, dust-proof containers and endless magnetic tape cartridges for producers of computers, business machines, tape recorders, etc. **Proceeds**—For selling stockholders. **Office** — 2727 West Chicago Ave., Chicago. **Underwriter**—Dean Witter & Co., Chicago.

● Associates Life Insurance Co.
Aug. 26, 1963 ("Reg. A") 8,300 common. **Price**—$5. **Business**—Writing of life, accident and health insurance, and the sale of annuities. **Proceeds**—For investment. **Office**—111 Monument Circle, Indianapolis. **Underwriter**—Indianapolis Bond & Share Corp., Indianapolis. **Offering**—Imminent.

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 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.

● B. V. D. Co., Inc. (10/7-11)
Sept. 5, 1963 filed 600,000 common. **Price**—By amendment (max. $22). **Business**—Manufacture of men's, boy's and women's wearing apparel. **Proceeds** — For selling stockholders. **Office**—404 Fifth Ave., New York. **Underwriter**—Drexel & Co., Philadelphia.

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. (10/1-4)
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.

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. (9/19)
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.

• Dorchester Gas Producing Co. (9/23-27)
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 by-products. **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.

• Dow Chemical Co. (9/24)
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.

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

• Florida Power Corp. (10/11)
Sept. 10, 1963 filed 457,265 common to be offered for subscription by common stockholders on the basis of one new share for each 20 held of record Oct. 10. Rights will expire Oct. 31. **Price**—By amendment (max. $42). **Business** — Production, distribution and sale of electricity in northern and central Florida. **Proceeds** — For loan repayment, and construction. **Office** — 101 Fifth Street, South, St. Petersburg, Fla. **Underwriters**—Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith 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.

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 Artists Corp. (10/14-18)
Sept. 6, 1963 filed 150,000 common. **Price**—By amendment (max. $7). **Business**—Company acts as representative of actors, performers, writers, directors and producers in all areas of the entertainment industry. It also acts as sales representative for television programs and

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NEW ISSUE CALENDAR

September 19 (Thursday)
Computer Sciences Corp.________________Common
(White, Weld & Co., Inc.) 200,000 shares
Monarch Marking System Co.__________Debentures
(McDonald & Co.) $2,500,000

September 23 (Monday)
Dorchester Gas Producing Co.__________Debentures
(A. C. Allyn & Co.; Allen & Co.; Metropolitan Dallas Corp.) $3,500,000
Juniper Spur Ranch, Inc.________________Common
(V. E. Anderson & Co.) $300,000
Key Finance Corp.______________________Common
(Myron A. Lomasney & Co.) 80,000 shares
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
Summit National Holding Co.____________Common
(Fulton, Reid & Co., Inc.) $1,800,000

September 24 (Tuesday)
Chesapeake & Ohio Ry.________Equip. Trust Ctfs.
(Bids 12 noon EDST) $3,780,000
Dow Chemical Co.______________________Debentures
(Smith, Barney & Co. Inc.) $100,000,000
First Western Financial Corp. __________Common
(A. C. Allyn & Co.) 600,000 shares

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)
Adkins-Phelps Co.________________________Common
(Trulock & Co., Inc.) $300,000
Amerline Corp.___________________________Class A
(Dean Witter & Co.) 100,000 shares
Bradford Speed Packaging & Development Corp.____________________________________Common
(Offering to stockholders of Atlas General Industries, Inc. —underwritten by Burnham & Co.) 819,024 shares
Bridges Investment Fund, Inc.______Capital Shares
(No underwriting) 200,000 shares
Chemair Corp.____________________________Units
(Price Investing Co.) $180,000
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
Morton (B. C.) Realty Trust_____________Ben. Int.
(B. C. Morton Funds Underwriters Co., Inc.) $10,000,000
Natural Gas & Oil Producing Co.__________Common
(Peter Morgan & Co.) $900,000
O'Malley Investing Corp.________________Common
(O'Malley Securities Co.) $3,000,000
Recording Industries Corp.______________Common
(Tennessee Securities Inc.) $1,485,000
Research Capital Corp.__________________Common
(Hensberry & Co.) $5,000,000

Subscription Television, Inc.______________Common
(William R. Staats & Co.) $32,800,000

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
B. V. D. Co., Inc.________________________Common
(Drexel & Co.) 600,000 shares
General Acceptance Corp.______________Debentures
(Paine, Webber, Jackson & Curtis; Eastman Dillon, Union Securities & Co.) $20,000,000
National Aviation Underwriters, Inc.____Common
(A. G. Edwards & Sons) $300,000
National Union Insurance Co. of Washington__Com.
(Offering to stockholders-underwritten by Ferris & Co.) $768,000
Republic National Life Insur. Co.____Capital Shares
(First Boston Corp. and Sanders & Co.) 200,000 shares

October 8 (Tuesday)
Nevada Power Co._________________________Common
(White, Weld & Co., Inc.) 120,000 shares
United States Shoe Corp.__________________Common
(Merrill Lynch, Pierce, Fenner & Smith Inc., Blyth & Co., Inc., and Fahnestock & Co.) 225,500 shares

October 9 (Wednesday)
Louisville & Nashville RR._____Equip. Trust Ctfs.
(Bids 12 noon EDST) $3,750,000

October 10 (Thursday)
Columbia Savings & Loan Assoc.___Guarantee Stk.
(White, Weld & Co., Inc.) 125,000 shares

October 11 (Friday)
Florida Power Corp.________________________Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith) 457,265 shares

