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EDITORIAL | As We See It

Those "non-political" tours made famous by Franklin Roosevelt were eminently successful in the earlier days of the New Deal. They not only succeeded in the strictly political sense; they were also very effective in convincing the rank and file that many old, old economic fallacies were newly discovered truths. The aftermath of these and other devices so consistently and so skillfully used by the author and finisher of so much of today's nonsense is, of course, still to be seen and felt on all sides. For years it has been making it doubly difficult for real statesmen to formulate or popularize sound constructive national programs in this country, to say nothing of what has taken place abroad. The same situation is again definitely raising its ugly head in the political campaign now getting under way to culminate in the elections a year hence.

President Kennedy is very clearly taking a leaf from the Roosevelt notebook. We are in no position to say how politically effective this "non-political" tour of young Lochinvar's homeland is proving to be or will be. What is plain as a pikestaff is the fact that the leader of the New Frontier is definitely at work doing his very best to place his doctrines and his economic philosophy on a firm political footing. He is also quite clearly aware of the rather simple political truth that the only way in which this can be done effectively is to "sell" these notions to the rank and file of the voters. Exploitation of "personal charm" and the rather tawdry political device of "explaining" to the people he sees along the way how much he and his Administration are doing to help them is, of course, secondary to the major purpose of salvaging or promoting a general program that goes several steps beyond the New Deal (Continued on page 17)

The Long Awaited "Golden Sixties" May Now Be at Least Air-Borne

By John J. Balles, Vice-President and Economist, Mellon National Bank and Trust Company, Pittsburgh, Pa.*

A generally bright outlook seen for 1964 is based on the assumption of the pending tax-cut bill's passage by early 1964 and of the avoidance of a payments-balance crisis. Increased spending by business, Government and consumers, despite a levelling off in housing and autos, are added up to $605-$610 billion GNP in 1964 compared to estimated $582 billion for 1963. Looking further ahead, the banker envisions predicted moderate broadly based growth may usher in the "Golden Sixties" expected these past three years.

With the 1963 performance of the economy through Labor Day now a matter of record, the "scoreboard" for the year is becoming tolerably clear. By early 1963, business activity shook loose from the lethargy that had set in in late summer of 1962 — which had generally produced a flat trend in industrial activity and even declines in a few key areas. The surge of consumer spending for new cars, along with the short-run effects of the Cuban crisis last October, were especially important in generating a stronger tone in business activity. In spring and early summer, a strong pick-up in home-building activty added to the forward thrust of the economy. A further temporary stimulus was provided by the acceleration of steel production, in anticipation of possible labor difficulties later in the year. Thus, from February to July, industrial production jumped over 5%, breaking out the long plateau which had prevailed since mid-1962. After reaching a peak in May, steel production in the nation then dropped 32% by August, with a similar pattern prevailing in the Pittsburgh area. But the liquidation of steel inventories now appears to have about run its course. New orders and current output are now picking up, and a moderate uptrend in the steel industry is expected for the balance of the year.

John J. Balles

It is especially encouraging that expenditures by business on new plant and equipment have recovered from the dip of late 1962 and early 1963. Capital spending plans of business now call for a $41 billion rate in the fourth quarter of 1963, up more than 11% from the first-quarter low point.

Following a sustained gain in personal income, retail sales in the past three months have finally risen off the high-level plateau which had stretched back to the end of last year — with the renewed strength occurring mainly in consumer spending for soft goods. It seems unlikely, however, that any further gains will be registered in consumer spending for hard goods in the near future, especially since new domestic auto sales in recent months have already been running at the very high yearly rate of 7.2-7.3 million.

In the key area of residential construction, it now appears that housing starts in the balance of the year may fail to match the peak set last spring.

All things considered, present trends suggest that, during the remainder of the year, new high ground will be reached in industrial production, personal income, and retail sales. Generally, the total output of goods and services, as measured by GNP, is expected to reach a fourth-quarter rate of $590 billion or even (Continued on page 24)

OTC MARKET ISSUE NEXT WEEK: The investment opportunities available exclusively in the Over-the-Counter Market will be featured in our issue of October 10.

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.

EDWARD H. BRADFORD

Vice-President, Research, F. L. Putnam & Company, Inc., Boston, Mass.

Transcon Lines

Lucien Hooper once said that at a certain stage of the market, he becomes happiest with the stocks in his list of which he is least proud. Transcon Lines is a case in point. Although a comparatively unknown, over-the-counter situation, the company has ambitions of eventual Stock Exchange listing. Its record is astonishing. In nine of the last 10 years, the stock has established a new high for a total rise from a bid of 1¼ in 1953, as adjusted for a recent 2-for-1 split, to a present bid of 33¾. Gross revenues have steadily increased from $6 million 10 years ago to an estimated $31 million this year. Earnings per share, which were only 20 cents a decade ago, are expected to reach $3.15 this year. The company has had a compound annual growth rate of 20.9% over the past 10 years. In the past four years the pace has accelerated.

Transcon is one of the few truckers that will make more money in 1963 than in 1962. The company was founded in 1946 as a common motor freight carrier and now holds the ICC certificates covering 14,000 miles of route. The system extends from San Francisco and Los Angeles on the Pacific to Southern and Mid-Western terminals in Houston, Little Rock, St. Louis and Chicago. Rolling stock, including that now on order, consists of 618 large truck trailers, 250 diesel prime movers and 340 pick-up trucks. Sixty-five per cent of the equipment has been purchased within the past year and a half. Sales are promoted by 95 salesmen positioned throughout the company's 14 state territory, with vigorous direct mail and advertising support to reach all potential shippers. The company has risen from a minor operation among the 2,000 domestic truckers to a present position as one of the top 20 in size and at the top in dollar profitability.

Profitability leads back to Transcon's flint-hard management in which Chairman of the Board Scribner Birlenbach, formerly of the Wall Street Journal staff, has been the prime mover. Profitability is his credo and good management his forte. He, Lee Sollenbarger and carefully trained department heads in depth have built the company on what comes naturally to the trucking industry. They specialize in what the truck does better than other forms of transportation — less than truckload shipments, long hauls, and routes that are least competitive with rails. The company's average haul is 1,300 miles. In avoiding bulk cargoes and selecting off rail routes, even piggy-back competition is largely eliminated. Through these policies and attention to detail, the management has finally made Transcon Lines one of the top truckers in terms of return on sales and profit on net worth.

Transcon's growth flashes from many facets. Acquisition of independents is an ever present factor. Since 1950, nine companies have been merged. Negotiations are reportedly in progress for two more. The choice has been highly selective to make sure that additions would produce both profits and needed management. The area in which the system operates will also produce above average growth. Of 17 terminal cities, all but one outstrip national growth figures. The 17 as a body show average growth of 38% compared to a national figure of 18½%. New equipment will offer more cargo capacity, thereby adding to business and state regulations have been broadened to permit greater loads. Expansion of the entire system to new, Eastern terminals will provide overriding growth potential. There is every reason to believe that future performance will mirror the company's record of past growth.

High return on invested capital plus cash flow supplemented by note borrowing has enabled Transcon to expand without new financing. At last reporting the current ratio was two to one with $5.9 million available in cash. The company has prepaid $1.5 million in debt. A $5 million credit line is not being fully used though it could be increased. Common stock was split in May, 1962, and now amounts to 698,924 shares outstanding. This strong financing reflects Mr. Birlenbach's Wall Street training.

To emphasize the recent earning trend, we note that President Sollenbarger has upped his 1963 earnings estimates made last spring. Gains of the past four years are startling: 1960 showed 61 cents per share; 1961 increased to $1.52; 1962 improved further to $2.30 and 1963 estimates are for $3.15. These profits, adjusted for the 1962 split, do not reflect the strong cash flow before depreciation. Dividends have been paid at 30% of earnings. The rate has been constantly raised and extras have been added at the year end to update payments. This year a 5 cent June extra and a 12½ cent September extra, plus a 17½ cent quarterly, will undoubtedly be bolstered by a good year-end addition.

Investors shy away at the mention of labor relations but in the case of Transcon, they must be faced with faith. The company is heavily unionized and contracts come up for renewal next year. Hoffa has announced a drive for national bargaining. In the past Transcon has adjusted to the union framework. The management is not alarmed at the new drive and, in fact, has stated that it may simplify bargaining. It is realistic, however, for prospective stockholders to place their own interpretation on labor news and possibly delay commitments accordingly. This consideration is for the short-term rather than the long-term operators.

To sum up, Transcon Lines' conception of the trucking business is more imaginative and yet sounder than that of other companies in the industry. Its policies have led to extraordinary growth on a basis that can extend well into the future. The company's common stock has not yet reflected this potential. As the shares eventually receive wider recognition and Stock Exchange listing, the market appraisal should improve. The situation radiates "Vigah."

ROBIN L. WINKLER

Partner, Bernard, Winkler & Co., New York City

The Continental Insurance Company

When one can buy a security selling at $100 for $64 without violating any law it must be a bargain. This, in effect, is the situation that exists today with the capital stock of the Continental Insurance Company, currently selling at 56 on the New York Stock Exchange yet representing a value in excess of $90. Continental, parent of one of the largest casualty and fire insurance groups in the country, is the only insurance company whose shares are listed on the New York Stock Exchange. With an unbroken dividend record going back to 1853 and an impressive record of growth in assets over the years, I choose the stock of Continental as the security I like best.

Two methods of analysis may be used in the evaluation of an insurance company. The first is the examination of the underwriting operations of the company and its record of profitability. The other is to consider it an investment trust and measure the growth of asset value. For the purpose of this brief article, I will emphasize the investment character of the company.

At the end of the year 1953, the stockholders' equity was listed by the company at $40.66 per share. During the same year the stock sold at a high of 37½ and a low of 30½. The discount from asset value at which the stock sold varied, therefore, from about 7% at the high to 25% at the low. If we assume the June 30, 1963, equity as $88.07 (and it is higher now) the stock price has ranged from a discount of 26%, at the high of 64¾, to a discount of 36%, at the current price of 56. Although the assets have more than doubled, the market has not yet reflected this growth in the price of the stock. It should be noted that the stocks of leading investment trusts traded on the New York Stock Exchange are presently selling at premiums over asset value.

The largest single investment in Continental's common stock portfolio is International Business Machines, followed by American Telephone and Telegraph. But management has, over the years, demonstrated wise and remunerative diversification. About 25% of the value of the common stocks

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Lower Credit Demands Can Be Expected Next Year

By Sidney Homer,* Partner, Salomon Brothers & Hutzler, New York City

A stable bond market in 1964 is forecast by Mr. Homer who anticipates long-term yield at most rising a little, but basically fluctuating within the moderate range since 1960. His analysis of sources and uses of funds warns of the municipal market's vulnerability in case banks reprice their large holdings of tax-exempts to effectuate sales; points out that new municipal and corporate volume has not, contrary to popular notions, been increasing; predicts good demand for corporate bonds and explains why their yields have declined since 1961 whereas governments' have risen; doubts tax-cuts' passage will significantly add to Treasury's net deficit; notes mortgages and their non-mortgage uses have kept bond yields from plunging to very low levels and foresees credit declining next year led by mortgages after reaching a record expansion in 1963—the only market along with consumer credit to respond to monetary ease. Any market's yield change, he adds, will come from other departments of the market or from a balance of payments crisis or shift in Federal debt's maturity composition.

Today, as you know, I am substituting on this program for our beloved and admired friend, the late Professor Jules Bogen. Over the years he pioneered in the development of statistical techniques for measuring those great forces of supply and demand in the credit markets which explains and sometimes determine changes in the level of interest rates.

Sidney Homer

Each year at these seminars Dr. Bogen would present this analysis and include his estimates for the year ahead. Last year at this time he forecast with remarkable accuracy the underlying forces with which we are now living. I summarize his forecast in extreme brief as follows:

(1) Continued sluggish demand for funds.

(2) Continued high level of savings.

(3) A consequent tendency of interest rates to decline.

(4) Which may be offset by government fiscal and monetary policies.

For over two years now American interest rates have been fluctuating in a very erratic fashion. There are, of course, scores of different interest rates in our credit markets. In the 1950's and earlier most of these rates usually marched up or down together. In 1960, however, they broke ranks and ever since they have ceased to march in step. Each department of the market has been following its own highly individualistic course. Thus, during the past two years, short Treasury bill rates have risen, time deposit rates have risen, corporate bond yields have declined, mortgage rates have declined, municipal yields have at times declined very sharply and at times risen, longer term government yields have risen. Medium grade bond yields have declined much more than prime bond yields. Yield spreads have become abnormally narrow. Most rates seem to have been moving upward or downward toward 4.20%.

This diversity of trend is still with us. Therefore, I shall emphasize today specific analyses of the supply and demand factors in the different departments of the credit markets. Only at the end I will pull these together in a summary analysis.

Municipal Bonds

Table I shows the total gross and net new municipal debt created each year since 1957; it also identifies the investor groups that provided the money. In the first place we should note the lack of dynamics in the total annual rate of debt expansion. In 1958 net new issues absorbed $5.2 billion and they totaled the same in 1962. Indeed as long ago as 1954 the total was $5.1 billion. Although we read newspaper headlines about new high records for gross municipal new issues, we do not read about the equally steady rise in retirements. If we compare the annual volume of net municipal financing with the economy as a whole, we shall see that since 1954 the volume of new municipal financing has grown much more slowly than GNP, than total savings, and than municipal expenditures. Since 1954 the dynamics has gone out of municipal debt expansion. Perhaps the reason is that this is expensive borrowing; principal repayments usually start the year after each new issue; new taxes must be voted. The little bulge which seems to be occurring in volume in 1963 for the first time in five years is due entirely to the new

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OBSERVATIONS...

BY A. WILFRED MAY

"LIQUIDITY" MEETING

WASHINGTON — In convention halls, hotel corridors, and at the bars, conversation at the annual meeting of the International Monetary Fund and World Bank is largely directed at the item of providing greater *liquidity* in Fund operations.

(International liquidity is commonly defined as the total of countries' reserves of gold and foreign exchange plus their automatic access to credit—"the international monetary supply.") But this definition quite radically oversimplifies the concept. As Robert Roosa, the U. S. Under Secretary of the Treasury for Monetary Affairs, has pointed out, it is fallacious to assume that a mechanistic system can by itself free a country from the discipline of its balance of payments routine.

In any event, the debate goes on among the world's central bankers and finance officials gathered here whether presently existing and prospective liquidity through present quotas is sufficient to keep the Western economies healthy and support expanding world trade. Last year such inquiry was almost singly sponsored by the United Kingdom, via Chancellor of the Exchequer Maudling, with disapproval coming from the United States and the Continental nations.

Now, however, the United States has veered to evolving interest in the proposition, and together with the other Western countries have set in motion machinery for full-dress inquiry of the proposition. This is coming about through two avenues of inquiry. One consists of a study, or studies, compiled by the staff of the Fund, and the other a formal inquiry by the Big Ten Powers (that is, the "Paris Club") comprising the U. S., Britain, Canada, France, West Germany, Belgium, Italy, Netherlands, Sweden and Japan.

The Fund's study group will be having an informational approach, while the latter group of nations will be handling the question as negotiators.

Neither definitive findings nor recommendations will be arrived at before "Tokyo" (that is, at next year's meeting in the Far East)—by which time, incidentally sterling or/and the Italian lira, and not the dollar may be the vulnerable currency.

Confidence in the Dollar

And by that time even the present hard currencies as the French franc and the German mark may have reversed their present strong status into weakness versus the dollar. In fact, majority opinion here holds that the dollar's inherent long-term strength is unrecognized, and that it is emotionally undervalued (largely due to misuse of the statistics—including, chiefly, omission of the future return on our huge capital investments abroad).

And the rises in the impact of inflation in France and Italy, and its threatened recurrence in Germany, must not be overlooked. Inflation abroad would materially accentuate the non-U. S. countries' problems arising from future cessation of the current world-wide liquefaction arising, as pointed out here by President Kennedy, from the U. S.'s balance of payments' outflow.

Although the Western countries are going along with the inquiries, some will finally oppose implementation of liquidity findings based on objection to releasing a debtor country from mechanistic disciplines.

A change in Britain's administration to a Labor Government would not entail any delay — either through change of policy, via Labor Leader Harold Wilson, or by way of mechanics through the continuing civil servants.

* * *

The number of delegates from the 102 nations belonging to the Fund was pushing the 900-mark here. Counting wives and unofficial observers, there must be 3,000 or more persons in Washington for the meetings.

It is as George D. Woods, President of the Bank, has now put it, "the largest assemblage of financial leaders ever to gather together anywhere in the world."

* * *

Only Cuba was not represented on the delegation list. Still a member of the Fund, Cuba withdrew from the Bank in 1960. Hence, the Bank has 101 members, one fewer than the Fund. The latest entry into both groups was Ruanda, which signed the articles of agreement only Tuesday morning.

The only other Communist nation that belongs to the sister organizations is Yugoslavia, which has been a member of the Fund and Bank since they were founded in 1945.

Starring Joins Lee Higginson

Lee Higginson Corporation, 20 Exchange Place, New York City, members of the New York Stock Exchange and other principal exchanges, have announced that Mason B. Starring, Jr. has joined their organization as a Vice-President.

M. B. Starring, Jr.

Mr. Starring was previously a partner in A. C. Allyn & Co. and prior thereto a partner in Graham, Parsons & Co. He is a graduate of Yale University.

Active in golf circles, Mr. Starring is Secretary of the U. S. Seniors Golf Association, a Governor of the Father and Son Golf Association, and Chairman of the Golf Committee of the Investment Bankers Association of America.

Fest Phila. Mgr. For AF-GL Agency

PHILADELPHIA, Pa.—Robert G. Fest has been appointed manager of the Philadelphia office of Albert Frank-Guenther Law, Inc., Philadelphia National Bank Bldg. Mr. Fest is a Vice-President of the agency.

Current Expansion in Capital Outlays Will Continue

By Martin R. Gainsbrugh,* *Vice-President and Chief Economist, National Industrial Conference Board, New York City.*

Well known business economist forecasts continuation of the current expansion in manufacturing investments well on into 1964. Comparison of the Conference Board's projection with the Commerce-SEC's reveals both agree that the business capital investment pace will continue its gradual upswing.

Manufacturers increased their authorizations for new plant and equipment sharply during the second quarter of this year. This boost reversed another of the frequent mild letdowns in capital appropriations which have produced the most moderate of the four postwar expansions in capital spending. Now in its ninth quarter, this expansion has exceeded the duration of the previous capital goods' upswing, and no compelling reasons to expect an imminent decline have yet appeared. The second-quarter increase in capital appropriations by the nation's largest manufacturers indeed gives this expansion an added lease on life.

M. R. Gainsbrugh

After seasonal adjustments, capital allocations were up a fifth from the first quarter. Though sharp, the increase did not restore appropriations to the six-year record volume of $2.71 billion reached in the final quarter of last year, thus far the high-water mark of this upswing. Even so, after netting out the cancellations and expenditures which occurred during the April-June period, the near-record $2.59 billion of capital appropriations was great enough to add about $360 million to the backlog of capital projects scheduled for completion in the current and subsequent quarters.