October 14 (Monday)
Associated Truck Lines, Inc._______________Common
(Hornblower & Weeks) 110,000 shares
General Artists Corp.______________________Common
(Burnham & Co.) 150,000 shares
Heck's, Inc._______________________________Common
(Charles Plohn & Co.) $450,000
Pacific Southwest Airlines__________________Common
(E. F. Hutton & Co., Inc.) 79,477 shares
Ramo, Inc. _____________________________Debentures
(First Nebraska Securities Corp.) $2,000,000
Redman Industries, Inc.______________________Units
(Eppler, Guerin & Turner, Inc.) 12,000 units
Wen Products, Inc.__________________________Common
(Hayden, Stone & Co., Inc.) 200,000 shares

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 11:30 a.m. EDST) $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 10 a.m. CDST) $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 13 (Wednesday)
Pacific Power & Light Co.__________________Common
(Offering to stockholders—Bids 11 a.m. EST) 716,000 shares

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

November 20 (Wednesday)
Union Electric Co._________________________Preferred
(Underwriter to be named) $20,000,000
Union Electric Co.____________________________Bonds
(Bids 11 a.m. EST) $30,000,000

December 3 (Tuesday)
Pacific Northwest Bell. Tel. Co.________Debentures
(Bids 11 a.m. EST) $50,000,000

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

December 5 (Thursday)
Columbia Gas System, Inc.________________Debentures
(Bids to be received) $25,000,000

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

December 11 (Wednesday)
Consolidated Edison Co. of New York________Bonds
(Bids 11 a.m. EST) $60-$75,000,000

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program series. **Proceeds** — For loan repayment and working capital. **Office**—640 Fifth Ave., New York. **Underwriter**—Burnham & Co., New York.

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, equipment, 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.

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.

● **Heck's, Inc. (10/14-18)**
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 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.

Intra State Telephone Co.
Sept. 5, 1963 filed 8,983 common to be offered for subscription by stockholders on the basis of two new shares for each five held of record Oct. 21. **Price**—$100. **Business**—Company, 36.8% owned by Illinois Bell Telephone, furnishes telephone service in Illinois. **Proceeds** — For loan repayment, and other corporate purposes. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None.

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.

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. (9/23-27)
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. (9/23-27)**
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. **Underwriter**—Myron A. Lomasney & Co., New York.

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.

● **Lewis Business Forms, Inc. (9/23-27)**
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**
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, Wulburn, Murphey, Inc., Jacksonville. **Offering**—Temporarily postponed.

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**—Indefinite.

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.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile homes, 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. (9/19)**
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 (10/1-4)**
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 Aviation Underwriters, Inc. (10/7-11)
Aug. 26, 1963 ("Reg. A") 24,000 common. **Price**—$12.50. **Business**—Company represents National Insurance Underwriters, a reciprocal insurance exchange. **Proceeds**—For expansion and working capital. **Office**—8030 Forsyth Blvd., Clayton, Mo. **Underwriter**—A. G. Edwards & Sons, St. Louis.

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. (9/23-27)
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., 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 (10/7-11)
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.

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.

Nevada Power Co. (10/8)
Sept. 6, 1963 filed 120,000 common. **Price**—By amendment (max. $40). **Proceeds**—For construction, and loan repayment. **Address**—P. O. Box 230, Las Vegas, Nevada. **Underwriter**—White, Weld & Co., Inc., New York.

Nevada Power Co. (10/16)
Sept. 6, 1963 filed $11,000,000 of first mortgage bonds due 1993. **Price**—By amendment. **Proceeds**—For construction and loan repayment. **Address**—P. O. Box 230, Las Vegas, Nevada. **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 Inc.-Lehman Brothers-Salomon Brothers & Hutzler (jointly). **Bids**—Oct. 16 (11:30 a.m. EDST) at 20 Exchange Place (Room 1709), New York. **Information Meeting**—Oct. 4 (11 a.m. EDST) at 55 Wall St., (5th floor), New York.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—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. **Offering**—Indefinite.

Northwest Hydrofoil, Inc.
Sept. 3, 1963 ("Reg. A") 60,000 common. **Price** — $5. **Business** — Design, construction, sale and operation of hydrofoil vessels. **Proceeds**—For working capital, office expansion and other corporate purposes. **Office** — 428 White-Henry-Stuart Bldg., Seattle, Wash. **Underwriter**—Henry D. Tallmadge Co., Seattle.

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.

• Old Florida Rum Co.
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. **Offering**—Temporarily postponed.

• O'Malley Investing Corp. (10/1)
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**—Fund Management, Inc. (same address).

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.
Aug. 19, 1963 filed 139,940 common being offered for subscription by stockholders on the basis of one new share for each 10 held of record Sept. 9. Rights will expire Sept. 25. **Price**—$16. **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.

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. **Note**—The "Chronicle" has been unable to contact the company or its underwriter. Hence, we will drop this statement from future issues.

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).

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.

• Recording Industries Corp. (10/1)
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

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. (10/1-4)
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.

• Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price**—$32 per unit. **Business**—Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter** — R. L. Warren Co., St. Louis. **Offering**—Indefinite.

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. (10/1-4)
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.

• Summit National Holding Co. (9/23)
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.
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. **Offering**—Indefinitely postponed.

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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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. **Offering**—Indefinite.

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).

Unimed, Inc.
Sept. 3, 1963 filed $300,000 of 5½% convertible subordinated notes due 1973. **Price**—At par. **Business**—Development and manufacture of ethical drugs and pharmaceuticals. **Proceeds**—For marketing of existing products, and research and development on new preparations. **Address**—Route 202, Morristown, N. J. **Underwriter**—None.

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

Universal 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, Mont. **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. **Note**—This statement is expected to be withdrawn.

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 parimutuel 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.

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.

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, Mont. **Note**—The SEC has issued an order temporarily suspending this letter.

Issues Filed With SEC This Week

★ General Acceptance Corp. (10/7-11)
Sept. 12, 1963 filed $20,000,000 of senior debentures due 1983. **Price**—By amendment. **Business**—Company is engaged in the consumer finance business, also does general commercial financing. **Proceeds**—For loan repayment and working capital. **Office** — 1105 Hamilton St., Allentown, Pa. **Underwriters**—Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co., New York.

★ Gulf States Utilities Co. (10/21)
Sept. 17, 1963 filed 100,000 preferred (par $100). **Proceeds**—To repay short-term loans. **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.

★ Israel Baby Food Co. Ltd.
Sept. 12, 1963 filed $190,000 of 8% subordinated debentures due 1975 and 14,000 8% preferred ordinary shares. **Price**—For debentures, $100; for stock $10. **Business**—Company plans to prepare and market baby food in Israel and abroad. **Proceeds**—For loan repayment, construction, equipment, and other corporate purposes. **Address**—Givat Brenner, Israel. **Underwriter**—Brager & Co., New York.

★ Midwest National Life Insurance Co.
Sept. 17, 1963 filed 160,000 common. **Price**—By amendment (max. $7). **Business**—Sale of life insurance. **Proceeds**—For working capital. **Address** — Empire Bldg., Springfield, Mo. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

★ Okliana Corp.
Sept. 12, 1963 filed 500,000 common and 500,000 preferred ($6 par); to be offered in units of five preferred and five common shares. **Price**—$35 per unit. **Business**—Company plans to engage in the life insurance business through the formation of two subsidiaries, or through the purchase of stock in an existing insurance company. **Proceeds**—For acquisition of above stock, loan repayment and working capital. **Office**—2201 Northwest 41st St., Oklahoma City. **Underwriter**—Equity Underwriters, Inc. (same address).

★ Otter Tail Power Co. (10/23)
Sept. 16, 1963 filed $7,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment, and construction. **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**—Oct. 23 (10 a.m. CDST) at office of Fiedly, Austin, Burgess & Smith, 11 So. La Salle St., Chicago.

★ Pacific Southwest Airlines (10/14-18)
Sept. 13, 1963 filed 79,477 common. **Price**—By amendment (max. $40). **Business**—Company provides daily air passenger service between the Los Angeles, San Francisco and San Diego metropolitan areas. **Proceeds**—For selling stockholders. **Address**—3100 Goddard Way, San Diego. **Underwriter**—E. F. Hutton & Co., Los Angeles.

★ Pocono Downs, Inc.
Sept. 10, 1963 filed $2,500,000 of 6½% subordinated sinking fund debentures due 1978, 375,000 common and 250,000 warrants to purchase additional common, to be offered in units consisting of one $100 debenture, 15 shares and warrants to purchase an additional 10 shares. **Price**—$175 per unit. **Business**—Company plans to operate a harness racing track in Luzerne County, Pa. **Proceeds**—For construction, and loan repayment. **Address** — 504 First National Bank Bldg., Wilkes-Barre, Pa. **Underwriter**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia.

★ Quality National Corp.
Sept. 16, 1963 filed 200,000 class A common. **Price** — $5. **Business**—Company plans to form a subsidiary life insurance company. **Proceeds**—For general corporate purposes. **Office**—2904 Georgian Court, Lincoln, Neb. **Underwriter**—None.

★ Ramo Inc. (10/14-18)
Sept. 16, 1963 filed $2,000,000 of 6¼% subordinated sinking fund debentures. **Price**—At par. **Business**—Company processes domestic and imported nutmeats for sale to food distributors, supermarket chains and other wholesale outlets. **Proceeds**—For construction of a new plant, and working capital. **Address**—84th St., and West Dodge Rd., Omaha, Nebr. **Underwriter**—First Nebraska Securities Corp., Lincoln, Nebr.

★ Redman Industries, Inc. (10/14-18)
Sept. 16, 1963 filed $1,200,000 of 6% convertible subordinated debentures due 1975 and 204,000 common to be offered in units of one $100 debenture and 17 shares. **Price**—By amendment (max. $168 per unit). **Business**—Manufacture and sale of mobile homes. **Proceeds**—For general corporate purposes. **Office**—7808 Carpenter Freeway, Dallas. **Underwriter** — Eppler, Guerin & Turner, Inc., Dallas.

★ United States Shoe Corp. (10/8)
Sept. 17, 1963 filed 225,500 common. **Price**—By amendment (max. $37). **Business**—Manufacture and retail sale of shoes. **Proceeds** — For selling stockholders. **Office**—1658 Herald Ave., Cincinnati. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc.; Blyth & Co., Inc., and Fahnestock & Co., New York.

★ Wen Products, Inc. (10/14-18)
Sept. 13, 1963 filed 200,000 common. **Price**—By amendment (max. $10). **Business**—Manufacture of electrically powered hand tools, including electric saws, soldering guns, sanders, planers and drills. **Proceeds**—For selling stockholder, Nickolas T. Anton, President. **Address**—5810 Northwest Highway, Chicago. **Underwriter**—Hayden, Stone & Co., Inc., New York.