Favorable Manufacturers' Capital Spending Outlook

The current rate of expenditure is still low relative to the volume of funds which has accumulated in capital backlogs, especially during the latest four quarters. The increase in spending has also been very gradual throughout the past two years. Therefore the outlook for further expansion in manufacturers' capital investment continues favorable. The increase of some 6% between the second and final quarters of this year projected by the government survey taken in August now appears sure of attainment, on the basis of the second-quarter decisions made by the leading manufacturers reporting to The Conference Board.

Moreover, the larger patterns within the manufacturing complex revealed by these two recent surveys are virtually identical. More than two-thirds of the total increase in capital appropriations during the second quarter was concentrated in the nondurable goods industries. The second-quarter Commerce-SEC survey shows that well over half of the projected increase in manufacturers' plant and equipment spending between the second and final quarters of this year is located in nondurables.

Two Significant Findings

Two more findings of the Board's second-quarter survey deserve mention. First of all, during the first half of 1963, capital appropriations were slated increasingly for new machines and equipment. This emphasis followed that placed on new plant construction during most of 1962. The shift implies that manufacturers are now ready to equip the new plants that were authorized last year (and obviously are being set in place to receive the equipment). It also implies that the period between authorization and expenditure will be somewhat shorter than it was a year ago, since equipment has a shorter average planning and installation time than do buildings.

The second significant finding is the continued growth of appropriations newly authorized last year and thus far this year by the machinery industries (both electrical and non-electrical). Since these groups make the productive hardware bought by all other industries, the line taken by their capital appropriations reflects the pressure of aggregate capital equipment ordering upon their own productive capability. Thus, the continued rise in capital appropriations by the machinery industries indicates continued strength in the capital goods market.

Conclusion

Summing up, all of the signs observed as late as July point to a continued expansion in capital investment by the manufacturing industries during the second half of 1963. The pace of this upswing, as shown both the August survey by Commerce-Sec, and by the Board's capital appropriations survey, should continue to be gradual compared with the previous postwar expansions. In view of the relatively strong condition of unexpended capital backlogs, this very gradualism argues for the continuation of the current expansion in manufacturing investment through the end of this year and well into 1964.

*Updated remarks by Mr. Gainsbrugh delivered to the Graduate School of Banking, University of Wisconsin, Madison, Wis.

Chi. Analysts to Hear

CHICAGO, Ill.—Harold W. Comfort, President of the Borden Company, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held Oct. 3 at the La Salle Hotel.

Corning Glass will be the subject of the Oct. 10 meeting and Consolidated Foods, the Oct. 17 meeting.

Blair & Co. Appoints

NEW HAVEN, Conn.—Martin J. De Gennaro has been appointed resident manager of the New Haven office of Blair & Co., Inc., 36 Whitney Avenue.

Government Feeds Hostility Towards Profits in Britain

By Paul Einzig

Seriously concerned about the recent officially proposed fallacious linking of profits to productivity and/or wage rate changes in Britain, Dr. Einzig explains why the new conservative thinking designed to placate labor will prove most harmful to the economy while feeding fuel to the fire of hostility toward profits. He submits that this new bending-over-backwards attempt will not result in improved labor efficiency, that labor takes each wage improvement without lessening their anti-social or indifferent behavior towards the public interest, and that not even labor would accept the proposition of wages declining whenever profits decline.

LONDON, Eng.—A curiously hostile attitude towards business profits appears to have developed even in non-Socialist circles in Britain. It manifests itself in an acute guilt-complex about the treatment of the so-called "working classes." It finds expression in official measures and policies in lines takes even by newspapers such as the London *Times* and by the reports by officially sponsored bodies such as the National Incomes Commission.

Newspapers and trade union delegations with the Continental countries have discovered lately that in some respects at any rate social security measures in Britain have fallen behind those in operation in Scandinavia, Holland and other countries. This discovery came as a shock because for many a decade Britain was leading the way in that sphere. The reaction to the discovery assumed the form of self-criticism because of the "unfair" treatment of the employees. For instance, the recent labor troubles at the British Ford company were attributed by the London *Times* to the absence of a right for dismissed employees to appeal against their dismissal. The frequent strikes by dockworkers in the Port of London and other British ports were attributed to the fact that the system of "casual" employment is still in operation to some extent.

Labor's Anti-Public Interest Attitude

Beyond doubt there is much scope for improvement. But experience of the whole post-War period shows that such improvement, so far from being accompanied by a lessening of the British workers' anti-social attitude, tends to aggravate further their indifference or hostility towards the public interest. There is no reason whatsoever to suppose that, if social security arrangements in Britain were brought up to the highest Continental standard, those benefiting under the change would show the slightest appreciciation. They would simply accept the additional benefit without thanks and would demand more.

A recent manifestation of the tendency indicated above was contained in a recent Report by the National Incomes Commission. That organization, set up last year by the Government, was systematically denounced until recently as serving exclusively the interest of employers in their efforts to keep down wages. Presumably in order to make a gesture showing their impartiality, the Commission now advocated the application of the same degree of restraint to profits as it has been advocating all along in relation to wages. According to the Commission, both wages and profits must be kept down to prevent their increase in excess of the degree of increase in productivity —that is about 3 to 3½% a year. In taking this line the Commission has simply adopted the official Socialist policy recently declared by Mr. Harold Wilson. Precisely because of its reputation for being on the side of employers, its agitation in favor of restricting profits is likely to produce a profound effect on British opinion.

An Amazing Proposal

It is indeed amazing that a nonpolitical body should adopt the line which, while understandable if perused by Party political propagandists, cannot reasonably be justified by anyone capable of emancipating himself from ideological thinking. It is easy and cheap for politicians to agitate that there should be no attitudinal differentiation between wages and profits. But carried to its logical conclusion, this would mean that each time there is a *decline* in profits there should be a corresponding cut in wages. Nobody, not even the most extreme Right-Wing reactionaries, have ever dared to put forward such a proposal. Indeed the idea that wages could and should only move in one direction has come to be regarded as axiomatic. But if that is so, it may well be asked, what right have the spokesmen of Labor and their sympathizers to demand that while wages must not be reduced when profits decline, it is a matter of fundamental justice that they must be raised in proportion to any increase in profits.

Since after the war employees have been practically granted immunity from wage reductions regardless of any decline in profits, it should be logical to expect them to accept a more moderate increase of wages than that of profits. It stands to reason that, unless profits are allowed to rise faster than wages during periods of good business, employers cannot accumulate reserves that would enable them to maintain wakes during periods of bad business. Such views are, however, utterly unfashionable at the moment. Even those who oppose Labor's claim do so on other grounds, mainly on the ground that levelling down of profits would be a disincentive tending to discourage innovation and efficiency.

The worst of it is that the admission of the principle that the Government must aim at levelling down profits will provide an excuse to a Labor Government for a series of measures hostile to business. In theory such measures would be taken for the sake of inducing trade unions to accept on their part measures to prevent wage increases in excess of productivity. In practice it is certain that the new policy would work out in an entirely unilateral way to the detriment of profit-earners. It would be comparatively easy for a Government that is hostile to business to enforce various restrictive measures. Since, however, that self-same Government will depend for its existence on trade union support, it is likely to be incomparably less vigorous in adopting policies against unrestricted wage increases than in adopting policies against unrestricted profit or dividend increases.

Greene Joins Hendrix, Mohr

BIRMINGHAM, Ala. — James R. Greene, Birmingham municipal bond underwriter, has joined the firm of Hendrix, Mohr & Head, Inc., First National Building, as Vice-President of the Municipal Bond Department, it has been announced by James R. Hendrix, firm President.

Hendrix, Mohr & Head was recently formed by combining Hendrix & Mayes, Inc., and the Montgomery office of Mohr, Thomas and Company.

Mr. Greene was formerly associated with First Alabama Securities of Birmingham, and Sterling Lumber Company of Goodwater as Vice-President.

A member of the investment committee of the Alabama Banker's Association, Mr. Greene has been a resident of Birmingham for the past two years.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

In our September reporting, we commented upon the perennial absence of broad investor interest for tax-exempts until late in the month or until early in October. This pattern of investor habit has persisted as long as we are able to reliably recall. Moreover, we have noted that October has always ushered in a more or less compulsive investment demand, primarily based upon investment programming that normally proceeds no matter what the immediate level of the market happens to be.

History Repeating

Not unexpectedly from our viewpoint, history seems now to be repeating itself in these respects. The market's technical aspects, generally adverse during the past four months, have developed a better balance in recent weeks and this has induced many reluctant investors to proceed with programs that have been deferred largely for reasons of recent market unsettlement.

Of course, other broader investment criteria have mainly contributed to the bond market uneasiness that has prevailed for months. Such imponderables as the imbalance in our foreign payments, foreign and domestic pressures for a higher interest rate structure, increased demands for loans abroad, the Federal tax reduction bill and the generally rising costs involved in our more active participation in the world's problems have cumulatively contributed to the confusion of even the most adroit of investors. However, for the moment these massive problems appear to have less significance for the municipal bond market than do the more or less simple factors of supply and demand.

Prices Improve

High grade state and city bonds due in about 20 years have improved about three-eighths of a point over the past week, according to the *Commercial and Financial Chronicle's* bond yield Index. Our preselected list of general market offerings averages at a 3.069% yield on Oct. 2; a week ago the composite yield was 3.094%. The long-term toll road, toll bridge, public utility and other dollar quoted revenue issues have of course shared in the market improvement. The *Chronicle's* revenue bond yield Index, which utilizes the yields available from 23 of the most actively traded issues, averages at a 3.519% yield this week as against 3.533% a week ago. Transposed, this means that the market gained one-quarter of a point in this category of long-term investment.

Pending Supply Not Excessive

The volume of scheduled and tentatively scheduled new issues through early November has changed but little over the past week. Whereas the calendar totaled about $550,000,000 a week ago, it now totals slightly under $600,000,000. October is usually one of the busiest underwriting months of the year and thus it would seem that the pressure upon underwriters may be less in the month ahead than is usually the case.

At any rate, in the market's present firm vein the foreseeable supply seems likely to be well taken. At present it would appear that there are no large revenue bond flotations to be negotiated for reoffering in the near future. In this respect it is interesting to note that the schedule of corporate bond financing over the next month appears abnormally light. Moreover, Treasury financing for the balance of the year seems likely to involve only routine short-term financing.

Inventory Pared

The Street inventory situation shows continued improvement. Although hidden inventory exists in heavy volume, recent market improvement has tended to ease whatever pressures it previously exerted.

The *Blue List* total of state and municipal bond offerings averages less than it has for months. At $437,140,000 currently, the float appears to total less than it has at any time since November 1962.

Tax Legislation Doubtful

With the placing of civil rights legislation ahead of the tax cut bill on the Senate agenda, Democratic Senators would appear to feel that enactment of the tax cut bill during 1963 is but a remote possibility. In our opinion this may be a favorable development in that a bill more broadly serving the general economy of the nation may be ultimately passed. Sentiment opposed to the present form of the bill seems to be generating daily. Its quick cut aspects fall far short of the overall tax reform which is quite generally known to be required if the economy is to broadly expand.

As we have repeatedly written, a thorough going revision of the nation's tax structure is required if the expected improvement in the economy is to be realized.

Week's New Business

During the past week the new issue schedule expanded moderately with over $320.000,000 of bonds offered for public sale, including one issue of $184,000,000 bonds to be sold at negotiated sale. Bidding continued to be very competitive and prices were in most instances fractionally improved over the previous week's levels. Initial investor reception was at least better than it has been in recent weeks.

Last Thursday the group led by *Braun, Bosworth & Co.* was the successful bidder for $3,500,000 Warren Consolidated School District, Michigan Building (1965-1989) bonds at a net interest cost of 3.3749%. The runner-up bid for this issue, a 3.454% net interest cost, came from the account managed by the First of Michigan Corp.

Other major members of the successful group include Paine, Webber, Jackson & Curtis, Hornblower & Weeks, Bache & Co., J. C. Bradford & Co., Kenower, MacArthur & Co., Ball, Burge & Kraus, Townsend, Dabney & Tyson, Shannon & Co., Ryan, Sutherland & Co. and Charles A. Parcells & Co.

Reoffered to yield from 2.25% to 3.50% for various coupons, initial investor demand has been fair with the present balance in group totaling $1,360,000.

Thursday's only other sale of note involved $3,410,000 Freeborn County, Minnesota Independent School District No. 241 Refunding (1965-1986) bonds. *Barcus, Kindred & Co.*, bidding alone, was the successful bidder at a net interest cost of 3.378% and the runner-up bid, a 3.39% net interest cost, was made by the syndicate managed jointly by John Nuveen & Co. and Paine, Webber, Jackson & Curtis.

Scaled to yield from 2.25% to 3.40%, this issue was in broad demand, with all of the bonds sold during the order period and the account marked closed.

The Major Awards

On Friday and Monday there were no important sales, but Tuesday was a banner day with three sales of importance on the calendar. This week's largest general obligation flotation, $47,500,000 City of Baltimore, Maryland various purpose (1964-1999)

Continued on page 35

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.15%
*Connecticut, State	3¾%	1981-1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
New York State	3¼%	1981-1982	3.00%	2.90%
Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
Delaware, State	2.90%	1981-1982	3.20%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.30%	3.15%
*Baltimore, Maryland	3¼%	1981	3.25%	3.10%
*Cincinnati, Ohio	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.35%	3.20%
*Chicago, Illinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.24%	3.16%

October 2, 1963 Index=3.069%

*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.

October 3 (Thursday)			
Irving, Texas	2,000,000	1964-1998	--------
Minneapolis, Minn.	2,120,000	1964-1973	--------
Pittsfield Sewer & Fire Department Building, Mass.	2,125,000	1964-1983	11:30 a.m.
October 7 (Monday)			
Abbeville, La.	2,594,000	1964-1987	7:00 p.m.
Atlanta, Ga.	5,000,000	1966-1993	11:00 a.m.
Lewisport, Ky.	50,000,000	1967-1988	1:00 p.m.
North Las Vegas, Nev.	4,947,000	1966-1993	7:00 p.m.
Riverside Jr. College Dist., Calif.	2,000,000	1964-1983	11:00 a.m.
October 8 (Tuesday)			
Enfield Junior High School, Conn.	2,820,000	1964-1982	11:30 a.m.
Lapeer School District, Mich.	1,600,000	1964-1990	8:00 p.m.
Lodi School District, Calif.	1,000,000	1964-1980	1:30 p.m.
Massachusetts (State of)	39,610,000	1964-2001	Noon
Matagorda County, Texas	1,600,000	1964-1988	7:30 p.m.
Merrillville Conservancy Dist., Ind.	2,710,000	1966-2000	2:30 p.m.
Michigan State Board of Education	4,340,000	1966-2013	11:00 a.m.
New Hartford, Kirkland, Etc. Cent. Sch. Dist. No. 1, N. Y.	1,700,000	1964-1992	3:30 p.m.
New York State Bridge Authority (Poughkeepsie), N. Y.	38.000,000	1967-1989	11:30 a.m.
Palos Verdes Peninsula USD, Cal.	3,500,000	1966-1988	9:00 a.m.
Westchester County, N. Y.	2,970,000	1964-1983	11:00 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	--------	--------
Lynnfield, Mass.	2,300,000	1964-1983	11:00 a.m.
Mich. State Conservation Comm. State Park Revenue	2,500,000	1965-1993	11:00 a.m.
October 10 (Thursday)			
Buffalo, N. Y.	12,000,000	1964-1983	11:00 a.m.
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.
Elmira City Sch. Dist., N. Y.	3,698,000	1964-1992	2:00 p.m.
Stillwater Indep. S. D. #834, Minn.	1,630,000	1965-1986	3:00 p.m.
Worthington Exempted Village Sch. Dist., Ohio	1,200,000	1965-1984	11:00 a.m.
October 14 (Monday)			
Richardson Indep. Sch. Dist., Tex.	3,500,000	--------	7:30 p.m.
October 15 (Tuesday)			
Anaheim Union High S. D., Calif.	1,710,000	1964-1983	11:00 a.m.
Capistrano Union High S. D., Calif.	1,800,000	1964-1988	--------
East Texas State College	3,000,000	1966-2012	10:00 a.m.
Geneva County Gas District, Ala.	1,900,000	1965-1992	2:00 p.m.
Green Bay, Wis.	3,100,000	1964-1983	11:00 a.m.
Hempstead G. O., N. Y.	7,320,000	--------	--------
Kansas City Sch. Dist., Mo.	2,900,000	1964-1983	Noon
Long Beach Unified Sch. Dist., Cal.	1,500,000	1964-1983	--------
Lumberton Sch. Dist., N. C.	1,415,000	1965-1988	11:00 a.m.
Mission Indep. Sch. Dist., Texas	1,090,000	1964-1991	7:30 p.m.
Newton School District, N. J.	1,050,000	1964-1979	8:00 p.m.
Pa. State Hwy. & Bridge Au., Pa.	35,000,000	1964-1983	Noon
Santiago Water Dist., Calif.	1,000,000	1966-1993	8:00 p.m.
Tucson, Ariz.	3,800,000	1965-1983	10:00 a.m.
Washoe County, Nev.	1,000,000	1964-1983	11:00 a.m.
Ysleta Indep. Sch. Dist., Texas	2,500,000	1965-1988	7:30 p.m.
October 16 (Wednesday)			
Baton Rouge, La.	30,000,000	1964-1988	11:00 a.m.
Bethlehem City Area S. D., Pa.	8,000,000	1965-1985	7:30 p.m.
Orleans Parish School, La.	3,500,000	1964-1983	10:00 a.m.
Richland County, S. C.	2,200,000	1965-1983	Noon
St. Clair Shores Sch. Dist., Mich.	1,985,000	1966-1993	7:30 p.m.
Vermont (Hghwy, Sch. & Sewer)	6,200,000	1964-1983	11:00 a.m.
October 17 (Thursday)			
Austin, Texas	14,000,000	--------	--------
October 22 (Tuesday)			
Huntington Beach S. D., Bldg., Cal.	1,000,000	1964-1983	11:00 a.m.
Nevada State Building	2,150,000	1964-1973	9:00 a.m.
Pierce County Clover Park School District No. 400, Wash.	1,000,000	1965-1983	11:00 a.m.
Rayne, La.	2,008,000	1964-1988	
October 23 (Wednesday)			
California Toll Bridge Authority	75,000,000	1964-1992	11:00 a.m.
Folsom Joint Unified S. D., Calif.	2,375,000	1965-1988	10:00 a.m.
October 24 (Thursday)			
Port of Seattle, Wash.	6,000,000	1964-1983	11:00 a.m.
October 25 (Friday)			
Cleveland City Sch. Dist., Ohio	10,000,000	--------	--------
October 28 (Monday)			
Lane County S. D. No. 19, Ore.	3,450,000	--------	--------
Salinas, Calif.	5,174,000	--------	--------
October 29 (Tuesday)			
Los Angeles County Flood Control District, Calif.	15,000,000	--------	--------
Ramsey County Hosp. Bldg., Minn.	7,150,000	1964-1993	--------
October 30 (Wednesday)			
Lenape Regional High S. D., N. J.	1,575,000	1965-1993	8:00 p.m.

Stocks in the Jet Set

By Dr. Ira U. Cobleigh, *Economist*

A report on improved conditions in the airline industry evidenced by higher altitudes in traffic volumes, net earnings and share prices; plus brief logs on the superior performance of certain companies.

The airline business has been a "growth" one from the very start, and it still is; but probably no other major industry has offered its investors such a seesaw between high hopes and profit disappointments. Right after the war the air stocks looked wonderful and had a projected growth curve which appeared more attractive than that of electric utilities. In point of traffic increase this curve materialized, but in the distillation of gross revenues into net earnings, airline performance has been uneven, baffling and frustrating.

Clearer Horizons

There is much evidence now, however, that the air transport industry has solved many of its problems, and offers better long term prospects today than it has at any time in the past eight years. Traffic, as represented by domestic revenue passenger miles in 1962, increased at the rate of 8% over 1961, and will advance another 8% this year. The revenue passenger miles for 1962 totaled 32.1 billion; the figure should be above 34.5 billion this year. Our expanding population should continue this business expansion, especially as air travel becomes increasingly popular and because, even now, only 25% of our population has ever flown.

Load Factor

Against this attractive gain in traffic, the major problem in the industry has been the passenger load factor. Spurred by competition, and the important operating advantages of big jets, most lines have effected major conversions from piston planes, and in the process have built up overcapacity. For example available seat miles were 60.1 billion in 1962, against 32.1 billion passenger miles actually paid for—a passenger load factor of 53.4%, down from 61.5% for 1959. This downtrend has now been reversed, and since most lines have substantially completed their jet re-equipment programs, we would expect a fairly steady improvement in load factor percentages for the next five years. The normal increase in traffic should achieve this, aided by aggressive merchandising by the lines including lower priced coach fares, economy class travel and discounts for family travel and for military personnel. Ahead, too are expected fat traffic bulges as millions travel to the New York World's Fair, and the more opulent visit the Tokyo Olympics.

Improved Operating Efficiencies

Another way to offset overcapacity is through improved operating efficiency. It costs almost as much to run an empty plane as a full one; so smart airline managements have gotten to work on the break-even load factor. This is the percentage of seats required to break even before interest and taxes. In 1959, for the entire industry this key number was 57.5%. It was lowered to 51.4% in 1962 and, today, the airline can break even if half the seats on a flight run are filled (and paid for). So important is this occupancy factor that just one percentage point gain in the spread between the break-even point, and the actual load factor, can add $30 million to operating profits of the airlines (assuming no substantial change in fare schedules).

Constructive Regulation

Considerable benefits to the air transport industry now accrue from a more considerate and helpful regulatory climate than prevailed a few years back. The Civil Aeronautics Board reduced costly competition in taking Northeast off the Miami run; it has pending a decision on application of Western and Continental to enter the California to Hawaii run. Most important, however, was the CAB opinion in 1960 setting 10½% as a reasonable and proper long term rate of return on airline investment. Under the CAB formula, the return on investment was only 4.4% in 1962; and 10½% has not been earned since 1955.

Substantial Recovery

Between the last really good year, 1955, and 1961 airline debt surged upward, expenses increased, and industry profits fell from $63 million in 1955 to a loss of $35 million in 1961. Since then there has been a notable improvement, particularly in the last 10 months. For the first half of 1963 operating profits of domestic trunk lines totaled $48.8 million, or double the figure for the same 1962 period. At the current rate, total operating earnings for the year might exceed $120 million, a record figure.

With equipment purchase schedules moving toward completion and fewer new planes being ordered, the cash flow of the industry this year should exceed $300 million and make possible not only increased reduction of debt, but more generous treatment of common stockholders.

Pan American

Pan American which ranks as the world's largest international airline is now cashing in on the major economies of jets on long haul runs. Its fleet is in excellent shape, it has a lot of sideline revenue (such as running much of the maintenance and island stationing for our Military Missile Program); it benefits from the upsurge in international travel, and a 5% fare boost last spring. Investors may choose between the common at 39, paying 80c, or the Pan-Am 4⅞% debentures at 131 convertible into common at 30. Per share net may run above $3.40 this year, as against $2.23 in 1962 (not allowing for conversions) and an increased dividend seems reasonable to anticipate.

National

National Airlines was the major beneficiary of the long Eastern Airlines strike, and showed $3.04 per share for fiscal year ended June 30, 1963. The stock at 37 is particularly attractive assuming Northeast does not reenter the Miami run; and should resume dividends shortly. National, too, has convertibles but they sell at 243. When they're all converted, National will have 2.1 million outstanding shares.

United

United is our largest domestic trunk line—and its common has a definite quality status. It has 6,087,000 common shares outstanding, selling at 36 with an indicated 50c dividend. United may tread water for a while, due to interest charges in financing of 40 Boeing 727 short range jets, and costs of introducing this new fleet. This investment should flower, however, by 1966, and, for the long range, United has an attractive flight pattern.

Western Air Lines

This line has as its service area one of the most rapidly growing sections of America both in respect to population and economic activity. It is a well managed, well financed line, heavy on cash flow and its common stock is not subject to dilution by convertible securities. In fact, many perceptive investors favor Western common because it has the least number of shares outstanding, 1,431,000. The stock behaves well marketwise, sells at 62, pays a $1 dividend, which could be increased. If in addition, Western is granted a run to Hawaii, new dimensions would be added to earning power.

With rising traffic trends, improving load factors, less expenditure for new equipment, and leveraged financial structures (64% debt, 36% equity) airline issues look much more dependable today than they did a year ago, when they were selling at much lower prices. Flight of capital into them may continue to be rewarding.

Customers Brokers Hold Steel Forum

The Association of Customers' Brokers will hold a forum on the steel industry on Oct. 10 at 15 William Street, New York City. Speakers will be Theodore H. Gerken of Laird & Company and Thomas D. Moder of Walter B. Delafield & Co.

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 Quarterly—Review—M. A. Schapiro & Co., Inc., 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available is a report on **New York Clearing House Association Banks.**

Copper Industry — Review — Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available is a review of **North American Aviation, Inc.**

Food Industry — Analysis — Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available are reports on **Dresser Industries, Ethical Drug Industry, Eversharp, McGraw Hill Inc., Schlumberger Ltd., Virginia Electric & Power** and **Warner & Swasey.**

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.

Gifts of Securities for Minors—Brochure explaining how stock may be transferred to minors under Pennsylvania's Uniform Gifts to Minors Act — Pennsylvania Power & Light Company, 901 Hamilton Street, Allentown, Pa. 18101.

Government Development Bank of Puerto Rico—Annual Report—Government Development Bank, San Juan, Puerto Rico.

Insurance Stocks — Analysis —Laird,, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

Japan in the World Economy—Discussion in current issue of "Fuji Bank Bulletin"—The Fuji Bank Ltd., Research Division, 1-6, Ote-machi, Chiyoda-ku, Tokyo. Also in the same issue is a discussion of **Japan's Cotton Industry.**

Life Insurance Companies—Comparative analysis of 78 medium and small companies — Ralph B. Leonard & Sons, Inc., 50 Broadway, New York, N. Y. 10004.

Life Insurance Stocks — Bulletin —Dempsey-Tegeler & Co., Inc., 1000 Locust Street, St. Louis, Mo. 63101. Also available is an analysis of **Cabot Corp.**

Life Insurance Stocks—Comparative analysis of 100 companies—Universal Securities Corporation, Brown-Marx Building, Birmingham, Ala 35203. Also available are analyses of **GreatAmerica Corp., Life and Casualty Insurance Company of Tennessee, Alabama National Life Insurance Company** and **Gulf Life Insurance Company of Jacksonville.**

Natural Gas — Report — David L. Babson and Company, Incorporated, 89 Broad Street, Boston, Mass. 02110.

"New Issues" of 1961-2-3—Study of market performance, earnings, and other data—Troster, Singer & Co., 74 Trinity Place, New York, N. Y. 10006.

New Tax on Foreign Securities—Report—Carl Marks & Co., Inc., 20 Broad Street, New York, N. Y. 10005.

Our Invisible Highways—Discussion of pipelines in September issue of The Exchange Magazine —The Exchange Magazine, 11 Wall Street, New York, N. Y. 10005 — 25¢ per copy; $2.00 per year. Also in the same issue is an article on the nation's **Productive Capacity, Closed End Investment Companies,** and comments on **Mattel, Inc., Del E. Webb Corp., Arlan's Department Stores, Atlas Credit Corp.** and **Servomation.**

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

Paper Industry—Analysis—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **American Investment Company of Illinois, FMC Corp., Interstate Dept. Stores, Bigelow Sanford, Illinois Central Industries, Canadian Pacific, Union Pacific** and **Northern Pacific.**

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

Public Utility Industry — Review —Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Savings & Loan Associations—Analysis with particular reference to **First Charter Financial, Great Western Financial, San Diego Imperial** — Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available are comments on **U. S. Steel, Container Corp., Crown Zellerbach, West Virginia Pulp & Paper, American Telephone & Telegraph** and **General Mills.**

Steel Industry—Analysis of outlook — Fahnestock & Co., 65 Broadway, New York, N. Y. 10006.

Treasury Bonds—Bulletin—New York Hanseatic Corporation, 60 Broad Street, New York, N. Y. 10004.

Treasure Chest in the Growing West — Brochure describing the opportunities in the Utah-Idaho-Wyoming-Colorado area served—Utah Power & Light Co., Dept. K, Box 899, Salt Lake City, Utah. 84110

Wall Street Transcript — Weekly publication containing full original text of brokers comments and reports, reprinted and cross-indexed — Available on annual subscription — Copy of current issue $1—Wall Street Transcript, Dept. 928, 54 Wall Street, New York, N. Y. 10005

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Allied Chemical — Analysis — Cohen, Simonson & Co., 25 Broad Street, New York, N. Y. 10004. Also available are analyses of **Bullock's Inc., Rexall Drug & Chemical** and **Toledo Edison.**

American Express Company — Analysis — Schwabacher & Co., 100 Montgomery St., San Francisco, Calif. 94104. Also available are analyses of **Reynolds and Reynolds Company** and **Walt Disney Productions.**

American Financial Corporation—Analysis—Westheimer and Company, 124 East Fourth St., Cincinnati, Ohio 45202.

American Investment Company of Illinois — Report — W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005. Also available are reports on **H. J. Heinz Co., Beet Sugar Refiners, Northern Indiana Public Service Co., Rails M. Lowenstein & Sons** and **Englehard Industries.**

American Motors Corporation — Analysis — Halle & Stieglitz, 52 Wall Street, New York, N. Y. 10005.

American National Insurance Company of Galveston—Analysis —Equitable Securities Corporation, 322 Union Street, Nashville, Tenn. 37203. Also available is an analysis of **Southland Life Insurance Company of Dallas.**

American Sterilizer Company—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **Roadway Express Inc.**

Arizona Public Service Company —Review — D. H. Blair & Company, 5 Hanover Square, New York, N. Y. 10004. Also available is a review of **Richfield Oil Corp.**

Bethlehem Steel—Report—Hayden, Stone & Co., Inc., 25 Broad Street, New York, N. Y. 10004. Also available are reports on **Westinghouse Electric** and **Minerals & Chemicals Philipp.**

British Newfoundland Corporation Limited — Analysis — Davidson & Company, 25 Adelaide St., West, Toronto, Ont., Canada.

Brunswick Corp. — Discussion in current issue of "Investors Reader" — Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York, N. Y. 10005. Also in the same issue are discussions of **Dobbs Houses Inc., Fieldcrest Mills, Masonite, Clark Equipment Company, Ogden Corp., Ampex** and **Charles of the Ritz Inc.**

Caterpillar Tractor Company — Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are reviews of **Coca Cola Bottling Company of New York** and **First National Stores.**

Central Maine Power Company—Analysis—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are analyses of **New England Electric System** and **New England Gas & Electric Associates** and comments on **Ford Motor, Standard Oil of Ohio, New York State Electric & Gas, Mercantile Stores, Becton, Dickinson, Great Western Financial, U. S. Rubber** and **Pacific Lighting.**

Coastal States Gas Producing—Comments — Ross & Hirsch, 120 Broadway, New York, N. Y. 10005. Also available are comments on **Dymo Industries** and **Metromedia.**

Columbia Broadcasting System—Analyses — Freehling & Co., 120 South La Salle St., Chicago, Ill. 60603.

Crowell Collier—Report—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004. Also available is a report on **Southeastern Public Service.**

Duffy Mott Company, Inc.—Analysis—Birr, Wilson & Co., Inc., 155 Sansome Street, San Francisco, Calif. 94104. Also available is a report on **Beryllium Corp.**

Electronic Research Associates—Analysis — Colby & Company, Inc., 85 State Street, Boston, Mass. 02109 (firm requests stamped addressed envelope when writing for copies). Also available is an analysis of **Masonite Corp.**

Electronic Specialty Co. — Technical analysis—McDonnell & Co. Incorporated, 120 Broadway, New York, N. Y. 10005.

Fairmont Foods — Comments — Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004. Also available are comments on **General Mills.**

General Tire & Rubber Company —Analysis—Van Alstyne, Noel & Co., 40 Wall Street, New York, N. Y. 10005. Also available are analyses of **Kennecott Copper** and **Procter & Gamble.**

Hammermill Paper Company—Analysis — Shearson, Hammill & Co., 14 Wall Street, New York, N. Y. 10005. Also available is an analysis of **Royal Dutch Petroleum.**

R. M. Hollingshead Corp.—Analysis—Hay, Fales & Co., 71 Broadway, New York, N. Y. 10006.

Koehring Company — Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee, Wis. 53202. Also available are analyses of **Time Incorporated** and **Universal Foods Corp.**

Madway Main Line Homes—Analysis—Robinson & Co., Inc., 15th and Chestnut Streets, Philadelphia, Pa. 19102.

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

New York & Harlem-New York Central — Analysis — Vilas & Hickey, 26 Broadway, New York, N. Y. 10004.

Nopco Chemical Company—Analysis—Edward & Hanly, 100 No. Franklin St., Hempstead, N. Y. Also available is a report on **Holiday Inns of America.**

Radio Corporation of America—Review—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Rayonier Incorporated—Analysis —Herzfeld & Stern, 30 Broad St., New York, N. Y. 10004.

Synod of Washington-Alaska of The United Presbyterian Church —Bulletin—B. C. Ziegler & Co., Security Building, West Bend, Wis.

Teck Corporation Limited—Bulletin—Gairdner & Company Ltd., 320 Bay Street, Toronto, Ont., Canada.

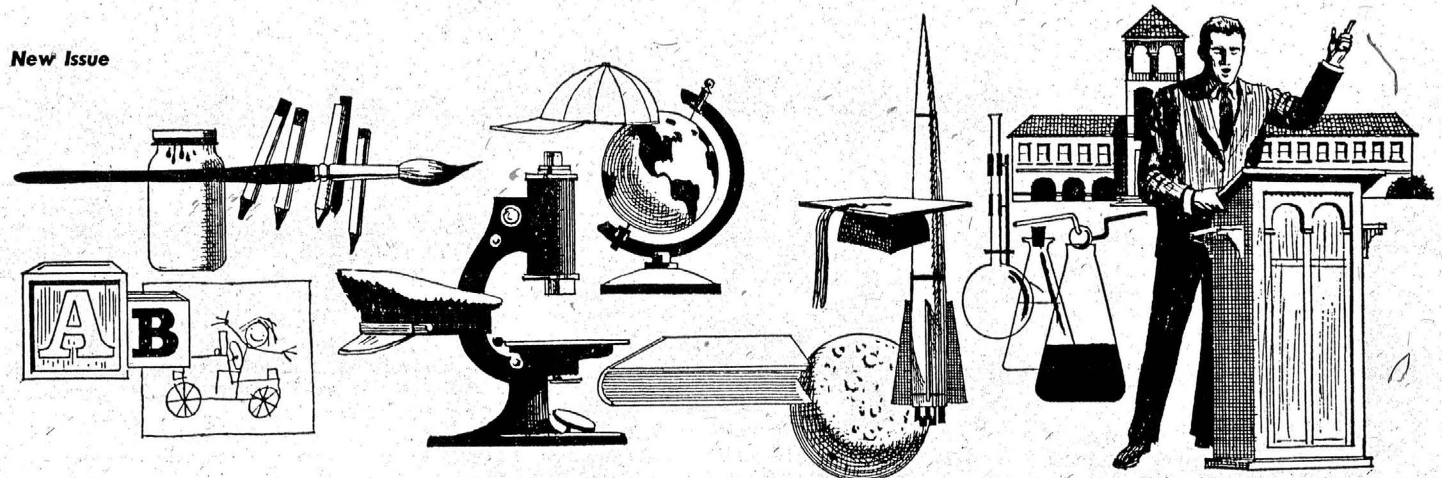
Trans Canada Pipe Lines Ltd.—Analysis—Midland-Osler Securities Limited, 44 King Street, West, Toronto, Canada.

Transcontinental Investing Corp. —Analysis—D. J. Singer & Company, 50 Broad Street, New York, N. Y. 10004.

Travelers Insurance Company—Analysis—Putnam & Co., 6 Central Row, Hartford, Conn. 06103.

U. S. Vitamin & Pharmaceutical Corp.—Bulletin—De Witt Conklin Organization, 120 Broadway, New York, N. Y. 10005.

New Issue



$25,000,000

Los Angeles Unified School District

Los Angeles County, California

4¼%, 2¾%, 3% and 3.20% Bonds, Election 1963, Series A

Dated October 1, 1963 ***Due October 1, 1964-88, incl.***

Payment and Registration—Principal and semi-annual interest (April 1 and October 1) payable, at the option of the holder, at the office of the Treasurer of Los Angeles County in Los Angeles, California, or at any of the fiscal agencies of the County in New York, N. Y., or in Chicago, Ill. First coupon (annual) payable October 1, 1964. Coupon bonds in denomination of $1,000 registrable only as to both principal and interest.

Tax Exemption—In the opinion of counsel, interest payable by the District upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment—We believe that these bonds are legal investments in New York for savings banks and trust funds and in California for savings banks, subject to the legal limitations upon the amount of a bank's investment, and are likewise legal investments in California for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

Purpose and Security—These bonds, issued under provisions of Chapter 7, Division XVI, California Education Code, for various school purposes, in the opinion of counsel constitute valid and legally binding obligations of the Los Angeles Unified School District and are payable, both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable real property in said District and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, in said District.