★ Western Transmission Corp.
Sept. 16, 1963 filed 1,162,537 capital shares to be offered for subscription by holders of the capital stock and 6% convertible subordinated debentures due 1977 of U. S. Natural Gas Corp., on the basis of one share of Western Transmission for each U. S. Natural share held. **Price**—$1. **Business**—Company plans to operate a natural gas gathering system in the south central part of Wyoming. The gas to be sold initially, will be purchased from U. S. Natural, which has agreed to guarantee the payment of all expenses approved by U. S. Natural for the company's organization, financing and other start-up costs. **Proceeds**—For construction, working capital, and other corporate purposes. **Office** — 1907 Chamber of Commerce Bldg., Houston. **Underwriter**—None.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Atlantic Coast Line RR.
$20,000,000 of 4¾% first mortgage bonds due Oct. 1, 1988 offered at par by Halsey, Stuart & Co. Inc., New York, (issue was exempted from SEC registration).

International Book Distributors, Inc.
66,500 common offered at $4 per share by Roman & Johnson, Fort Lauderdale, Fla.

Northern States Power Co.
$12,000,000 of 4⅜% first mortgage bonds due 1993 offered at 99.875% and accrued interest to yield 4.38% by Halsey, Stuart & Co. Inc., New York.

United California Bank (Los Angeles)
431,014 common being offered for subscription by stockholders at $62.50 per share on the basis of one new share for each 12 held of record Sept. 13. Rights will expire Oct. 22. No underwriting is involved (issue was exempted from SEC registration).

Prospective Offerings

★ Associated Truck Lines, Inc. (10/14-18)
On Sept. 18, 1963 it was reported that the company plans to sell 110,000 common shares, of which 40,000 will be sold for the company and 70,000 for certain stockholders. **Business**—Company is a short haul motor common carrier operating in Michigan, Ohio, Indiana and Illinois. **Proceeds**—To retire outstanding 6% cumulative preferred stock. **Office** — 15 Andre St., S. E., Grand Rapids, Mich. **Underwriter** — Hornblower & Weeks, New York.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement 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., Inc. (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., Inc. (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.

Chesapeake & Ohio Ry. (9/24)
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. **Bids**—Sept. 24 (12 noon EDST) at above address.

Chicago Burlington & Quincy RR.
Sept. 5, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in early December. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

● Columbia Gas System, Inc. (12/5)
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. —**Bids**—Expected Dec. 5.

★ Columbia Savings & Loan Association (10/10)
Sept. 12, 1963 it was reported that the company plans to sell 125,000 shares of guarantee stock. **Price**—To be determined. **Business** — A savings and loan association engaged in the business of making loans, principally secured by first liens on real estate. **Proceeds**—For selling stockholders. **Address**—5420 Wilshire Blvd., Los Angeles. **Underwriter**—White, Weld & Co., Inc., New York.

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 (12/11)
Sept. 17, 1963 the company stated that it plans to sell $60-$75,000,000 of bonds in December. **Proceeds**—For construction. **Address**—4 Irving Place, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Dec. 11 (11 a.m. EST), at above address.

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).

★ Control Data Corp.
Sept. 16, 1963 it was reported that the company plans the sale of $25,000,000 or more of securities sometime in 1964. A company spokesman stated that the timing and type of issue, will depend on market conditions at the time. **Office** — 8100 34th Ave., South, Minneapolis. **Underwriter**—To be named. The last sale of debentures on Aug. 28, 1962 was handled by Dean Witter & Co., Chicago.

● Duke Power Co.
Sept. 17, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the second 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.

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.

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.

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,600,000 of convertible debentures to be offered for subscription by stockholders. **Office** — 1315 Versailles Rd., Lexington, Ky. **Underwriter**—To be named. The last offering of common stock was underwritten by Hornblower & Weeks, New York.

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).

★ Louisville & Nashville RR (10/9)
Sept. 17, 1963 it was reported that this road plans to sell $3,750,000 of 1-15 year equipment trust certificates. **Office** — 220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Oct. 9 (12 noon EDST), at above address.

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.

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 &

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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 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.

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.
Sept. 10, 1963 it was reported that the company plans to sell 30,000 shares of $100 par preferred stock, sometime in 1964. Action is subject to approval by both common and preferred stockholders. **Office**—215 So. Cascade St., Fergus Falls, Minn. **Underwriter**—To be named. The last sale of preferred on March 8, 1950 was handled by Glore, Forgan & Co., New York and Kalman & Co., Inc., St. Paul.

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.

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**—Dec. 3 (11 a.m. EST) at 195 Broadway, New York. **Information Meeting**—Nov. 26 (2:30 p.m.), same address.

Pacific Power & Light Co. (11/13)
Sept. 16, 1963 it was reported that the company will offer stockholders the right to subscribe for about 716,000 common shares on the basis of one new share for each 20 held of record Oct. 30. Rights will expire Dec. 5. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.; Blyth & Co.; Ladenburg, Thalmann & Co.; Lehman Brothers-Eastman Dillon, Union Securities & Co.-Bear, Stearns & Co.-Dean Witter & Co. (jointly). **Bids For Compensation** — Nov. 13 (11 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—Nov. 7 (3:30 p.m. EST), same address.

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.**
Sept. 18, 1963 it was reported that the company is considering the sale of $50,000,000 of first mortgage bonds in mid-1964. **Office** — 1000 Chestnut St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & 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.-Harriman 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.