***Tax Gain, Amortization of Premium**—These bonds will be initially issued by the above named political subdivision at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.*

***Legal Opinion**—The above bonds are offered when, as and if issued and received by the underwriters listed below as well as other underwriters not shown, whose names will be furnished on request, and subject to approval of legality by Messrs. O'Melveny & Myers, Attorneys, Los Angeles, California, a copy of whose legal opinion will be printed on each bond.*

AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

Amount	Coupon Rate	Due	Yield or Price
$1,000,000	4¼%	1964	1.90%
1,000,000	4¼	1965	2.15%
1,000,000	4¼	1966	2.25%
1,000,000	4¼	1967	2.35%
1,000,000	4¼	1968	2.45%
1,000,000	2¾	1969	2.55%
1,000,000	2¾	1970	2.65%
1,000,000	2¾	1971	2.70%
1,000,000	2¾	1972	100
1,000,000	2¾	1973	2.80%
1,000,000	2¾	1974	2.85%
1,000,000	3	1975	2.90%
1,000,000	3	1976	2.95%
1,000,000	3	1977	2.95%
1,000,000	3	1978	100
1,000,000	3	1979	100
1,000,000	3	1980	3.05%
1,000,000	3	1981	3.05%
1,000,000	3	1982	3.10%
1,000,000	3.20	1983	3.15%
1,000,000	3.20	1984	3.15%
1,000,000	3.20	1985	100
1,000,000	3.20	1986	100
1,000,000	3.20	1987	100
1,000,000	3.20	1988	100

Bank of America N.T. & S.A. — First National City Bank *New York* — The Chase Manhattan Bank — Bankers Trust Company — Harris Trust and Savings Bank — Morgan Guaranty Trust Company *of New York*

Blyth & Co., Inc. — The First Boston Corporation — The First National Bank of Chicago — Wells Fargo Bank — Crocker-Anglo National Bank — Continental Illinois National Bank and Trust Company of Chicago

Chemical Bank New York Trust Company — The Northern Trust Company — Glore, Forgan & Co. — Merrill Lynch, Pierce, Fenner & Smith *Incorporated* — Dean Witter & Co. — The First National Bank *of Oregon*

Seattle-First National Bank — The Philadelphia National Bank — Mellon National Bank and Trust Company — William R. Staats & Co. — Mercantile Trust Company — Hornblower & Weeks

J. Barth & Co. — John Nuveen & Co. *(Incorporated)* — E. F. Hutton & Company Inc. — Shearson, Hammill & Co. — Ira Haupt & Co. — Paribas Corporation — L. F. Rothschild & Co.

Republic National Bank *of Dallas* — First National Bank in Dallas — Bacon, Whipple & Co. — Banco Credito — William Blair & Company — Clark, Dodge & Co. *Incorporated* — Francis I. duPont & Co. — Federation Bank and Trust Co.

First Southwest Company — W. E. Hutton & Co. — Lyons, Hannahs & Lee, Inc. — Mercantile National Bank at Dallas — New York Hanseatic Corporation — Wm. E. Pollock & Co., Inc. — Roosevelt & Cross *Incorporated*

Stone & Youngberg — Stroud & Company *Incorporated* — Taylor and Company — Trust Company of Georgia — Wachovia Bank and Trust Company — Walston & Co. *Inc.* — Wood, Struthers & Co. Inc.

Blunt Ellis & Simmons — Coffin & Burr — Commerce Trust Company *Kansas City, Mo.* — R. S. Dickson & Company *Incorporated* — J. B. Hanauer & Co. *Beverly Hills, Calif.* — Henry Harris & Sons *Incorporated* — J. A. Hogle & Co. — The Illinois Company *Incorporated*

Kenower, MacArthur & Co. — Irving Lundborg & Co. — The National City Bank *of Cleveland* — National State Bank of Newark — Shuman, Agnew & Co. — Stern, Lauer & Co. — G. H. Walker & Co. — Chas. E. Weigold & Co. *Incorporated*

Wells & Christensen *Incorporated* — American Fletcher National Bank *and Trust Company* — Allan Blair & Company — Burns, Corbett & Pickard, Inc. — Childs Securities Corporation — Julien Collins & Company — Cooley & Company

Dallas Union Securities Co., Inc. — Dempsey, Tegeler & Co., Inc. — A. G. Edwards & Sons — Fahey, Clark & Co. — Fidelity-Philadelphia Trust Company — Field, Richards & Co. — The First of Arizona Company

First National Bank *In St. Louis* — The Fort Worth National Bank — Ginther & Company — Hannaford & Talbot *A Corporation* — Johnston, Lemon & Co. — Kalman & Company, Inc. — Kaufman Bros. Co. — Kean, Taylor & Co.

Lawson, Levy, Williams & Stern — Moroney, Beissner & Co., Inc. — J. A. Overton & Co. — Robinson & Co., Inc. — Seasongood & Mayer — Seattle Trust and Savings Bank — Stein Bros. & Boyce

Stern, Frank, Meyer & Fox — Stockyards National Bank *Wichita, Kans.* — Stubbs, Watkins & Lombardo, Inc. — Tilney & Company — Tripp & Co., Inc. — Wagenseller & Durst, Inc. — Wood, Gundy & Co., Inc.

Robert W. Baird & Co., *Incorporated* — The Continental Bank and Trust Company *of Salt Lake City* — Jones, Cosgrove & Miller — Manley, Bennett, McDonald & Co. — Mitchum, Jones & Templeton *Incorporated*

October 2, 1963 — Pierce, Wulbern, Murphey, Inc. — Thornton, Farish & Gauntt, Inc. — C. N. White & Co.

A circular relating to these bonds may be obtained from any of the above named underwriters, as well as other underwriters not shown whose names will be furnished on request.

A "Look Ahead" Opens Up Some Disquieting Vistas

By Dale E. Sharp, Vice-Chairman of the Board, Morgan Guaranty Trust Company of New York, New York City*

A thorough examination of the forces affecting the banking and economic outlook is made by Mr. Sharp. The bankers warns that an easy money policy and easy spending may seem like a less onerous way to stimulate the economy, popular with the voter, but it cannot compare with policies creating a climate encouraging to growth. Mr. Sharp believes the tax-cut proposal will stimulate capital formation; hopes government spending—will be kept in check; directs attention to the importance of profits; sees no over-liquidity in the economy but warns of the spread of over-banking; explains why long-term rates have declined and the effect of Treasury-Federal Reserve monetary moves.

"Looking ahead" is an ambiguous term—it could be confined to one week or extended for a decade, and the hazard of projection increases as the time period is lengthened. Anyone trying to look ahead even five or six years necessarily makes a mere extension of present trends and of present relationships to other statistical series.


Dale E. Sharp

The results of long-term projections can be rather startling—for example, if our loans and deposits in the next six years grow at the same rate as they did in the last six, loans will have risen by $72 billion, time deposits by $86 billion, and demand deposits by $9 billion. One might make a case for expecting time deposits to increase at a somewhat slower pace and demand deposits somewhat faster. In any event this would seem to indicate that our banks will be doing a big volume of business. However, our earnings may suffer from the greater difficulty in profitably investing the steady increment of time deposit money, and the necessity to lend several times as much when the funds are derived from time deposits as when they come from demand deposits, to net the same amount of interest. Furthermore, it seems fairly clear that we cannot count on an increase in lending rates such as we have experienced in the last decade. In fact, this pressure to lend has already resulted in an appreciable decline in rates on some types of loans, and as long as high-grade long-term corporate bonds can be sold to yield less than the prime rate, there appears to be a ceiling over it.

In the meantime, rates paid for time deposits keep rising and may rise even more if the balance-of-payments situation becomes more acute and the Fed should decide to tighten money rates farther.

One area where there still is a respectable margin of loan interest over the cost of money is in the foreign field. However, even in the big banks with international connections, there is a limit to the amount and type of foreign loans that they can make, whether regulated or not, and to most of the smaller banks, the subject is academic. So the international field is not likely to figure importantly in our earnings growth.

Over-Banked Areas

How then can we plan for growth in bank earnings — how avoid not only a declining profit margin but also a reduction in return on capital funds to a point, perhaps, where new capital to support the expanded liabilities will again be difficult to corral?

Some economists might argue that return on bank capital is too high, as there seems always to be money to start a new bank. I suspect, however, that sometimes this is in the expectation of selling out to another bank within a few years at a handsome profit. But maybe our business is too easy to make money in. If so, that may be corrected in not too long a time by the regulatory authorities' attitudes *against* mergers and *for* de novo branching, which can only end in many areas being over-banked. How many branches of how many banks does Westchester County need, for example —or Nassau? Or perhaps it will be taken care of by the increasing services that we provide free for current account customers; or the inadequate fees that we charge for those few services for which we charge at all.

Public Interest Rate Policy

With respect to the interest rates that we may expect on our earning assets, monetary policy is today directed at keeping long rates down and short rates up, now known disrespectfully as "Operation Twist." In this connection, it is important, I think, to make a distinction between the aims of monetary policy and the techniques used to carry it out. In the broad sense, "Operation Twist" could refer to the attempt on the part of the monetary authorities to keep a substantial excess of liquidity in the economy in order to encourage economic growth, and at the same time to maintain a floor under short-term rates to prevent this liquidity from spilling over into foreign investments. The jury is still out on the question of the ultimate success of this operation; but the squeeze on bank profit margins can be listed as a by-product. To those who are specifically concerned with the government securities market, "Operation Twist" has a more restricted meaning, one that refers to the changed technique of the Federal Reserve in conducting open market operations—a change from the traditional role of the Federal Reserve operating exclusively in the very short-term sector to one of dealing in the whole gamut of maturities in an attempt to "nudge" open market prices.

Monetary policy is compounded of several ingredients of which Federal Reserve open-market operations are only one. The discount rate, the financing methods of the Treasury, the level of free reserves in the banking system, and the fixing of time deposit rates under Regulation "Q" are also potent.

Long Term Rates Depressed by Banks

The discount rate and Treasury financing have worked together to force short rates up. On the other hand, the now long-continued policy of maintaining a substantial quantity of free reserves has provided more than ample funds for the banking system, and since the Regulation "Q" limits were raised, the banks have been flooded with time deposits. With business borrowing confined to a weak upward trend, this money has been seeking investment at rates that return a reasonable profit, and has heightened competition on both rate and term in several areas, notably in the case of real estate mortgages, consumer loans, and municipal bonds. In my opinion, it is these factors that have largely been responsible for the decline in long-term interest rates, and not the purchases of long-term governments by the Fed. The latter, I believe, has actually impaired the breadth, depth, and resiliency of the government securities market.

It is clear that Fed intervention has *not* resulted in lower rates for long-term governments. Sidney Homer of Salomon Bros. & Hutzler in a release dated Sept. 9 of this year, presented a tabulation of present yields with those of May, 1961. On the latter date long governments yielded 3.78%, now 4.19%. New issue of Aa utilities then yielded 4.75%, now 4.42%. One might reasonably ask, why this disparity in trend? Why in the face of continued intervention have government bond prices drifted downward and utilities actually risen in price and sharply narrowed the traditional spread? It may possibly be due to a search for the highest yield, but it could also be due to investors' lack of confidence in the market for governments, knowing that their marketability, in any volume, at least, is limited to one buyer. Whatever the reason, it has made more difficult the always difficult job of the Treasury in trying to lengthen its maturities. At times, it even appears to have resulted in their having to offer better terms than should have been required.

Sees No Over-Liquidity in the Economy

For myself, I do not foresee any near-term prospect of much better lending rates for the banks, and suppose that we will continue to bid up the prices of medium and long-term investment media through having paid too much for time deposits which will continue to flow into the system if Fed policy remains the same. There has been some suggestion that the economy is actually over-liquid because of the sharp rise in liquid assets held by the public. However, as a percentage of the GNP, they were not, at the end of 1962, much above most recent years and were still somewhat below 1955 and 1958. To be sure, there has been a marked change in the composition of the liquid assets. Again in relationship to the GNP, conventional money, that is, demand deposits and currency outside the banks, had declined from 34% in 1955 to 26.7% in

Continued on page 26

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

New York State is almost the only State in the Union to nominate its senatorial candidates in party convention. So its selection next year will be strictly bossed, repeating the intra-party fights which have been so disastrous for the Democrats in recent years. Congressman Samuel S. Stratton from upstate New York has been trying to get Governor Rockefeller to change the law and require a primary but so far has been unsuccessful. Stratton, Franklin D. Roosevelt, Jr., Averill Harriman, Jim Farley and Mayor Wagner are all considered possibilities for the nomination.

In 1958, the then Tammany boss, Carmine DeSapio, forced the nomination of District Attorney Frank Hogan for Senator in the State convention and the Democrats lost to Republican Senator Kenneth D. Keating. And in 1962, the new party boss, Mayor Bob Wagner—aided and abetted, it is charged, by the White House — forced the nomination of United States District Attorney Robert M. Morgenthau for Governor and James B. Donovan, the attorney who acted as go-between to ransom the Bay of Pigs prisoners from Cuban jails, for Senator. The results were Republican victories by half a million and a million votes.

Except Mr. Farley and Mr. Stratton, the others have had their defeat at the polls. Mr. Harriman, elected Governor in 1958, was defeated for re-election by Rockefeller. Mr. Wagner was defeated for Senator when he ran against Republican Senator Javits in 1956, and Mr. Roosevelt running for Attorney General against Mr. Javits in 1954, was defeated. Mr. Farley has never been a nominee for high elective State or national office. Mr. Stratton has three times been elected to Congress in up-state, usually strong Republican territory.

In the coming selection of a Democratic candidate for Senator, the "word" is expected from the White House or from the Mayor's office in New York. It is understood that President Kennedy is strongly interested in defeating Senator Keating, who has been a thorn in his side, due to the Senator's many criticisms of his handling of the Cuban mess. State Democratic leaders say they will nominate the man Mr. Kennedy wishes as his running mate. The rub, however, is the disappointment of other aspirants for the Senate job and their supporters which will come from presidential interference. The Democratic Party in New York already has going many bitter feuds.

Representative Stratton has strong support up-state, where Mr. Wagner is looked upon with suspicion. Mr. Wagner is an old story politically. Mr. Stratton is young and an attractive, aggressive compaigner. A number of polls of political sentiment have shown him in the lead for a senatorial nomination.

Franklin D. Roosevelt, Jr., has the fact working for him that his name is tremendously well known and the President's gratitude for his effective campaign for the President in the 1960 presidential primary in West Virginia, and his earlier service as a member of the House. Mr. Farley, a strong figure in New York Democratic circles as Democratic National Chairman and Democratic State Chairman, is the best loved Democrat in the State today. But he has been regarded as an elder statesman rather than as an active candidate for office. Nevertheless, he would be a tough candidate to beat in a statewide contest.

So far there are no announced candidates for the senatorial nomination—least of all any announcement by Mr. Harriman. But Mr. Harriman has been basking in the warm glow of his success in Moscow. Some of the Democratic leaders here are saying he would make an ideal Senator. That he would make an attractive campaigner is something else, however, and Senator Keating is regarded as a stronger Republican candidate than when he won in 1958. It is still remembered that Mr. Harriman went down to defeat by more than half a million votes to Governor Rockefeller in a year the Democrats were gaining all over the country.

The other big States of the Union all now nominate by primaries, including California, Pennsylvania, Illinois and Ohio. Perhaps Mr. Stratton will win his fight eventually, despite opposition on the part of the "bosses" or would-be bosses.

P. F. Fox & Co. 35th Anniversary

The firm of P. F. Fox & Co., Inc., 120 Broadway, New York City, on Sept. 28 marked its 35th anniversary in the investment business.


P. Fred Fox

The company, which began operation on Sept. 28, 1928 under the leadership of its current President and Treasurer, P. Fred Fox, has grown to where it provides special service in public utility, railroad and industrial issues to retail organizations, investment trusts and institutions in key investment cities across the country. It has been instrumental in effecting numerous significant mergers and acquisitions in recent years.

Taylor Opens Office

CASTRO VALLEY, Calif. — Eric W. Taylor is engaging in a securities business from offices at 4548 Lawrence Drive, under the firm name of Eric Taylor & Company.

Form Whiteside Co.

LUBBOCK, Texas — Whiteside & Co., Inc. has been formed with offices at 2413 Thirty-fourth St., to engage in a securities business. Clarence K. Whiteside is a principal of the firm.

MUTUAL FUNDS

BY JOSEPH C. POTTER

The Age of Specialists

A New Jersey commuter, engaged in the import-export trade, homeward bound after a busy day at the office, was talking about investments to a trio of fellow-travelers. All of these fellows spend a good deal of their riding time talking about the stock market, but the import-export man, although he does not earn his livelihood in Wall Street, commands considerable attention. It may be because he speaks so seldom—and when he does, it is with modesty, restraint and knowledge.

What he was saying on this cool, sunny autumn afternoon was especially interesting because the subject, raised by the passenger alongside, was mutual funds.

"Sure," said he, "I'm a longtime investor, going back to the days after World War II. On balance, I'm happy to say that I'm way ahead. But if I had to do it all over again, I'd channel at least one-half of my funds into a mutual fund."

The import-export man, known to his neighbors as a man who invests for the long pull, waited until the chorus of "But why?" and "You would?" to die away. Then he said:

"This is the age of the specialist. Few people cut their own hair or make their own clothes. Airlines and trucking companies go outside for their vehicles. Yet a lot of people delude themselves into believing they're capable of managing investments."

If the import-export man was getting the usual attention, on this occasion he also was causing no little irritation. He might have mentioned—but he didn't—that all of his fellow-travelers had boasted of making money on a tip, had bought stocks without troubling to investigate the company, had rushed in to buy whatever their broker had recommended, had turned bullish and begged for suggestions after several days of a rising market, and had often sold stocks for no other reason than to soothe their ego with a profitable transaction.

Again, waiting for the subsidence of demurrers, the importer-exporter took up his argument.

"All right, George," said he to the fellow who had lodged the loudest protest, "explain cash flow to us. And you, Tom, tell the rest of us which companies, or even industries, are major beneficiaries of the new depreciation guidelines."

Noting that, like his father before him, he had spent his adult life buying products at home for sale abroad and buying abroad for sale to domestic firms, the fund advocate said: "You know, I find myself dealing in products I don't even understand. Why, there are industries mushrooming in the United States and Europe that make no sense to me—a master in business administration."

Whether the import-export man made any converts is not clear. Nor is it clear that this was his objective. At least he confided: "Fellows, I have yet to buy mutual-fund shares myself."

But he did set a handful of commuters to thinking, for during the next two days there was much talk about fund fees, fund management and fund choice for an investor.

Now, the kind of conversation cited in the foregoing may not be going on all over the country, but there is no doubt that many people are re-thinking their approach to the marketplace. Many of these people may never buy fund shares, but if they obtain an insight to the fund method of investing, the country will be better off for it.

As for the fund trade, which has enjoyed a mighty growth since the war, it should go on prospering. It is a field that feeds on education—the better-informed the investment public is, the more prospects there will be for the trade.

A $25-billion industry has an overriding responsibility to the investment-minded man and woman. Education is not least of the tasks to which it must address itself increasingly. The funds and investors will benefit mutually from a stepped-up program in that area.

The Funds Report

American Business Shares reports that at Aug. 31 total net assets were $27,894,187, equal to $4.24 a share, against assets of $26,233,749, or $4.36 a share, on Nov. 30, 1962, end of the last fiscal year.

* * *

Delaware Fund net assets have crossed the $150-million mark for the first time in its 25-year history, according to W. Linton Nelson, President. This climaxes an 18.2% rise in resources since the start of the year, reflecting sales of new shares, distribution reinvestment and portfolio appreciation. Net asset value per share climbed to $11.88 at the close of business on Sept. 23 from $10.43 on Jan. 1, 1963.

* * *

Investors Option Fund, Inc., reports that as of Sept. 27, 1963, total net assets were $940,000 and net asset value per share $7.63. Fund was originally offered on March 29, 1963 and had total net assets at that time of $354,900 and net asset value per share of $7.79.

I. O. F. is the only concentrated effort in the mutual fund industry in writing put and call options against its portfolio. Since March 29, dividends of $0.28 per share have been declared and paid.

* * *

Life Insurance Investors reports that at July 31 total net assets amounted to $59,188,535, or $17.26 a share. This represents an increase of $20,383,894 from a year earlier when value per share was $14.27.

* * *

Massachusetts Investors Growth Stock Fund reports that at Aug. 31, end of the third quarter of its fiscal year, net assets totaled $648,799,636, or $8.56 a share, compared with $511,467,489, equal to $7.07 a share, a year earlier.

* * *

Seymour B. Jeffries, a longtime executive and educator in the drug and pharmaceutical profession, has been elected President of **Medical Securities Fund.**

* * *

Nation-Wide Securities Co. reports that at Aug. 31 net assets totaled $56,494,669, or $23.27 a share, against $53,907,726, equal to $22.99 a share, on May 31.

* * *

Stratton Fund reports it has acquired "a large block" of North Central Airlines common stock valued at about $250,000.

Rutner, Jackson To Be NYSE Firm

LOS ANGELES, Calif. — Rutner, Jackson & Gray, Inc., 811 West Seventh Street, members of the Pacific Coast Stock Exchange, on Oct. 10, will become members of the New York Stock Exchange also.

Officers will be John G. Rutner, President; James M. Jackson, Executive Vice-President, Secretary and Treasurer; Jack H. Gray, Executive Vice-President; Charles W. Baker III, Robert T. Cosgrove, Harry R. McCourt, John P. Willoughby, Fred Funakoshi, Rex Burback and Kenneth Mann, Vice-Presidents; and Earl Dunn Assistant Secretary and Assistant Treasurer.

G. H. Walker & Co. Opens Omaha Br.

OMAHA, Neb.—G. H. Walker & Co., has announced the opening of an office in Omaha, Nebraska at 3002 Farnam Street. Earl K. Madsen will be resident manager of the new office.

Established in St. Louis in 1900, G. H. Walker & Co., members of the New York and Midwest Stock Exchanges, now has offices in 15 cities.

Mr. Madsen has been in the investment field since 1936. He was with the old Buffett & Co. as Secretary and trader, and with A. C. Allyn & Co. as resident partner and manager.

John Cunnie With Sanford & Co.

SAN FRANCISCO, Calif. — John L. Cunnie has joined Sanford & Company, 233 Sansome Street, as manager of the trading department.

Mr. Cunnie was a member of the trading department of Stone & Youngberg for three years before joining Sanford. He was a trader for First California Company the preceding six years. He is a member of the Securities Traders Association of San Francisco.

Dempsey-Tegeler Office

SEAL BEACH, Calif.—Dempsey-Tegeler & Co., Inc. has opened a branch office at 1920 St. Andrews Drive, under the direction of Charles M. Jones.

Inv. Co. Inst. Elects Eaton

Charles F. Eaton, Jr., has been elected Chairman of the Board of Governors of the Investment Company Institute. Mr. Eaton is Chairman of the Trustees of Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund, mutual funds located in Boston, and also President of Eaton & Howard, Inc., underwriter and investment adviser to the funds. The election of the new Chairman and seven new members of the 21-member Board was announced at a meeting of the Board of Governors, Friday, Sept. 27, 1963.

Chas. F. Eaton, Jr.

The Institute is the national organization of the mutual fund industry. Its 169 mutual fund members represent approximately 94% of the industry's total net assets.

Mr. Eaton succeeds Charles H. Schimpff, President of American Mutual Fund, Inc., of Los Angeles. Mr. Schimpff will continue as a Board member until his term expires in 1965. The Chairman's term runs for one year.

Elected with Mr. Eaton to three-year Board terms were: George F. Bennett of State Street Investment Corporation, Boston; Maurice T. Freeman of Loomis-Sayles Mutual Fund, Inc., Boston; John R. Haire of Fundamental Investors, Inc., Elizabeth, N. J.; Allan B. Hunter of One William Street Fund, Inc., New York; Stanley F. Teele of The George Putnam Fund of Boston, and Francis S. Williams of Chemical Fund, Inc., New York.

The fiscal year of the Institute runs from Oct. 1 through Sept. 30, with one third of the Board of Governors elected by the membership each year.

The Board also announced the makeup of the Executive Committee, which acts for the Board of Governors in maintaining close contact with the day-to-day operations of the Institute.

For the coming fiscal year, the Executive Committee will be composed of the Chairman, Mr. Eaton; the President of the Institute, Dorsey Richardson; Mr. Haire, Chairman of the Investment Company Division; the Chairman of the Investment Adviser Division, Robert E. Clark of Calvin Bullock, Ltd.; Mr. Williams, Chairman of the Underwriter Division; the Chairman of the Finance Committee, Joseph E. Welch of Wellington Fund, and the Chairman of the Public Information Committee, D. George Sullivan of Fidelity Fund, Inc.

Sec. Supervisors Admit Neisser

CHICAGO, Ill. — Edward Neisser has been admitted to partnership in Security Supervisors, 135 South La Salle Street, investment counsel organization which manages the investments of Selected American Shares and other institutional and individual accounts.

Edward Neisser

Mr. Neisser, now 33, is a graduate of Yale University and received his degree of Master of Business Administration from the Harvard Graduate School of Business Administration, in 1954. After three years of service in the U. S. Navy as a Supply Officer with the rank of Lt. (j.g.) he joined Security Supervisors in 1958 as a member of its research department. He has been a lecturer in finance at Northwestern University Evening Division, and is a director of the Public Utilities Securities Club of Chicago.

The State of TRADE and INDUSTRY

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

Further improvement in business activity was registered during September according to Purchasing Executives comprising the Business Survey Committee of the National Association of Purchasing Agents. Those reporting new order improvement rose significantly from 35% to 45%, more than offsetting a 2% increase among those whose new orders declined. The rate of production improvement was even greater, spurting to 45% from 29% in the "better" category, and almost reaching April's 46%, which was the high-point for the year. The 10% reporting lower production is less than last month and the same as was posted in April, the low point for the past two years.

Tax-Reduction Stimulus

With the dog days of summer behind them, automobile changeovers mostly completed, and another moratorium in effect in the rail crisis, the survey members continued to reflect cautious optimism as the business expansion enters what is generally accepted as its 32nd month. Most felt that the third quarter was a good one and that conditions will remain so, or possibly improve further during the balance of 1963. There was a sober realization, however, that it is not uncommon for September statistics to be favorable, and that continued improvement, particularly beyond 1963, may depend on a stimulus such as the much-discussed tax reduction.

60-Day Bullish Outlook

In order to get a fresh appraisal of the near-term outlook, the Survey Committee asked what was anticipated in their business over the next 60 days: 48% replied that they expected their business to pick up, 43% looked for conditions to remain about the same, and only 9% felt there will be a slowing down.

Purchased Materials Inventories

The liquidation of purchased materials inventories noted in the August report continued at an identical pace during September, with 26% of the members making further reductions. Stocks were increased by 17% and 57% held to August levels. These figures are the same as reported last month.

To obtain a reading of short-range plans for inventories, the Purchasing Agents asked what adjustments they foresaw over the next 60 days, considering their views on probable business activity and other conditions. The result was a standoff, with 21% expecting their inventories to increase, 21% expecting them to decrease, and 58% looking toward maintenance of present levels.

Buying Policy

Purchasing Executives continued to generally base their forward commitments on present lead times, there being little indication of any tendency to extend themselves beyond these requirements. Some minor change of position is evident in production materials but 78% remain on a 60-day or less basis. MRO supply commitments indicate a lesser degree of hand-to-mouth buying during September. In fact, the 22% in this bracket is the smallest number since January, 1962. Capital commitments, on the other hand, shortened up a bit, the number reporting hand-to-mouth order placement being the largest since October, 1961. Whether this reflects a wait-and-see attitude, as the tax debate draws closer to decision, or merely a one-month fluctuation remains to be seen.

Employment

A very encouraging statistic last month was the upturn in employment after several months of a static, and more recently deteriorating rate of improvement. Now 23% said their employment increased during the past 30 days, up from 17% in August; and 12%, down from 14% last month, tell of further cutbacks. Here again, however, the Purchasing Agents said it would be well to avoid extremes of enthusiasm based on seasonally sensitive September figures alone.

Commodity Prices

Pressure on prices tightened a bit more in September; and although some trial balloons have been shot down, others remain aloft. Higher prices were reported by 24%, up from 22% a month ago, and 6% — down from 7% — note lower tags. Some members commented on an "inching up" of some prices or the changing of freight allowances and cash discounts. Nevertheless, 70% are holding the line, and important concessions can still be achieved by the alert, market-oriented buyer.

Specific Commodity Changes

The September list of specific price increases is the largest reported in two years, with metals and paper products leading the way. Higher quotes on automotive batteries, a newcomer to the list, followed a series of hikes in lead. Lumber, including plywood, flipped to the down side after a period of rising prices, reflecting settlement of the West Coast labor difficulty. Plywood was also removed from its short supply status.

Vegetable oils of various types received a flurry of mention on the down side, though no specific oil predominated.

On the *up* side are: Aluminum, lead, tin, zinc, silver, phthalic anhydride and plasticizers, glycerine, automotive batteries, lubricants, tires, and numerous paper items.

On the *down* side are: Lumber, natural rubber, and vegetable oils.

In *short* supply: Cadmium.

Bank Clearings Surge 11.5% 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. 28 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 11.5% above those of the corresponding week last year. Our preliminary totals were $35,031,410,198 against $31,412,266,161 for the same week in 1962.

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

Week End. Sept. 28—	(000s Omitted) 1963	1962	%
New York	$19,747,438	$17,383,826	+13.6
Chicago	1,319,342	1,320,736	— 0.1
Philadelphia	1,186,000	1,138,000	+ 4.2
Boston	919,250	893,208	+ 2.9
Kansas City	559,899	538,191	+ 4.0

Week's 0.9% Steel Output Advance Is the Sixth Weekly Advance in a Row and Is 6.4% Above Year-Ago Week While the Year's Cumulative Output Is 11.6% Above 1962's Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Sept. 28 was 1,879,000 tons (*100.9%) as against 1,863,000 tons (*100%) in the Sept. 21 ending week.

This long awaited fall week-to-week upward change in output was the sixth net gain in a row out of the past 18 weeks. The six weeks' gain amounts to 6.7% which portends a 100 million ton year—highest since the 112.7 million tons in 1957. The 1963 low of 1,742,000 occurred in the week ended Aug. 17 and the high of 2,626,000 tons in the week ended May 25, which was unequalled in the past two years and last equaled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline since May 25 until the week ending Aug. 24. The industry had hoped for a more vigorous upturn in the past several 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 fractionally at nine-tenth of 1% above the 1957-59 base period's average weekly output and was the highest weekly production for any week in the last half of 1962 and was last equaled in mid-July, 1963. The latest statement week's output was nearly 6.4% above that for the year-ago week.

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 83,437,000 net tons (*114.8%) which is 11.6% above the Jan. 1-Sept. 29, 1962 production of 74,782,000 net tons.

In the comparison with last week's cumulative index total of 115.2%, this week's tally faltered at 114.8% (1957-59=100).

September's output was slightly ahead of the August total of 7.8 million tons if allowance is made for the additional day in August compared to September. The year-ago September output of ingots and steel for castings aggregated 7,251,023 tons. At that time prices on about half of all steel products were 12% less than today's. Commencing last April, 1963 (not April, 1962), prices began to rise selectively so that a bit more than half of various steel products are up 12% in price.

District—	*Index of Ingot Production for Week Ending Sept. 28	Sept. 21
North East Coast	106	101
Buffalo	81	82
Pittsburgh	86	89
Youngstown	89	89
Cleveland	105	100
Detroit	144	138
Chicago	104	102
Cincinnati	111	106
St. Louis	115	114
Southern	103	104
Western	108	111
Total industry	100.9	100.0

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

Higher Sales, Cost Cuts Push Up Profits

Higher sales and cost trimming are pushing up working profits, *Steel*, a business magazine, reported.

The average rate of profitability was 4.69 cents out of each dollar of sales in the first half vs. 4.49 cents for all of last year.

The advance stemmed from a marked upturn in the second quarter. The metalworking industry's sales in the second quarter were 10.8% greater than those of the first quarter and dollar volume of net profits jumped 32.1%, according to a *Steel* analysis of figures compiled by the Securities & Exchange Commission.

First half profits as a percentage of sales in the major metalworking segments were: Transportation equipment, 5.68; instruments and related products, 5.22; primary metals, 5.02; machinery other than electrical, 4.66; electrical machinery and equipment, 3.64; and other fabricated metal products, 3.00.

More metalworking gains are ahead. Most manufacturers look for third and fourth quarter sales records. The auto and steel industries are increasing output.

Steel predicted the seventh consecutive gain in steel ingot production for the oncoming week. Output will exceed the 1,879,000 tons that the magazine said were made last week. The operations rate was above 61% of unofficial capacity.

September's production of about 7,875,000 ingot tons boosted third quarter output to 24.3 million tons and raised the total for nine months to 83.5 million tons. If fourth quarter output simply equals that of the 1962 period, this year's production will be 107.2 million tons vs. last year's 98.3 million tons.

Scrap, a steelmaking raw material, is holding steady with *Steel's* price composite on No. 1 heavy melting grade at $27 a gross ton for the fifth week.

New Processes Installed

Confident as steelmakers are about fourth quarter business, U. S. mills know that the outlook isn't as good as it could be. Reason: Foreign steelmakers are constantly increasing their participation in the U. S. market.

In July, imported mill products reached the highest monthly total in history: 599,000 tons. They took 8.7% of our domestic market.

And as more countries construct production facilities, U. S. mills will lose foreign customers. *Steel* said seven Latin American countries will add 11.9 million net tons of ingot capacity between 1960 and 1970—at a cost of about $3.5 billion.

So U. S. mills are turning to technology to make steel at lower cost.

The trend toward basic oxygen steelmaking is accelerating. *Steel* estimated basic oxygen steelmaking capacity in the U. S. has reached 11 million annual tons and another 21.4 million tons will be added by the end of 1965. Oxygen converters are attractive because of lower capital cost — about $15 a ton vs. about $150 per ton for open hearths—and because of lower operating cost.

Continuous casting is also attracting attention. For example: At an industry meeting last week, a session on the subject was moved to larger quarters because the original meeting place would not accomodate the crowd—even then it was standing room only.

Steel Price Hikes Now Cover Half the Market

Steel price increases so far this year will affect more than half of all steel products, *Iron Age* magazine reported.

Assuming increases announced early this week on several steel products spread throughout the industry, higher prices will have covered about 50% of the total steel market.

Iron Age noted that increases in flat-rolled products made last April accounted for about 40% of shipments. A recent move in oil country goods covered another 1.7%. Increases this week covered hot-rolled carbon bars, billets, slabs, and blooms. These products account for another 9.2%, if adopted industry-wide.

Iron Age said this week's price move also reflects the steel industry's new price strategy. It was made by only one producer, acting independently, and covered a fairly narrow range of products.

In effect, the market was tested. If competitive conditions warrant, the price would spread and stick through the industry. If not, others would not go along and the higher price would be withdrawn.

This is the strategy that has been employed by producers this year. Not all increases were able to withstand market pressures, some were withdrawn entirely; others were modified.

This week's increases drew immediate attention to other products that were not increased. Most logical are cold-finished bars. Since independent cold finishers must buy hot rolled bars from integrated mills, they would no doubt be forced to increase prices on cold-finished bars.

Other principal products that have not been increased are tinplate and structurals. Steel plate prices were increased in April by some producers. But these increases were withdrawn when major steelmakers did not go along.

The increases also focused attention on levels of inventories held by major steel users. In past weeks, the conviction spread that steel price firmness was a factor in many users not liquidating their steel stocks as rapidly as anticipated.

While price increases were not widely expected, the steel price structure was strong enough so purchasing people realized nothing was to be gained in price by liquidating; while there was a chance of loss if increases followed.

Further, the steel market continues to show new strength. Orders in October for November and later delivery are expected to be up significantly.

Automakers are taking closer to "normal" tonnages and other major users are ordering more heavily. These include construction equipment makers, rail car builders, farm equipment makers, and appliance makers.

Record September Auto Output Seen Followed by Record October

Output of 1964 model passenger cars in U. S. plants passed the 500,000-unit mark a week ago today, according to *Ward's Automotive Reports*. It was the earliest date on which this milestone has been reached in any model year.

Ward's said the industry "build-up" to full-scale production was nearly complete by late last week. A 13-year high in September output will be reached and the industry will roar on toward all-time record output for any month (near 800,000 cars) in October. Also forecast is a record fourth quarter.

The statistical agency fixed output last week at 151,973 passenger cars, up 7.1% from 141,852 units made in the prior week and also above 147,110 cars assembled in the same week of last year.

General Motors Corp. and Ford Motor Co. slated major increments in their car-making last week: neither has yet reached peak levels of 1963 model production, and both producers worked in Saturday overtime operations. Ford had six assembly plants and GM five definitely set for extra-time work. Several more GM plants are standing by for program extensions. Both companies have already placed some of their '64 models on sale through dealers and are accelerating output to build and maintain ample inventories for heavy introductory sales.

Chrysler Corp., meanwhile, after setting a 15-month high in its weekly production last week by working its six plants in overtime, last week returned to normal five-day work. It began selling its '64 cars Sept. 20. Chrysler was the first auto maker to complete its changeover and has reached full buildup.

Studebaker Corp and American Motors each programmed normal five-day assembly last week, Studebaker at a full assembly rate, American Motors at about 80% of its '63 average weekly level, still in buildup.

Of production last week, GM Corp. was expected to account for 51.7%; Ford, 27.0%; Chrysler Corp., 14.3%; American Motors, 5.3%; Studebaker, 1.7%.

Rail Loadings Slightly Above Last Year's

Loading of revenue freight in the week ended Sept. 21, totaled 596,325 cars, the Association of American Railroads announced. This was an increase of 269 cars or five-hundredths of 1% above the preceding week.

The loadings represented an increase of 4,171 cars or seven-tenths of 1% above the corresponding week in 1962, but a decrease of 9,517 cars or 1.6% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Sept. 21, 1963, are estimated at approximately 12.7 billion, an increase of 5.2% over the corresponding week of 1962 and 8.5% over 1961.

There were 17,143 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Sept. 14, 1963 (which were included in that week's over-all total). This was an increase of 2,458 cars or 16.7% above the corresponding week of 1962 and 5,236 cars or 44.0% above the 1961 week.

Cumulative piggyback loadings for the first 37 weeks of 1963 totaled 557,524 cars for an increase of 65,989 cars or 13.4% above the corresponding period of 1962, and 150,681 cars or 37.0% 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 Factor 1.2% Below 1962 Week

Intercity truck tonnage in the week ended Sept. 21 was 1.2% lower than the volume in the corresponding week of 1962, the American Trucking Associations announced today. Truck tonnage was slightly behind the volume for the previous week of this year — down only 0.2%.

After 12 consecutive weeks of tonnage increases on a year-to-year basis, the last two reports have shown volume trailing the 1962 level marginally. However, the ATA stated that these decreases are colored by the fact that the usual late summer upturn was especially strong at this time a year ago.