Ryder System, Inc.
Sept. 10, 1963 it was reported that the company plans to offer its stockholders later this year, the right to subscribe for about $5,400,000 of convertible subordinated debentures due 1983. **Business**—A holding company for firms in the trucking, manufacturing and equipment leasing fields. **Office** — So. Bayshore Bldg., Miami, Fla. **Underwriter**—Blyth & Co., Inc., New York

San Diego Gas & Electric Co.
Sept. 10, 1963 it was reported that the company is considering the sale of about $20,000,000 of debt securities in mid-1964. **Office**—861 Sixth Ave., San Diego, Calif. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers-Salomon Brothers & Hutzler (jointly).

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. (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.

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. (11/20)**
Sept. 17, 1963 the company stated that it plans to sell $20,000,000 of preferred stock. It added that it may sell the preferred on a negotiated basis instead of by competitive bidding, as in the past. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—The last issue of preferred in November, 1949 was won by First Boston Corp. If the company decides to sell the stock competitively, the following groups are expected to bid: First Boston Corp.-White, Weld & Co.-Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers (jointly); Blyth & Co.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly).

● **Union Electric Co. (11/20)**
Sept. 17, 1963 the company stated that it plans to sell $30,000,000 of first mortgage bonds due 1993. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc; Lehman Brothers-Blyth & Co., Inc.-Eastman Dillon, Union Securities & Co. - Salomon Brothers & Hutzler (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp. **Bids**—Expected Nov. 20 (11 a.m. EST) at Bankers Trust Co., 16 Wall St., New York.

● **United California Bank (Los Angeles)**
Sept. 17, 1963 it was reported that the bank is offering its stockholders the right to subscribe for 431,014 additional common shares on the basis of one new share for each 12 shares held of record Sept. 13. Rights will expire Oct. 22. **Price**—$62.50. **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.

TAX-EXEMPT BOND MARKET

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second bid, a 3.5889% net interest cost, was submitted by the account headed by Hornblower & Weeks.

Other members of the successful account include C. J. Devine & Co., Merrill Lynch, Pierce, Fenner & Smith, Francis I. duPont & Co., The Ohio Co., Ball, Burge & Kraus. Merrill, Turben & Co., Newburger, Loeb & Co. and the C. S. Ashmun Co.

The bonds were scaled to yield from 2.50% to 3.65% with various coupons. Press-time balance was about $680,000.

On Friday there were awarded $1,420,000 Eaton and Barry Counties, Michigan, Maple Valley (Nashville) School District (1964-1992) bonds to the *First of Michigan Corp.* and associates at a 3.381% net interest cost. The runner-up bid for this issue, a 3.41% net interest cost, was made by the John Nuveen & Co. account.

Other major members of the winning group include Braun, Bosworth & Co., Kenower, MacArthur & Co., Commerce Trust Co., Kansas City, and Manley, Bennett, McDonald & Co.

Reoffered to yield from 2.00% to 3.45% with various coupons, the unsold balance presently totals $770,000.

On Monday of this week the account managed by the *First National City Bank* was the successful bidder for $3,431,000 Middlesex County (New Brunswick), New Jersey various purpose (1964-1982) bonds at a dollar price of 100.299 for a 2.95% coupon. The runner-up bid, 100.558 for a 3% coupon, was made by the Glore, Forgan & Co. syndicate and there were nine additional bids made for this well regarded bond.

Associated with the First National City Bank as major underwriters in this financing are Harris Trust and Savings Bank, The First Boston Corp., Fidelity-Philadelphia Trust Co. and Industrial National Bank of Rhode Island, Providence.

Scaled to yield from 2.00% to 3.15%, bank buying has been good with the present balance in account $1,436,000.

Detroit's Going Well

Tuesday's calendar was featured by the sale of a total of $12,700,000 general obligation and revenue bonds of the City of Detroit, Michigan.

Halsey, Stuart & Co., Inc. and associates submitted the best bid for $5,950,000 various purpose (1964-1988) bonds setting an annual net interest cost of 3.3583%. The runner-up bid for this issue, a 3.361% net interest cost, came from the account headed jointly by Smith, Barney & Co. and Lehman Brothers.

Associated with Halsey, Stuart & Co. as major underwriters are Mellon National Bank and Trust Co., Stone & Webster Securities Corp., First of Michigan Corp., Hornblower & Weeks, A. G. Becker & Co., Weeden & Co., Connecticut Bank and Trust Co., Fahnestock & Co., Bramhall, Falion & Co. and National Shawmut Bank of Boston.

Scaled to yield from 2.05% in 1964 to 3.50% in 1986, this loan attracted a large commercial bank buyer which purchased all of the bonds maturing from 1976 to 1986 and, at the end of the initial order period, a balance of $1,300,000 remained in account. The bonds maturing 1987 and 1988 carried a one-quarter of 1% coupon and were sold pre-sale.

The group led by *The Northern Trust Co.* submitted the best bids for Detroit bonds totaling $5,450,000. The group's bid for $4,100,000 Motor Vehicle Highway Funds (1964-1973) bonds set a 3.04% annual net interest cost. On the $1,350,000 Public Utility Street and Railway (1964-1973) issue, the net interest cost was 3.0104%.

Other members of The Northern Trust Co. account are Chase Manhattan Bank, First National Bank of Chicago, Harris Trust and Savings Bank, Morgan Guaranty Trust Co., Continental Illinois National Bank and Trust Co., Kuhn, Loeb & Co. and Lazard Freres & Co.

The combined issues were offered to yield from 2.10% to 3.10% and the unsold balance totals $2,950,000.