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 15 localities, with 19 points reflecting decreases from the 1962 level. No terminal city registered a gain of 10% or more, while only two terminal areas showed a decline in excess of this amount, emphasizing the small variation from year ago figures.

Compared with the immediately preceding week, 14 metropolitan areas registered increased tonnage, while 20 areas reported decreases.

Lumber Production Off 2% From 1962 Rate and Fractionally Below Last Week's

Lumber production in the country totaled 33,523,000 board feet in the week ended Sept. 21, according to reports received from regional lumber associations. Output declined fractionally from the preceding week.

Compared with 1962 levels production was off 2%, shipments fell .03% and new orders fell 4.6%.

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

	Sept. 21 1963	Sept. 14 1963	Sept. 22 1962
Production	233,523	237,333	238,518
Shipments	236,159	241,042	236,230
New orders	221,100	246,655	231,666

Electric Output Shows 7.9% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 28, was estimated at 17,285,000,000 kwh. according to the Edison Electric Institute. Output was 193,000,000 kwh. less than the previous week's total of 17,478,000 kwh. and 1,262,000,000 kwh. above the total output of 16,023,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 7.9%.

Business Failures Dip in Latest Week

After two steady weeks, commercial and industrial failures slackened to 254 in the week ended Sept. 26 from 281 in the preceding week, reported Dun & Bradstreet, Inc. Casualties continued below the comparable 1962 level of 305 and the 1961 level of 286, as well as easing 4% below the pre-war toll of 264 in 1939.

Among failures with liabilities of $100,000 or more, there was a sharp downturn to 30 from 42 a week earlier and 39 last year. Smaller casualties involving losses under $100,000 dipped only slight-

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The Security I Like Best

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is represented by the public utility industry, some 18% by the petroleum industry, and about 13% by banks and finance companies. The rest is quite well balanced among chemicals, office equipment, paper, glass, food, machinery, and varied industries.

Since 1956, Continental has incurred a net underwriting loss. However, since 1961, there has been a lowering of expense and loss ratios coupled with an improvement in cost control. In 1962, the company completed the integration of its domestic companies and decentralized its operations in the United States. By the end of this year major phases will have been completed in the modernization of operating accounting and statistical procedures.

Dividends, which have been paid uninterruptedly for 110 years, are currently at the rate of $0.55 quarterly, providing a yield of almost 4% yearly. A 10% stock dividend was paid in 1959, the stock was split 2 for 1 in 1956, and a 25% stock dividend was given out in 1950. In 1961 the stock sold as high as 74⅞, when stockholders equity was $89.49. In view of the improved underwriting operations and the anticipated increase in portfolio valuation, an appreciable rise in the current price of the stock cannot be considered remote.

Form Bernard & Du Boff

Bernard & Du Boff Inc. has been formed with offices at 70 Pine St., New York City (c/o Borden & Ball), to engage in a securities business. Joel T. Comito is a principal of the firm.

Kinnco Names Dept. Heads

MINNEAPOLIS, Minn. — At the Annual Meeting of Kinnco, Inc., 110 South Seventh St., members of Midwest Stock Exchange, John G. Kinnard, President, announced the appointment of George E. Kline as City Sales Manager. He also announced the appointment of Leonard F. Knier as Manager of the Mutual Funds Department.

J. Finn Wilkins of Minneapolis and Henry Olson of Dalbo, Minnesota have joined the firm as Registered Representatives. Both Mr. Wilkins and Mr. Olson were associated with Dempsey-Tegeler & Co., Inc. prior to joining Kinnco, Inc.

Ira Haupt & Co. Admits Partners

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, and other leading exchanges, have announced that Orhan Idris Sadik-Khan, Edward F. Wrightsman, Leonard G. Hanauer, Howard M. Brenner, and Alan C. Seskis have been admitted to general partnership in the firm.

Mr. Sadik-Khan has been appointed Director of the Institutional Research Division of the firm.

Collins, Eatherton

DENVER, Colo.—The firm name of Hersh Eatherton & Associates, Inc., 509 Seventeenth St., has been changed to Collins, Eatherton & Associates, Inc. Branches are maintained in Boulder, Colo. and St. Paul, Minn.

The Bill of Rights Has Not Been Repealed!

By Arthur H. Dean,* *Partner, Sullivan & Cromwell, New York City*

For many who have forgotten the essence of the simple and direct language of the Bill of Rights, and its stress on the protection of the liberties of a minority against the wishes of the majority, Mr. Dean offers a timely paper on the 174th anniversary of the adoption of our Bill of Rights. His summary analysis sums up the import of the Constitution, of the role of the Judiciary and of the other civil liberty amendments such as the 13th, 14th and 15th.

On this 174th Anniversary of the adoption of the first ten amendments to our Constitution, I am deeply honored by the award of the Bill of Rights Defense Gold Medal.

Arthur H. Dean

This award will remain not only as a reminder of an all too generous appreciation to me personally, but also as an accolade to the legal profession in the pursuit of justice for all, which is its unique responsibility.

In the busy and complex world of the Twentieth Century we should pause on this occasion to glance briefly at our Constitution and the Bill of Rights in their historical context and to see what we may learn from even so short a reference.

The framers of our Constitution and the Bill of Rights knew at first hand the dangers of a tyrannical form of government.

Notwithstanding Magna Carta and the English statute, also called the Bill of Rights, passed after the glorious Revolution of 1688, the American colonists had themselves experienced the peculiar vices capable of being foisted on colonial subjects by an all-sovereign parliament bound by no written constitution and by a Crown jealous of its dwindling prerogatives. Very much in evidence in England and the American colonies during the latter part of the 18th century were religious and political persecutions, the arbitrary closing of ports, trials by parliament itself or by courts subservient to the Crown, confessions obtained by torture, troops quartered in citizens' homes, intimidation of jurors, general warrants for search and seizure, and arbitrary and oppressive methods of trial.

Prevalent also were deportations, bills of attainder, that is, deprivation of citizenship, forfeiture of property and abolition of the right of heirs to inherit, as well as *ex post facto* laws making unlawful an act lawful when committed.

There is little wonder then that Washington, Adams, Madison, Hamilton, Jefferson and others so vitally concerned with the birth of our new nation sought to impose severe limitations on the powers of Government to interfere with the fundamental freedoms of Americans. The Founding Fathers tried to construct a written Constitution which would protect their own and future generations against arbitrary and oppressive acts.

Early Concern for Liberties

We must look beyond the Bill of Rights alone and study the Constitution itself to appreciate how careful our Founding Fathers were in their concern for the liberties of all Americans.

The very idea of a written Constitution, voted on by representatives of the people, as the supreme law of the land and creating a federal government confined to specifically enumerated powers, was a calculated departure from previous English political experience.

Gladstone's contrast of the British Constitution as "the most subtle organism which has proceeded from progressive history" with the Constitution of the United States as "the most wonderful work ever struck off at a given time by the brain and purpose of man" is, of course, not entirely accurate. For our Constitution is an organic institution in part transplanted from English soil in part rooted in the New World which must be interpreted with tolerance and humility in the light of our own experience.

Moreover, the concept of spreading governmental functions among the legislative, judicial and administrative branches was also in many ways a new departure from our English inheritance.

In that system of checks and balances was born the institution of a genuinely independent judiciary which was to become the lubricant of social change, the greatest safeguard of human freedom throughout our history.

Thus, in any appreciation of our Bill of Rights we must realize that it is set in an overall constitutional framework. This framework has made possible the survival of those first ten amendments to our Constitution and their enshrinement, properly interpreted by the judiciary, as a permanent and vibrant part of our daily political existence.

The Bill of Rights Itself

What then of the Bill of Rights itself?

I wonder how many people have had the occasion, since they left high school or college, to read the simple and direct language of these amendments to our Constitution?

We at least owe it to ourselves today to be familiar with the bare outlines and purpose of so important a chapter in our constitutional history.

The protections afforded by the Bill of Rights were well characterized by James Madison, one of the principal drafters. The Bill of Rights' limitations point, he said, "sometimes against the abuse of the executive power, sometimes, against the legislative, and in some cases against the community itself or in other words against the majority in favor of the minority."

They were intended, he went on, to "limit and qualify the powers of government by excepting out of the grant of power those cases in which the government ought not to act or to act only in a particular mode."

In the light of this purpose let us now run through the pattern of these ten amendments.

The Tenth and Ninth Amendments are general in character and emphasize the limited nature of the federal government and the reservation of rights not so delegated to the several states and to the people.

In modern times, the Second and Third Amendments have a somewhat archaic ring. We are not now much concerned with the quartering of soldiers in private homes or the right of the people to bear arms, but, as already noted, these were vital issues in Revolutionary days. Though the prohibitions of the Fourth Amendment against unreasonable searches and seizures of person and property evolved specifically from bitter personal experiences of colonial days, they nonetheless remain of critical importance in this century.

In the Seventh Amendment we find promulgated the inalienable right to jury trial in civil cases, which is repeated for criminal cases by the Sixth Amendment.

The Fifth, Sixth and Eighth Amendments as a whole establish the procedures which the Government *must* observe in bringing its powers to bear against any person with a view to depriving him of life, liberty or property.

The most general and the best known is contained in the due process clause of the Fifth Amendment that "no person shall be deprived of life, liberty or property without due process of law." This time-honored clause has in countless circumstances protected the rights of citizens against government procedures of all kinds lacking in the fundamental qualities of natural justice.

As Judge Learned Hand has said, due process is merely the embodiment of the English sporting idea of fair play.

The Bastion of Our Rights

This brings us to the First Amendment which though brief is unquestionably the most vital, not only 174 years ago, but today. I should like to read this amendment to you.

It is of the utmost simplicity.

"Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peacefully to assemble and to petition the government for a redress of grievances."

Here, in a few concise words, is contained the bastion of our fundamental civil liberties: freedom of conscience, freedom of speech, freedom of the press and the right of peaceful assembly, rights so much in all of our thoughts today.

These precious words are today being interpreted in the felt necessities of the times.

"Free thought—not free thought for those who agree with us but freedom for the thought that we hate."

It is an axiom of politics that a Constitution such as ours, irrespective of the epic-making guarantees of its Bill of Rights can only be as viable as the respect paid to its principles by both the governors and the governed—that is ourselves. A constitution is an experiment, as all life is an experiment.

Fortunately our own experience is expounding the Constitution as a living and vital document has reinforced, not diluted, the great principles so carefully fashioned for us nearly two centuries ago.

Let us not forget that these principles, though in ways immutable have nonetheless been applied to meet new needs and new circumstances which would have been strange indeed to our forebears who initially drafted them.

The Anti-Slavery Amendments

I need only point to the Thirteenth, Fourteenth and Fifteenth Amendments to our Constitution which were specifically designed to stamp out the institution of slavery. These three amendments apply to the various state governments as well as some of the same limitations originally imposed on the federal government.

It is a much debated Constitutional question today just how far the Fourteenth Amendment in particular can be said to have incorporated the entire Bill of Rights into individual state constitutions and whether these rights are to be considered legal absolutes.

Perhaps the great civil rights crusade of this decade as now carried forward by President Kennedy will provide an answer to this question.

We must therefore remember that our Constitution and the Bill of Rights are in a sense both a sail and an anchor. They combine both a recognition of eternal values and an awareness that even a Constitution must be expounded from time to time by the Supreme Court. It must evolve with changing times to avoid becoming a fossilized relic in the minds of its citizens and to avoid becoming impotent in the resolution of our current problems.

And so on this 174th anniversary of the adoption of our Bill of Rights we should remain aware that the age-old struggle between liberty and order, which is the essence of any form of government in whatever time or whatever place, is still going on.

Let us consider how well our Constitution and the Bill of Rights have served us in that endless and continuing conflict.

I am confident that with the co-operative support of all men from all walks of life and all creeds—and not merely lawyers—we can continue to be well served for countless years to come by those unique documents.

If we remain alert to our constitutional rights and our constitutional duties, we shall have nothing to fear from Communism which seeks to enslave and not to free men's minds.

*An address by Mr. Dean on the occasion of his designation and acceptance of the Bill of Rights Defense Gold Medal awarded by the Wall Street Post of the American Legion, New York City, Sept. 25, 1963.

No Boom, But No Recession Foreseen by Economist

Tri-Continental economist predicts expansion for the rest of this year continuing through next year with the chances of a recession in latter 1964 turned aside by tax-reduction.

"The economy has behaved remarkably well and business prospects for the remainder of 1963 appear favorable," the economist for Tri-Continental Corporation, the nation's largest diversified closed-end investment company, and the Broad Street Group of Mutual Funds, declared. He sees "no boom, but no recession." This comment was made in *The Business Situation*, a quarterly report prepared for the management and directors of Tri-Continental and the Broad Street Group by Dr. John W. Harriman, economist.

John W. Harriman

Dr. Harriman also said that, if the economy ends this year with a satisfactory head of steam, there will be a carry-through into next year." He backs this opinion by pointing out that "there is no hard line between 1963 and 1964 which calls for abrupt changes as the calendar is turned. Second, there are elements of strength in the consumer, business and government sectors of the economy which can be counted on to propel it forward. Third, there are no distortions of a serious enough character to be considered dangerous."

The two possible deterrents to favorable business prospects for 1964 are doubt regarding passage of a tax reduction bill and the continuing balance of payments difficulties, Dr. Harriman said.

"Without tax reduction, probability of continued expansion is decreased and possibilities of recession in the latter part of the year are increased," he declared. Yet, he points out that, the growth rate appears to be improving without experimentation with massive measures designed to induce economic growth. "It now seems probable that we have made a successful transition from the years of rapid growth through the slow period to a new future."

While the economy, in 1963, has behaved "remarkably well" and business prospects "are excellent," it should not be interpreted to imply that "boom conditions are probable," the economist said. To date, personal consumption expenditures have accounted for major increases in the Gross National Product (GNP). Gross private domestic investment, however, "made notable progress despite a decline in the rate of inventory accumulation." The greatest boon to the GNP for 1963 has been in residential construction, and increases in construction in general and in producer's durable equipment also were substantial.

"Corporate profits are rising both quantitatively and qualitatively," Dr. Harriman said, and cash flow has been "substantially increased."

The Market . . . And You

BY WALLACE STREETE

Has the stock market reached another plateau? A lot of investors are beginning to wonder in view of its roller coaster action recently. Yet it generally remains confined within a relatively narrow 20-point range on the Dow Jones industrial averages.

A real breakout or a real decline is still some distance off, according to most signs. But optimism about forthcoming third quarter reports is expected to help renew interest in the better quality issues.

"Window Dressing" Sales

There is already much evidence that the institutional investors are concentrating their efforts in the bluer chips like General Motors, Standard of New Jersey, and American Telephone. Monday's downturn indicated a considerable amount of profit-taking and possibly some window-dressing by mutual funds with capital gains declarations in the offing.

Yet this market has shown time and again lately that it can weather a good dose of profit-taking without any major effects. The only danger signs would seem to be the growing interest in the more speculative issues. But even the heightened activity in some electronics and space-age science stocks is relatively restricted.

Barnes vs. Hupp

This market has a long way to go to pull back the so-called public investor with the attendant speculator's fever. While this is exactly what has happened on the American Exchange with Barnes Engineering, action on the Big Board has been quite orderly.

Hupp, the infrared counterpart of Barnes on the New York Exchange, has caused little excitement in contrast. Its range this year is barely 2 points while Barnes climbed 26¾ points in a single week.

It is this same lack of wild speculation that has strengthened the convictions of many observers that the current market can keep most of its gains. While the new highs may recall to mind the sharp corrections of mid-1962 in reaction to the peaks of late 1961, the situation today holds many differences.

Short interest is high, but not as high as it has been. It is also fairly well accepted that this is a professional market, and one that consequently will not panic at the first sign of a shakeout. It is also comforting to many observers that the economy shows no signs of slowing down despite the fairly fast pace of the last three years.

Steels Favored

Some of the heavier industrials, such as the steels, are acting better than they did several months ago. Technicians look for U. S. Steel and Jones & Laughlin to move higher when they break out of their currently low volume consolidation patterns.

Although few of the ingot producers' stocks have made appreciable gains since January, a firming price structure for their products should strengthen their profit outlook considerably. It is also of interest to see how Big Steel's stock reacted to the announced reorganization of the operating divisions, and the decision to speed up the shift to oxygen-fed furnaces.

A Bleak September

The September story for most groups of stocks makes poorer reading than the saga of the averages. While most indices pushed through to new highs at sometime during the month, only a smattering of individual stocks managed to string together any consistent gains.

Consider stocks like American Cyanamid, off 4 for the month, or Pfizer off 4⅜. Granted that the drugs and the chemicals, except for rare situations such as Syntex, are among the more dubious for profit outlook.

However, even some of the oils failed to better their showing over the Aug. 30 mark. Cities Service fell 2¼, Texaco, 3⅝, Jersey Standard 3, and Sinclair 4. Phillips, up 1⅛ proved an exception.

Meanwhile, the merger fever continues to influence many decisions of investors. Even rumors that seem far-fetched can run up a stock a point or two before a confirmation or denial is forthcoming. Smith-Douglass, often cited as a takeover candidate, had a more solidly-based advance this week when it raised its dividend on substantially higher earnings.

There are still many depressed areas despite the record high market averages. All the major farm implement stocks declined during September although the outlook for sales seems to have brightened a lot. International Harvester predicts that sales for the coming fiscal year should climb 5 to 7% above this year's level.

On the "Defense"

The poorest performing group is undoubtedly the aircraft and missile area. The peace scare and nuclear test ban have unquestionably hurt the appeal of most defense issues. While the possibilities of an income tax cut are still most uncertain, chances of cutbacks in weapons spending are real enough to cause concern.

The real reaction can be seen in stocks such as Grumman, off 7 for the month of September. Lockheed skidded 3⅜, as Douglas and General Dynamics slipped more than 2.

Bright Outlook

Airline stocks show a similar pattern of retreat but their prospects of recovery seem much brighter. All of the major U. S. carriers, except Delta, lost from 2 to 5 points for the month. Yet their profit potential gives evidence of a quick turnaround when the traffic load becomes greater. Hopes for mergers are nearly dead but a new attitude of the Civil Aeronautics Board on competitive routes has sparked new interest.

Price rises in basic industrial product levels are also expected to help the aluminums. The paper stocks have already reacted favorably and should go higher if their profits follow the usual leverage pattern. Glass stocks should also benefit from the recent price boosts.

[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.]

Salomon Bros. Admit Partners

John H. Gutfreund has become a general partner and Leo Gottlieb a limited partner in Salomon Brothers & Hutzler, 60 Wall St.,

John H. Gutfreund Leo Gottlieb

New York City, effective Oct. 1, it has been announced by William R. Salomon. At the same time, B. J. Levy, general partner of the firm, will become both a general and limited partner. Mr. Levy, who has been continually active on Wall Street for 57 years, joined Salomon Brothers & Hutzler when it was founded in 1910.

Mr. Gutfreund, who is syndicate manager of the firm, joined Salomon Brothers & Hutzler in 1953. A graduate of the Lawrenceville School and Oberlin College, he is a trustee of the Associated YMHA's and YWHA's of Greater New York and a member of the Bond Club of New York.

Mr. Gottlieb is a member of the law firm of Cleary, Gottlieb, Steen & Hamilton and will continue active practice with his law firm. A graduate of Harvard Law School and Yale University, Mr. Gottlieb is a director of Midland Capital Corporation, Scientific American, Inc. and Starwood Corporation and a member of the New York Advisory Committee of Anglo-Lautaro Nitrate Corporation. He is President of the New York County Lawyers' Association, a member of the Executive Committee of the Health Research Council of the City of New York and an honorary trustee of The Mount Sinai Hospital.

A member of the New York Stock Exchange, Salomon Brothers & Hutzler has offices in New York, Philadelphia, Boston, Cleveland, Chicago, Palm Beach, Dallas and San Francisco.

Scott V.-P. of J. M. Dain Co.

MINNEAPOLIS, Minn.—Louis W. Scott, Jr., has been elected a Vice-President of J. M. Dain & Co. Inc., 110 South Sixth Street, members of the New York and Midwest Stock Exchanges.

Darnall To Be Elected V.-P.

Thomas D. Darnall, Jr., will become a Vice-President of Maxwell, Franklin & Co., Inc., 45 Wall Street, New York City, members of the New York Stock Exchange.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money market is still the bellwether of the financial community because what happens to short-term interest rates is going to have a very important effect on all segments of the economy. Our balance of payments problem, in the opinion of some money market specialists, may bring about somewhat higher short-term rates in order to keep our rates on a competitive basis so that some help will be given to this pressing problem. If this should be the case, the long-term rate will be more vulnerable to a rise with the passage of time.

With the maturity extending venture of the Treasury out of the way, the other important undertaking will be the new money raising operation to get the funds needed for the balance of 1963. This should have little or no effect on the money or capital markets, since the amount to be raised will not be large, $6 billion or less, and most likely will be short-term.

Refunding Offers Effective

The debt extending operation of the Treasury accomplished its purpose since there was a sizable amount of Government issues which were turned in for the more distant maturities. This kind of operation has been a favorable device for the Treasury because it has enabled the Government to substitute securities that have a much longer maturity date for obligations which are either near maturities or will be coming due in not too long a time.

In addition to its debt lengthening properties, this kind of operation has been able to thin out maturities which have been pretty much on the heavy side. As a whole, these "pre-refunding" and "advance refunding" undertakings have had a beneficial influence on the Government market even though it does generally take a bit of time for the refunding issues to be digested.

In spite of the fact that there is a temporary increase in the floating supply of the more distant maturities as a result of these refundings, there is no important change in the amount of money available for investment in long-term obligations because it is only an exchange of a shorter term issue for a more distant obligation with no new money being involved. The all important feature of this kind of undertaking is that it extends the maturity of the Government debt.

Pension Fund Buying

This last debt extending operation of the Treasury results in the longest term issue in the exchange deal being accepted in the amount of $1,260,000,000. This meant that the 4⅛s of 1989/1994 were taken in a much larger amount than had been predicted by many money market followers. The answer to this kind of switch from shorter maturities into one of the most distant government maturities appears to be because of the desire to get a very high grade long maturity obligation at an attractive yield. It is believed that pension funds were the important ones in this exchange.

4s of 1973 Also in Demand

The demand for the 4% government bonds is growing, with the recently issued obligation due in 1973 getting considerable attention. This intermediate term bond, which was the favorite obligation in the recent refunding of the Treasury, appears to be attracting investment funds which, according to advices, have come from the sale of other types of holdings.

Even though most of the funds which have come from switches out of other forms of investment have gone into short-term obligations, a not inconsequential amount of this money is being put into the 4% of 1973. It is believed that this intermediate term government bond is meeting the requirement of investors that are not going to buy the longest term ones. The 3⅞s of 1968 have also been well bought because this bond likewise meets the needs of high grade bond buyers, who are not likely to go out too far in the maturity range.

As long as there is this very large supply of funds seeking a position in the fixed income bearing issues, it seems as though the intermediate and long-term government bonds are going to remain in a fairly stable price range.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

COMMONWEALTH LIFE INSURANCE COMPANY —

Commonwealth Life Insurance Co. is one of the largest factors in life insurance industry with total life insurance in force of 1.6 billion as of Dec. 31, 1962.

The company was incorporated under the laws of Kentucky in 1905. The home office is located in Louisville and over one-half of premiums written continue to be derived from its home state. Commonwealth Life is also licensed in Indiana, Ohio, Tennessee, West Virginia, Alabama, Georgia and Mississippi, in order of descending importance of premium volume.

All standard forms of ordinary life, monthly debit ordinary, group and industrial life are underwritten on a non-participating basis. A small amount of individual accident and health is written, however, no group accident and health coverages are carried and management has no plans to enter this highly competitive field. Virtually all of the company's business is derived from the 48 offices located througout Commonwealth Life's operating area.

Slightly in excess of 63% of the company's life insurance in force consists of ordinary life coverages. The present total of just more than $1 billion is over three times the ordinary total in 1952. Group life insurance has risen substantially in importance to the company in recent years, and now represents 17% of total insurance in force. Premium volume from this source has tripled over the past four years. Industrial life coverages represent the remaining 19.8% of total life insurance in force. These lines are declining in importance to the company, as is true with most of the life insurance companies in the South which have a large amount of industrial business on the books. The company's industrial life insurance in force has remained constant in recent years. Overall, a steady increase in ordinary life business and a rapid expansion in group volume is responsible for a doubling in the company's premium volume and insurance in force over the past decade.

In 1961, Commonwealth life entered the fire and casualty business through the formation of a wholly-owned subsidiary—Commonwealth Fire & Casualty insurance company—with capital of $1 million and surplus of $2 million. The company commenced operations in the latter part of 1962, writing auto lines and homeowners multiple peril on a direct basis in Kentucky and Indiana. Over 100 company-trained agents operate out of the existing Commonwealth branch offices with billing and collection done directly by the home office. Operating statistics to date on the subsidiary have been quite favorable with premium volume running presently at an annual rate of $300,000.

At the close of 1962, 41.2% of Commonwealth Life's total assets of $222.4 million were invested in first mortgage real estate loans. These consist of nearly 7,000 individual loans, broadly diversified and spread over the area of the company's insurance operations. Industrial and miscellaneous bonds (12.9%) rank second in importance in the company's overall portfolio followed by public utility bonds (12.6%), U. S. Government bonds (7.7%) and state and municipal bonds (7.0%). During the past year emphasis on new investments centered on tax-exempt bonds and common stocks, which now represent 2.3% of total assets. The rate of yield on the total portfolio rose to 4.06% before taxes in 1962, up from 4.00% in the previous year.

The past year was another excellent one for the company. Sales on individual policies exceeded the record high of the previous year by 3%, reflecting additions to the sales force and the continuance of favorable business conditions. Total premium income from life lines rose to $34.5 million, up 6.8% from the prior year. Earnings rose to $1,84 per share or $2.47 per share adjusting for the increase in life insurance in force. Both of these figures are record highs and represent increases of 7% over 1961's final figures.

On Jan. 1, 1963, the company revised its premium rates on its larger size ordinary life policies to make them more competitive with those of other companies. A special ordinary policy which is designed to afford maximum protection at minimum cost for the $10,000 and over market was also introduced. In addition, the company has begun work on a new premium scale for all ordinary policies for 1964 based upon the recently approved 1958 CSO Mortality Table.

The Board of Directors increased the quarterly dividend rate from 6 cents to 7 cents per share effective with the March payment, reflecting both the fine operating record in 1962 and the prospect of another record year in 1963. Although mortality experience was less favorable in the early months of the year, a moderate increase in earnings is still anticipated.

The 2,500,000 outstanding shares of Commonwealth Life are traded in the over-the-counter market at a current price of $69 bid, near the top of its 1963 range of $74-54. At the present price the stock is selling at 26.5 times estimated adjusted earnings for the year, at a premium of 240% over year end liquidating value and provides a yield of 0.4% on its 28 cent dividend.

STATISTICAL SUMMARY

	Admitted Assets	Life Insurance in Force — Ordinary	Group	Industrial	Total	Total Premium Income	Capital Funds
1958	$153.8	$761.9	$92.9	$317.9	$1,172.7	$27.4	$16.8
1959	170.7	832.7	135.6	319.7	1,288.0	29.3	19.4
1960	187.1	892.6	190.8	319.1	1,402.5	30.9	23.0
1961	203.9	969.5	238.9	323.8	1,532.2	32.9	26.2
1962	222.4	1,045.2	278.1	327.0	1,650.3	35.3	29.9

PER SHARE DATA

	Investment Income	Total Earnings	Adjusted* Earnings	Dividends	Book Value	Price Range
1958	$.08	$0.72	$1.12	$.20	$6.72	$24-13
1959	.34	1.33	1.85	.20	7.84	22-19
1960	.45	1.65	2.23	.20	9.20	22-16
1961	.60	1.70	2.29	.24	10.49	67-21
1962	.71	1.84	2.47	.24	11.96	64-37

*Adjusted for increase in life insurance in force.

Over $20 Billion Assets in 100 Largest Welfare and Pension Plans

Total assets of $20.1 billion were held at the end of 1961 in the nation's 100 largest employee welfare and pension benefit plans, the U. S. Department of Labor announced Sept. 29. The figures are based on a study of reports filed with the Department under the Welfare and Pension Plans Disclosure Act.

The assets of the 100 largest plans exceeded the combined assets of all other plans having privately held funds for which reports had been filed with the Department.

In 1959, the 100 largest plans had assets of $16 billion, or 53% of the total assets of all plans filed, while in 1960, the assets rose to $17.8 billion, or 53.3% of the total assets of the more than 120,000 plans covered by this tabulation.

Projections based on growth figures for the years 1959-1961 included in the study indicate that assets of these 100 plans probably will exceed $25 billion by the end of 1963.

With one exception—a supplementary unemployment benefit plan — the plans included in the study provide pension or retirement benefits. Seven are characterized as profit-sharing plans and 16 as savings and thrift or stock purchase plans.

Employers or employer groups administer 91 of the plans, joint labor-management boards administer 8, and 1 is administered by a labor organization.

Assets of the 100 largest plans consisted primarily of bonds and stocks. Cash represented only 1%, while investments in bonds and stocks were 88%. Other investment assets which were principally in mortgages and real estate were 8%, and all other assets 3%.

A marked preference toward investments in bonds over stocks has been noted. Six out of seven of the bond-buying dollars went into non-Government securities.

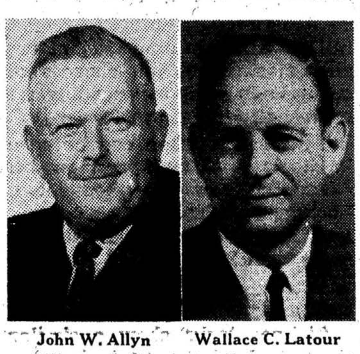
Investments over the three-year period showed increases in bonds and stocks. Assets in bonds rose about $1 billion, with stocks going up to $2.6 billion.

The report indicates that changes in holdings reflected by these figures should take into account fluctuations in market prices, plus the fact that welfare and pension plan administrators have the choice of reporting their assets at cost or market value. It points out that part of the increase in the common stock investments, with their larger share of total dollar assets in 1961, may be attributed to the rise in market prices during that year. However, the report adds, even in 1960, when stock market prices were somewhat depressed relative to 1959, there was some increased preference for common stock over other issues.

Copies of the analysis are available from the U. S. Labor Department, Office of Labor-Management and Welfare-Pension Reports, Washington 25, D. C.

New Underwriting Affiliate Formed: DuPont-Allyn Inc.

A new major corporate underwriting organization, combining the resources, personnel in this field, and distributive facilities of



John W. Allyn   Wallace C. Latour

two of the nation's leading investment firms, Francis I. duPont & Co. and A. C. Allyn & Co., has come into being as a result of the consolidation of the two firms, which became effective Oct. 1.

The name adopted for the new corporate underwriting entity, which has been incorporated in Delaware as a wholly-owned affiliate of the consolidated firm, is Francis I. duPont, A. C. Allyn, Inc.

John W. Allyn, a managing partner of A. C. Allyn & Co., has been elected President of Francis I. duPont, A. C. Allyn, Inc. Wallace Latour, partner in charge of Francis I. duPont & Co.'s Underwriting Division, has been named Executive Vice-President. J. E. Snyder, a principal A. C. Allyn partner, has been appointed First Vice-President. Charles Moran, Managing Partner of Francis I. duPont, will serve as Chairman.

W. B. Hamilton (Allyn partner), has been named Treasurer; Milton A. Speicher (duPont partner), Vice-President Finance, and James King (du Pont partner), Secretary.

The Board of Directors is composed of Arthur C. Allyn, a principal partner of A. C. Allyn & Co., Edmond duPont, Senior Partner of Francis I. duPont & Co., and the seven officers of the company.

"The new underwriting organization will have the distributive support of the network of 106 offices in this country, Canada and Europe created by today's combination of the Allyn and duPont firms under the name of Francis I. duPont & Co.," President Allyn stated. "The consolidated firm has 1,300 registered representatives, total assets of more than $300,000,000 and a net worth of over $35,000,000."

Allyn and duPont offices in eleven cities are being combined. They are Boston, Philadelphia, Providence, R. I., Milwaukee, Minneapolis, Kansas City, Omaha, Portland, Me., Decatur and Peoria, Ill., Cedar Rapids, Iowa. The New York and Chicago offices of both firms are being continued.

Twelve new "office cities" have been added to the Francis I. duPont network as a result of the consolidation. They are Madison and Green Bay, Wis., Aurora, Moline, Oak Brook and Rockford, Ill., Fort Wayne, Gary and South Bend, Ind.; Flint, Mich.; Waterloo, Iowa; and Quincy, Mass.

A new office in Detroit was established last week by Francis I. duPont.

Seven principal partners of A. C. Allyn & Co. have become general partners in Francis I. duPont & Co., the latter now having 39 general partners. They are John W. Allyn, Arthur C. Allyn, John H. Riley, G. L. Teach, J. K. Casey, J. E. Snyder and W. B. Hamilton.

Arthur C. Allyn and his brother John W. Allyn own the Chicago White Sox baseball team.

John Dunlop With Davis, Skaggs Co.

SAN FRANCISCO, Calif. — John R. Dunlop has joined Davis, Skaggs & Co., 111 Sutter Street, as head of the research department, the San Francisco investment firm has announced.

Mr. Dunlop has been associated with the research department of a San Francisco securities firm for the past three years, specializing in portfolio management and in analysis of West Coast securities. Earlier, he was a financial analyst in the Bond Investment Department of Bank of America. Mr. Dunlop is a member of the Security Analysts of San Francisco.

Davis, Skaggs & Co. is a member of the New York Stock Exchange and the Pacific Coast Stock Exchange.

Link, Gorman Office

WAUKEGAN, Ill.—Link, Gorman, Peck & Co. has opened a branch office at 1814 Grand, under the management of Roger M. Wittenburg.

As We See It

Continued from page 1

or the Fair Deal. There is, of course, nothing surprising in all this. The President's campaign in 1960 was clearly conducted around a central theme of radical departure from generally accepted ideas of economic and political sanity. He has since his entry into the office offered one after another measure which would bring his ideas to fruition. If he has at times shown a disposition to wince and relent and refrain, that has been evidently his political acumen or what passes as such—that is, a reluctance to ask for better bread than can be made of wheat when it becomes rather obvious that no such bread is immediately possible. If now he plans to revert to his older campaign ideas of a New Frontier as the time approaches for him to go on the hustings again, no one could well accuse him of inconsistency or disloyalty to his earlier avowed political and economic philosophy. The fact is, of course, that if we are ever to reverse our course and return to the tried and the true in national economic policy, we shall have to show a determination to do some such thing in just such popular forums as all the candidates must take part in for the next 12 months or a little more.

What disturbs us about the current scene is not what the President is doing or saying, or what his advisers and political aides are doing or saying. It is rather the woeful lack of the sort of opposition which can hope to cope with the politically difficult situation. It is rather early, it is true, to be certain what the candidates opposing the Administration are to be like or precisely who they will be, but, of course, the Republican party must of necessity be their sponsor and the central organization through which they must work. It will, moreover, be necessary for the opposition not to content itself with generalities. It can not, for example, afford to condemn eternally rising expenditures in the abstract and then proceed to support or at least not to oppose specific measures which entail large outlays. They must, moreover, be adamant in their opposition to measures which require large outlays at some time in the future, and hide behind the common subterfuge that the current budget shows no great bulge as the result of what has been done. Outlays during coming fiscal years are often in very substantial part dependent upon what Congress does this year.

Other Problems, Too

Nor is needed reform confined to the matter of fiscal problems as vital as their proper solution is. There is the menacing and growing problem of labor union monopoly which at some time or other we as a nation shall have to face squarely. No one supposes for a moment that it will be politically easy to deal with this matter. On the contrary, the unions have taken full advantage of the coddling they have enjoyed for some years to build a political organization, or something that serves quite effectively as such, which is definitely formidable for any politician, particularly in those populous areas where large industry has developed. Yet somehow the rank and file of the voters will have to be shown that this way leads to misfortune if not disaster. That can hardly be done by those who condemn the unions bosses between elections and then roar as gently as any suckling dove when the voting is about to begin.

The iniquities of our tax system—apart from its total take—are well recognized by those who have given the matter careful thought. Something far more than a general reduction in tax rates is definitely required. We shall, for one thing, have to get rid of those extremely progressive individual tax rates. There is no substitution for it. We shall, however, not make headway so long as political campaigns are built around promises to excuse the small taxpayer from the payment of even the lowest rates and giving the impression that the rich are still to be soaked—and seeing to it that they are soaked even though not quite so badly as in the past. Then, of course, the Federal Government has been poking its nose more and more into the affairs of both businesses and individuals. We have here one of the reasons for swollen governmental outlays, but the practice is thoroughly unwarranted and unwholesome apart from the waste of money that is necessarily involved.

Talking Turkey to Farmers

If those who would defeat the President are not willing to tell the farmers that they must find ways and means of standing on their own feet, either on the farm or elsewhere, then they are by so much handicapped in instituting the changes that are essential to a return to economic soundness. If they are not ready to look the various money spending programs now urged by the President squarely in the face and denounce them by name they are really not in a position to help as they should to save the country from the sad fate that must ultimately follow further expeditions into an economic Wonderland. Yet where is the candidate and where is the party organization that is prepared to do any such thing?

Several more or less avowed candidates have been criticizing a good deal that has been going on and many of the proposals that are now before the people, but it must be admitted that they are for the most part talking in generalities, and their own records in many cases seem to limit their ability to speak effectively on the subject.

Hess, Grant & Remington Officers

PHILADELPHIA, Pa. — James A. Grant has been elected President of Hess, Grant & Remington, Inc., 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges. Clifford G. Remington has been elected Executive Vice-President of the firm.

NASD Nominates Officers


Robert W. Haack


Robert R. Miller


John W. Dayton, Jr.


Craig Severance


Wallace H. Fulton

WASHINGTON, D. C. — The national Association of Securities Dealers has announced that Robert W. Haack of Milwaukee has been nominated as Chairman of the Board of Governors for 1964. Mr. Haack is a Vice-President of Robert W. Baird & Co., Incorporated.