An account managed by *Goodbody & Co.* and including Ira Haupt & Co., Newburger, Loeb & Co., Rauscher, Pierce & Co., McDougal & Condon and Martin & Co. was the high bidder for $1,300,000 Detroit Airport revenue (1966-1984) bonds at a net interest cost of 3.4854%. Their bonds were reoffered to yield from 2.55% to 3.50% and the balance in account is $1,070,000.

Another of Tuesday's sales involved $1,250,000 Brookhaven, Smithtown and Islip, New York Central School District No. 5 (1964-1992) bonds. The account managed jointly by the *Franklin National Bank* and *Eastman Dillon, Union Securities & Co.* was the high bidder at a dollar price of 100.213 for a 3.40% coupon. The runner-up bid, 100.18 also for a 3.40% coupon, came from the Meadowbrook National Bank, West Hempstead, New York.

Other members of the winning account include Bacon, Stevenson & Co. and R. D. White & Co.

Scaled to yield from 2.00% to 3.50%, the present balance in account is $1,085,000.

Strong Demand for New Orleans Bonds

On Wednesday, the City of New Orleans, Louisiana sold $14,700,000 Public Improvement (1965-1983) bonds to *The Chase Manhattan Bank* group at a net interest cost of 3.279%. The syndicate headed by the Morgan Guaranty Trust Co. submitted the runner-up bid, a 3.287% net interest cost.

Other major members of the winning group are Glore, Forgan & Co., Harriman Ripley & Co., Kuhn, Loeb & Co., Mercantile Trust Co. of St. Louis, National Bank of Commerce, New Orleans, Philadelphia National Bank, Bear, Stearns & Co., Hallgarten & Co. and B. J. Van Ingen & Co.

The group priced the bonds to yield from 2.15% in 1965 to 3.40% in 1988 for various coupons and as we go to press a balance of $4,900,000 remains in group.

Also, on Wednesday, the City of Portland, Maine, an infrequent borrower, offered $1,750,000 (1964-1983) bonds at public sale. The account headed jointly by the *Mellon National Bank and Trust Co.* and the *Connecticut Bank and Trust Co.* submitted the high bid, 101.043 stipulating a 3% coupon. The group headed by Phelps, Fenn & Co. made the second highest bid, 100.74 also for a 3% coupon.

The successful bidders offered the bonds at prices to yield from 1.90% in 1964 to 3.00% in 1983. The balance in account is reported to be $590,000.

Port Authority Readies Offering

There are no large important flotations scheduled for the week ahead. The Port of New York Authority plans a public offering of $50,000,000 term bonds to mature Oct. 1, 1994. Although no definite date has been announced, the sale may be set for the near future.

Purchase Offer for Tung-Sol Electric

Purolator Products, Inc., Rahway, N. J., is offering to purchase up to 200,000 common shares of Tung-Sol Electric Inc., at $22 per share. The offer expires at 5 p.m. EDST on Sept. 26, 1963. All brokerage commissions and transfer taxes applicable to the sale will be paid by Purolator.

Accepting stockholders must forward their certificates in negotiable form, accompanied by the prescribed Letter of Transmittal to Bankers Trust Co., 16 Wall St., New York 15, N. Y.

Such Letters of Transmittal may be obtained at the offices of Bankers Trust Co., or of Dillon, Read & Co., Inc., 46 William St., New York 5, N. Y.

Purolator will pay a fee of 43½ cents per share to any member firm of the New York Stock Exchange or National Association of Securities Dealers, Inc., whose name appears on the Transmittal Letter.

Beneficial Finance Private Note Sale

Beneficial Finance Co., has announced the private placement of $30,000,000 of notes, due March 1, 1989.

Eastman Dillon, Union Securities & Co., New York negotiated the placement of the notes with institutional investors.

Proceeds from the financing will be used initially to reduce short-term borrowings.

Headquartered in Wilmington, Del., Beneficial is a holding company for firms engaged in the small loan and acceptance businesses, and in the operation of a chain of retail stores.

Puts and Calls Subject of Talk

A lecture on the subject of Puts and Calls will be held Tuesday evening, Oct. 1, at the 655 Madison Ave. office of Hirsch & Co., members of the New York Stock Exchange.

The talk will cover the basic function of the Put and Call, the advantages and risks attendant on same, and margin requirements for trading in them.

There is no charge for the lecture but, due to limited enrollment, an advance reservation is necessary.

Form Mosholu Enterprises

Mario A. Spinogatti is now conducting his investment business from offices at 3477 Knox Place, New York City, under the firm name of Mosholu Enterprises Inc.

Letters To The Editor

"Seduction by Subsidy"

DEAR SIR:

I wish to thank you for the reprinting of my speech before the National Press Club in your August 29 issue.

Your publication of this speech has contributed greatly to the presentation of the "seduction by subsidy" message to the American people.

Editorial reaction has been running strongly in favor of the speech. In addition, I have received hundreds of letters from citizens throughout the country urging me to continue my exposure of the "sophisticated spoils system."

EDWIN P. NEILAN
President,
Chamber of Commerce of the United States.
Chairman of the Board of the Bank of Delaware, Wilmington, Del.

"Careful Scrutiny" Holds Gold's Usefulness Is No Myth

DEAR SIR:

The Letter-to-the-Editor by Mr. William Stix Wasserman in your issue of Aug. 29, entitled: "The Gold Myth and The Dollar Dilemma," contains several statements of questionable character that deserve careful scrutiny. For example:

His likening the gold situation to the belief once held "that the earth was flat" when he says that "Today, men are held in equal bondage by the myth that gold is essential to their well-being, and without it their money would lose value in an avalanche of inflated paper" is a "myth" of his own on a par with that held by those who thought the earth was flat. To bolster his claim, Mr. Wasserman goes on to say: "A nation's wealth is not based on its gold supply but its productivity." But, what competent monetary economist ever said that "a nation's wealth is based on its gold supply"? Certainly it was not so held by the United States and Great Britain throughout the 19th Century; for, in addition to using it to settle international imbalances of trade, they primarily used it as a basis-of-value for giving meaning and reliability to their respective monetary currencies. It becomes apparent, therefore, that it is again Mr. Wasserman with the "myth." Daniel Webster gave the best answer to this one back in 1834 when he told the U. S. Senate: "Paper money which cannot be exchanged for gold and silver at the will of the holder is miserable, abominable, and fraudulent."

Mr. Wasserman says: "Most people fail to realize the great inherent strength of the dollar." He leaves the impression that the dollar possesses "inherent strength" regardless of whether or not it is backed with specie. That, of course, is just another "myth" on his part.

Finally, Mr. Wasserman recommends "An agreement between the Central Banks of the free world that all THEIR dealings in gold will be restricted to transactions amongst themselves." He appears to be overlooking the fact that a free gold market plays an important role in helping to keep national currencies sound and honest. Such a free market is an essential part of a properly operating gold standard. For example, when speculators go into the gold market and attempt to run the price up somewhat above our official price of $35 an ounce, the United States and other countries feed gold into that market, and in almost no time the market price is back down to a level just fractionally above our official price. Following is an actual case:

Some two years or more ago the price of gold on the London Exchange was run up to a little above $40 an ounce. On the way up gold was being fed into the market as indicated above; and when the speculators became aware that gold was in plentiful supply they ran scared; and in a matter of days the market price was back down within a fraction of our official price. And that is the way it should operate.

The above facts are my answer to Mr. Wasserman's "myth" that gold has outlived its usefulness in the world's monetary economy.

FREDERICK G. SHULL
2009 Chapel Street,
New Haven, Conn.

Buttonwood Club Scholarship

The Buttonwood Club, a group of senior members of the New York Stock Exchange, has launched a college scholarship program for sons and daughters of Exchange employees with 25 years of service. Individual awards will range up to $1,500 a year.

The first recipient, Richard A. Lake, a sophomore at Allegheny College in Meadville, Pa., was presented with a scholarship valued at $1,500 a year.

Richard, 17, a graduate of The Bronx High School of Science, is the son of William R. Lake, an employee of the Exchange for 45 years.

The Buttonwood Club was established in January 1962 for past and present members of the Exchange who have owned Exchange seats 25 years or more. It is now almost 400 strong. Although the purpose of the club is to foster comradeship among its members, philanthropic and educational activities are also major objectives.

The club's emblem is the buttonwood tree, under whose branches the first transactions of the New York Stock Exchange were conducted back in 1792. Present officers are Mr. Samson of Carlisle & Jacquelin, President; Samuel W. West of Beauchamp, West & Stava, Vice-President; John C. Henderson of Charles F. Henderson & Sons, Treasurer; and Jacob Bleibtreu of Abraham & Co., Secretary.

Joins Harris, Upham

ATLANTA, Ga.—William A. Toms has joined the staff of Harris, Upham & Co., 44 Broad St., N. W.

Johnson, Lane Adds

ATLANTA, Ga. — Jack M. Horowitz has been added to the staff of Johnson, Lane, Space and Co., Inc., Commerce Building, members of the New York Stock Exchange.

Pacific Northwest Adds

PORTLAND, Ore. — Douglas C. Fletcher has been added to the staff of Pacific Northwest Co., Wilcox Building.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Housewives from all over our country, and hotels and restaurants from New York's Fifth Avenue to San Francisco's Market Street, are going to serve some of the finest sirloin steaks and roasts ever placed on a dinner table this Autumn and Winter.

Never before has the tremendous cattle industry from Montana and Wyoming across the vast countryside down to the great Alabama Black Belt cattle country and beyond raised such fine herds for the market as this year.

The price of T-bone and porterhouse steaks and chuck and rib roasts will be reasonable in the months ahead. The butcher and the packer will make a profit before the beef is transported to the store.

The cattle industry, made up of both little and big industry men, generally have been making a profit for their livestock efforts. But many of the livestock people are worried.

The reason: Is Washington and the Federal Government getting set to make a "mess" out of the cattle and livestock industry?

Most school boys know in general terms the plight in other areas of our great agriculture industry. The cattle industry is a tremendous plum and the bureaucrats have been eyeing it for a long time. It sounds good on paper to some.

Government Subsidy Resisted

A new farm battle is shaping up. The question is should your tax money and your neighbor's tax money be used to help build a much larger beef cattle industry in this country?

The New Frontier Administration thinks we need a bigger beef industry so that all the people can have more beef.

The cattle industry does not want this plan. For years they have been resisting any type of subsidy although it had been suggested many times from the Department of Agriculture to Capitol Hill.

The Senate Agriculture Committee a few days ago conducted hearings that concern the cattle industry. The proposal actually is a foot-in-the-door proposition like most big Federal programs get started.

"New Deal" Proposal

One of the bills would remove the $10,000,000 limitation on programs carried out under the so-called "land use adjustment" provisions of the Soil Conservation Act. It sounds New Dealish but innocent enough.

The Department now proposes that in addition to the $10,000,000—and this is the big far-reaching provision—that it be authorized to contract for an amount of land equal to the amount that will come out of the Conservation Reserve Program for 1963 and 1964.

A pilot land use adjustment program, so-called, was authorized by Congress a year ago. It provided $10,000,000 to conduct the test.

By the end of this year, about 7,400,000 acres of cropland will be released from reserve contracts. Of course these acres will become available for crop production at a time when our agricultural bins are overflowing. Under the pilot program the Department of Agriculture moved about 140,000 acres of cropland into other uses. The Department's dreamers and schemers contend that the Cropland Conservation Program will move the land into more needed uses and will provide income for the farmer and at the same time conserve soil and water resources.

The Department plan obviously would be a big subsidy in helping to establish green pastures and provide for grazing for livestock. The cattle people do not want it. They are doing all right. If the people that have the cropland available want to raise cattle that is well and good, but why subsidize newcomers into the industry?

Supply and Demand Principle Favored by Industry

The established cattle people feel that if the Federal Government gets control it will be detrimental to the whole industry. If there is too great an increase in the livestock population prices are going to be depressed. Many industry people would go broke, and then there would be a clamor to put a floor on the price of a steak with Uncle Sam providing a subsidy to a great industry that does not want a subsidy.

The stockmen want only a law of supply and demand. The Kennedy Administration, however, proposes to increase grazing lands by about 90,000,000 acres by the end of this decade. It predicts that as things now appear there will be a normal increase of only 40,000,000 acres grazing lands by 1970.

The Department experts base the statistics and estimates on a calculation that the United States will need nearly 100,000,000 head of beef cattle in 1970 as compared with 74,900,000 at the present.

Why Use Tax Dollars?

The American National Cattlemen's Association in expressing its opposition to the greatly enlarged pastureland subsidy proposition said:

"Cattlemen do not object to free, vigorous competition or investment of risk capital, but they do strongly oppose administration proposals to use tax dollars to subsidize newcomers into the already crowded beef cattle business."

Spokesmen for the association point out that most of the beef industry people had to establish or buy their grazing land without the aid of Federal subsidies. Therefore, it would be unfair to all concerned to set others up at the expense of the taxpayers.

The cattle industry, unlike the various crops, has never operated with a subsidy. The cattlemen's association says its records now show that the cattle numbers are increasing all the time. The breeding stock is ample to supply an adequate number of calves.

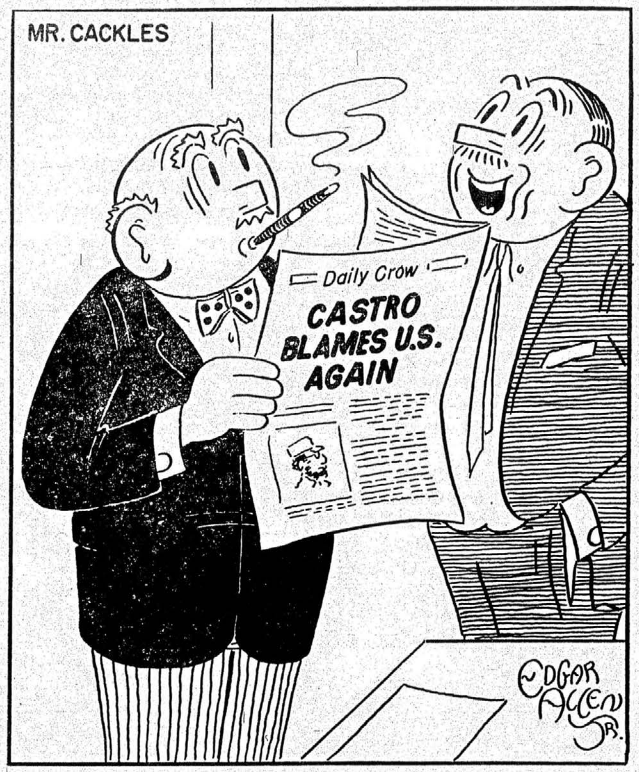
Congress would make a mistake if it lets down the fences for the Federal Government to subsidize the industry in any way.

A marked indication that the beef industry is growing at a clip that meets the demand is shown by a survey conducted by the Bureau of Census.

There were 42,000 paved feed lots constructed in 1960. The total area amounted to 125.8 million square feet, or approximately 14,000,000 square yards of concrete. This much paving would be the equivalent to a 24-foot ribbon of concrete (four inches thick) reaching from Chicago to New York. Many feedlots with 10 acres of paving are being built across our land.

There is one feed lot in Texas with more than 40 acres of paving, and it is still being expanded.

[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.]



"Our problems with Castro would be ended and the stock market would be healthier if the Kennedy family chipped in and BOUGHT Cuba!"

COMING EVENTS

IN INVESTMENT FIELD

Sept. 18-20, 1963 (New Orleans, La.)
Thirteenth Annual Tulane Tax Institute.

Sept. 20, 1963 (New York City)
New York State Bankers Association 14th annual investment seminar at the Hotel Commodore.

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, 1963 (Atlanta, Ga.)
Georgia Security Dealers Association fall party—dinner at the Top of the Mart, Oct. 17; outing and dinner at the Standard Club Oct. 18.

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.

Nov. 13-15, 1963 (Chicago, Ill.)
American Bankers Association First National Automation Conference at the La Salle Hotel.

Nov. 20, 1963 (New York City)
Association of Stock Exchange Firms Annual Meeting of members for election of new officers and governors; Governors' Dinner at the University Club.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

CHRONICLE's Special Pictorial Section April 30.

Apr. 22-23-24, 1964 (St. Louis, Mo.)
St. Louis Municipal Dealers spring party at the Chase Park Plaza Hotel and Glen Echo Country Club.

May 16-24, 1964 (New York City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.