Robert R. Miller, a partner of Hornblower & Weeks in Los Angeles and John W. Dayton, Jr., Vice-President of Clark, Dodge & Co., Incorporated in New York were nominated for Vice-Chairmen of the Board. Craig Severance, a partner of New York Securities Co., New York, was named for the position of Treasurer.

Wallace H. Fulton, NASD's Executive Director for the past 24 years was again nominated for this post. These new officers of the self-regulatory organization of over-the-counter securities dealers will take office in January. They are serving three-year terms as members of the Board of Governors with the exception of Mr. Fulton who has announced that he plans to retire on April 1, 1964. The late Merrill M. Cohen of Minneapolis served as NASD Chairman in 1963 until his death in June.

Effect of H. R. 8000 On U. S. Foreign Trade

Country's largest business organization contends that the Administration's proposed foreign equalization tax bill could decrease our foreign trade, worsen our world payments deficit and, as a result, adversely effect our employment problem. The NAM suggests the bill be modified so as to completely exclude all financial transactions entered into in connection with the active conduct of a trade or business involving exports or other international operations.

There is much more to foreign trade and its financing than the Administration is aware of, which it will seriously endanger if the proposed foreign equalization tax bill is passed without modification. We cannot afford to worsen our balance of payments further and to forestall that possibility, due to the Administration's failure to distinguish trade financing in depth from the flotation of foreign securities in its proposed bill, the National Association of Manufacturers has come up with several concrete remedial proposals.

In a statement submitted to the Committee on Ways and Means of the House of Representatives, the National Association of Manufacturers stated:

"We share the Administration's concern over the continuing and recently accentuated unfavorable trend in the balance of payments, but this statement is not intended to either endorse or oppose passage of the overall legislation, H. R. 8000, which is designed to impose an interest equalization tax on certain portfolio transactions by U. S. persons that entail longer term capital movements from the U. S. However, we strongly believe that H. R. 8000 in its present form could result in diminished foreign trade of American businesses, and, in this respect, serve to further increase, instead of to decrease, our current deficit position.

Adverse Effects Unless Modified

"As drafted, H. R. 8000 not only would impose a tax on foreign portfolio acquisitions by United States persons of the type contemplated in the President's message of July 18, when he referred to a measure which "would stem the flood of foreign security sales in our markets," but also on many foreign debt obligations or equity securities acquired in the ordinary course of a trade or business involving export or other international operations. Unless modified, there could be adverse effects on the balance of payments and on employment opportunities in the United States. As indicated by other steps and programs undertaken by the government, an increase in exports by United States businesses (currently the major positive factor in the net balance of payments position) is an important element in the total program for correcting the present unfavorable balance. The interest equalization tax if enacted, therefore, should be specifically limited in its application so that all necessary and normal activities of U. S. firms engaged in foreign trade and commerce will not be adversely affected.

"The following comments and recommendations, therefore, are first directed towards limiting application of the proposed tax to portfolio investments by clearly eliminating therefrom stock, debt obligations or other securities acquired in connection with the conduct of international trade and commerce, and, secondly, towards the clarification of certain provisions as they are now drafted:

"(1) Proposed Section 4914 (b) (3) of the Code would exclude from application of the tax a foreign debt obligation acquired by a United States person as all or part of the purchase price of property manufactured, produced, grown or extracted in the United States **by such person** (or by one or more includible corporations in an 'affiliated group' as defined in Section 1504 of which such person is a member) but only if such debt obligation was either held to maturity (or until his death) by the United States person or transferred to an agency or wholly owned instrumentality of the United States or to a commercial bank acquiring the debt obligation in the ordinary course of its commercial banking business. While this exclusion would cover the sale on a long term credit basis of a single, identifiable product manufactured by the seller as defined above, the exclusion would not cover the necessary acquisitions of a variety of foreign debt obligations or other securities by United States persons engaged in export or other international operations.

Turn-Key Contract Example

"For example, export sales of heavy electrical equipment in 1962 aggregated more than $325,000,000 and the extension of long term credit was a major factor in obtaining these orders. Contracts covering these sales include not only separate and identifiable products manufactured by the seller but also separate and identifiable products purchased from other United States manufacturers and suppliers. In addition, in order to obtain such business, frequently it is necessary for the United States manufacturer to assume responsibility for the entire project of which his equipment is only a part. This is commonly referred to as a "turn-key" contract. Specifically, in order to sell his own manufactured product, a United States manufacturer to assume contract to deliver products manufactured by others, to perform or to subcontract to others architectural and design services for the entire project, to construct buildings, wharves, docks, loading facilities, access roadways and the like, all of which are required to permit utilization of the equipment being sold by the United States person. He also may be required to provide financing to construction contractors actually performing the construction phase of the project. Unless the United States manufacturer is willing and in a position to accept this overall project responsibility on a long term financing basis, often with the participation of the Export-Import Bank, he will lose export business of this type which he has obtained in past years.

"The proposed bill also could adversely affect operations of American businesses whose sources of supply for all or a part of their material requirements are located abroad. With the increase in the development of nationalistic feelings it is frequently necessary under the circumstances, and becoming more and more so, to have local (foreign) businesses own facilities required in connection with the development of sources of supply and the establishment of processing and distribution systems for goods or products sold in the international markets. Such locally-owned businesses, however, may require financial assistance from the United States companies. For example, in order to compete with foreign oil companies in international markets it may be necessary for a United States oil company to help finance construction of facilities in the country of distribution. Without such assistance its market would be diminished. These loans are not for portfolio investments but rather an integral part of a normal business operation.

"It is recommended, therefore, that the provisions of proposed section 4914 (b) (3) be broadened so as to exclude from application of the proposed tax any foreign securities acquired by a United States business in the ordinary course of export or international operations so that it will not be adversely affected in its continuing battle to maintain a competitive position in the world-wide market place.

"In any event, the restricted provision that the export credit exclusion would apply only if the obligations acquired were held to maturity by the seller, or transferred to a limited class of persons, should be broadened to include prepayments, dispositions because of bankruptcy or reorganization dispositions to unrelated foreign persons or to persons related to the original obligee, and dispositions because of factors beyond the control of the seller.

Unfair to Tax Unfilled Acquisitions

"(2) Proposed Section 4912 (a) of the Code provides that an acquisition shall be deemed to have occurred at the time when the parties to the agreement first became unconditionally obligated to complete the transaction. Since under proposed Section 4911 the tax would be imposed on the acquisition of a foreign security, the result would be imposition of a tax on an "acquisition" prior to any capital movement abroad, including a security with respect to which no capital changed hands until after expiration of the proposed tax, with the rate of tax based on the period from the date of "acquisition to date of repayment. For example, on Sept. 1, 1963 a U. S. person may unconditionally obligate himself to lend "X" dollars to a foreign obligor on Sept. 1, 1966 with repayment of the loan to be made on Sept. 1, 1968. Under the present draft, the United States person would pay a tax currently on such "acquisition" even though the actual acquisition of the security did not occur until Sept. 1, 1966, eight months after the proposed tax would expire, with the rate of tax based on a five-year obligation although the loan would be outstanding for only a two year period, a term which under proposed Section 4911 (a) should not give rise to tax.

"Section 4912 (a), therefore, should be modified so as not to impose a tax on any acquisition prior to the time that the security is actually issued or deemed to have been issued by the obligor with the rate of tax being based only on the period beginning with the date that the loan actually is made.

Takedown or Closing Fees

"(3) With respect to pre-existing commitments, Section 4920 (c) (2) of the bill provides that the tax would not apply to an acquisition made pursuant to an obligation to acquire on July 18, 1963 which (a) was unconditional or (b) was subject only to conditions contained in a formal contract under which partial performance had occurred. This latter provision is amplified in the technical explanation accompanying the bill as including payment of a commitment fee, a "takedown" or a "closing," terms which are generally associated with investment or commercial bank loans rather than transactions entered into in connection with normal business transactions. Thus it is not clear as to the status of obligations such as long term notes to be received in the future by a United States manufacturer in payment for goods under a contract entered into prior to July 19, 1963 when no part of the goods had been delivered as of July 18, 1963.

"In addition since execution of a firm contract is only the result, in many cases, of negotiations extending over a period of several years, negotiations as to financing of a contract may have proceeded to the point where the United States person could not from the business standpoint reasonably withdraw his proposal or fail to fulfill his commitment, although not a commitment to the extent contemplated by the proposed Section 4920 (c) (2). Similarly a United States person may have outstanding guarantee arrangements under which he may be required to fulfill his guarantee at some future date.

"Therefore, in order to avoid undue hardships on those who had made commitments or proposals to acquire foreign securities prior to the President's message at a time when such acquisitions were not subject to any excise tax, the bill should be modified to exclude any proposals or commitments made on or before July 18, 1963 supported by written evidence of the existence of such a proposal or commitment on that date, whether or not the actual acquisition of such securities was contingent upon a condition subsequent.

"(4) The provisions of proposed Section 4913 should be modified so as to exempt in its entirety from application of the tax the "new acquisition" of a foreign debt obligation received upon cancellation, extension or renewal of an existing debt obligation, where the obligation cancelled, extended or renewed was or would have been exempt from imposition of the tax under the provisions of proposed Section 4914 (b) (3), as finally included in any bill which may be enacted.

Reinvested Funds

"(5) In the present draft there is no exclusion provided with respect to foreign securities acquired with foreign funds realized upon disposition of presently owned foreign securities or acquired with foreign funds which, because of exchange controls or other regulations, the United States person cannot readily convert into United States dollars or can only be converted at a substantial penalty to the United States person. In the case of the former no outflow of U. S. funds is involved. In the case of the latter, if such person utilizes such funds locally to acquire foreign securities while these deterrents to repatriation exist, he would be required to pay a United States tax in dollars currently on the acquisition of such securities.

"Therefore, provisions should be included in the bill both to exclude reinvestment of funds currently abroad and to defer application of the proposed tax to acquisition of foreign securities acquired with foreign funds which cannot readily be converted into dollars because of local exchange controls or other regulations, or could only be converted at a substantial penalty. A reasonable period of time also should be allowed the person to dispose of such securities after such exchange controls or other restrictions have been lifted without imposition of any tax on the original acquisition of such securities.

"(6) The provisions of proposed Section 4916 with respect to obligations of "less developed country corporations" should be broadened to include other juridical persons located or doing business in less developed countries, because foreign operations of United States businesses are not limited to relationships with foreign corporations but also other juridical persons such as individuals, partnerships and other business entities.

"Therefore we suggest that Section 4916 (a) (2) be reworded to read "stock or a debt obligation of a foreign issuer or obligor provided that the proceeds from such securities are to be used in a less developed country."

"(7) In order to conform to the flexibility of business operations, Section 4915 (a) should be broadened to include:

(a) Participation by United States persons in foreign partnerships or other forms of business organizations and not limited solely to participation in foreign corporations, and;

(b) Acquisitions where both the obligor and the obligee are owned directly or indirectly 10% or more by a common United States corporation—for example, notes of foreign corporation "X" acquired by domestic corporation "Y" where both "X" and "Y" are owned 10% or more by domestic corporation "P".

Clarify the 10% Limitation

"(8) Section 4915 of the Code, as proposed, would exclude application of the tax to direct investments of a United States person in foreign corporations if immediately after such acquisition such person owned 10% or more of the total combined voting power of all classes of stock of such foreign corporations. The voting power of various classes of stock outstanding of a foreign corporation may vary depending upon such factors as the cumulative profit less position of the corporation, the current status of dividend requirements, the types of transactions involved and the like. In order to clarify the 10% limitation included in the proposed Section, the 10% voting stock ownership requirement should be defined as including only stock which had the general right to vote at the time the acquisition of the securities by the United States person occurred.

"(9) Section 4915, as proposed, would limit the exclusion for direct investments to acquisition of securities of a foreign corporation in which the acquiring United States person held a 10% or greater stock interest immediately after the acquisition. Since it may not be possible at all times to acquire in a single transaction the required minimum percentage of ownership necessary to qualify such acquisitions as exempt transactions, the provisions of this section (and other related sections) should be broadened to exclude transactions which are consummated during a period of obtaining the required minimum percentage ownership in a series of step transactions—for example, by a refund of tax previously paid on acquisitions of securities prior to obtaining the requisite minimum percentage ownership, subject to the usual limitation on refund claims or some other reasonable period of time.

"(10) The provisions of proposed Section 4915 (b) (4) impose unduly harsh restrictions on exempt acquisitions of foreign securities required under foreign law. These restrictions should be amended to also exempt (a) acquisitions of securities by a United States person who technically is not doing business in a foreign country, although required to acquire such securities in connection with business transactions entered into with persons in such country, (b) acquisitions of securities in excess of minimum requirements because of nationalistic policies and (c) acquisitions of securities required legally or by the practicalities of the business situation at the time such acquisitions occurred.

"(11) Under the proposed bill, any interest equalization tax paid would be disallowed as a deduction except to the extent that any amount attributable to the amount paid as tax was included as gross income for the taxable year. This provision should be clarified to permit deduction of the tax even though the offsetting gross income is reportable by the taxpayer in a year different from the year in which payment of the tax was made or accrued, i.e., deduction of the tax should not be disallowed solely because the offsetting gross income was reportable in a different taxable year.

Summary

"In summary, we submit that the provisions of H. R. 8000 should be modified so as to completely exclude from application of the tax all financial transactions entered into in connection with the active conduct of a trade or business involving exports or other international operations. Unless this is done, the competitive system of United States business in the international market place will be handicapped resulting in a possible increase, rather than a decrease, in the payments deficit.

"We also urge modifications of other provisions of the bill as discussed herein to clarify application of the proposed tax or to eliminate or minimize potential unintended hardships on United States business."

Now Gordon Brown Co.

DENVER, Colo.—The firm name of Howsam-Brown & Associates, 290 Fillmore Street, has been changed to Gordon Brown & Company, Inc.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Carolina Power & Light Company

Carolina Power & Light, with annual revenues of over $101 million, serves electricity (only) to a substantial territory in the eastern part of the Carolinas, together with a small area in the western part of North Carolina, population served exceeding 2,300,000. About 83% of revenues are obtained in North Carolina and 17% in South Carolina. Asheville, Raleigh and Wilmington in North Carolina, and Florence and Sumter in South Carolina, are among the larger cities served. Farming is largely raising of tobacco and cotton. There is a considerable amount of light industry including textiles, electronics, boilers, paper, chemicals, food products and munitions.

Revenues are about 42% residential, 20% commercial, 8% textiles and 4% other industries, while 11% reflects wholesale sales to municipalities, co-ops and investor-owned utilities. The company's rates are very low, residential revenues averaging only 1.88 cents per kwh in 1962 vs. the national average of 2.41 cents and annual usage is correspondingly high—5,632 vs. 4,257 for the national average.

In the postwar period the company's source of energy changed from largely hydro to steam; in 1946 hydro (including purchased power) was well over half the output whereas recently hydro plants furnished only about 8% of total power. Generating capability at the end of 1962 was 1,490,000 (including a 250,000 kw unit added last year), while an additional 283,000 kw was available through power purchase contracts. Peak load last year was 1,516,000 kw. A 185,000 kw unit is expected to be in service in 1964 and a 390,000 kw unit in 1965.

For over 40 years Carolina P. & L. has been interconnected with its neighbors Duke Power, South Carolina E. & G. and Virginia E. & P., and a formal power pool is currently being established. New high-tension interconnections are projected, and power pool planning will permit smaller future investment in plant and equipment by the four companies. As a result, Carolina P. & L. expect to save about $2 million in annual carrying charges in future years, after the new system becomes effective. Savings should also be effected through the following benefits: (1) reduction in peak demand due to diversity, (2) improvement in heat rates due to use of larger units, (3) reduction in spinning reserve, (4) reduction in manpower due to use of larger units, and (5) purchase and sale of economy energy.

Carolina P. & L. is considered one of the "rapid growth" facilities. During the postwar period revenues and net for common have increased about five times while the number of shares of common stock were up 2½ times. Kwh sales have shown annual gains averaging about 10% in recent years, while gains in earnings per share have averaged over 8% per annum. The company estimates that kwh sales may increase at about 9½% per annum during the years 1963-67 inclusive.

The company's capitalization is conservative with debt 50.8%, preferred stock 10.1% and common stock equity 39.1%. The equity ratio has nearly doubled since 1946, requiring a substantial amount of equity financing in the decade ended 1956. No common was sold during 1957-60; a substantial amount was sold in 1961 and small amounts in 1962-63. No large equity financing is anticipated over the next few years, but amounts on the order of 2-3% of outstanding shares may be sold late in 1964 and in 1966, if market conditions are favorable.

The company enjoys favorable regulation, with a fair value rate base specified by state law, recently re-enacted. Replacement cost may be determined by "trending" original cost to current cost levels. Last year, according to Standard & Poor's calculation, the company earned 6.3% on reported year-end net plant and in the five earlier years the figure had remained at 6.0%.

Accounting policy is conservative, tax savings resulting from the use of accelerated depreciation and from the 3% investment credit being normalized. However, tax savings due to the new guideline rates for depreciation are included in earnings. It is possible, of course, that the company may be ordered to use "flow through" for the tax credit should the FPC change its present ruling.

The company has made the following projections:

	1963	1964	1965	1966
Construction expenditures	$31	$37	$48	$44
Amount of new financing	15	18	29	21
Interest charged to construction per share*	15¢	18¢	22¢	20¢

*Based on 5,502,000 shares outstanding Aug. 31, 1963.

Industrial development in the company's area continues active. A total of $110 million was scheduled for such development in 1962 when 24 new industries entered the area. In the first half of 1963 some $45 million was committed for investment in new plants and plant expansion. Of *Fortune Magazine's* list of the 500 largest U. S. industries, 47 are represented in the company's area.

The company is actively promoting all-electric heating, with a low rate of 1.25 cents per kwh for energy over 1,250 kwh. About 7,500 homes are now all-electric, also 3,318 commercial establishments and 539 industrial plants.

The stock has been selling recently around 69, this year's range approximating 71-61; paying $1.84 it yields 2.7%. With earnings of $2.77 for the 12 months ended Aug. 31, compared with $2.57 in the previous 12 months, the price-earnings ratio approximates 25.

New Mortgage Bill Urged To Create National Market

Enactment of new home mortgage proposal is urged by banking industry's spokesman. Says national market would be facilitated by proposed two federally-charted, privately-owned corporations to insure conventional mortgages, and to buy and sell mortgages and issue mortgage-collateralized debentures.

Passage by Congress of the proposed Mortgage Market Facilities Act would benefit both the home buyer and the general economy through more liberal conventional mortgage terms and better distribution of mortgage funds, M. Monroe Kimbrel, president of The American Bankers Association, said recently.

M. Monroe Kimbrel

Mr. Kimbrel told the Housing Subcommittee of the Senate Banking and Currency Committee that the bill introduced by Subcommittee Chairman Sparkman of Alabama "would create a strong and fluid national mortgage market capable of supplying a steady flow of private capital that will be required for our future home financing."

The measure calls for the establishment of two types of federally chartered but privately owned corporations. One type of corporation would insure conventional and other mortgages up to 100%; the other would buy and sell such mortgages and issue debentures on the security of these mortgages.

The proposal was developed by the National Mortgage Market Committee which consisted of some 25 experts from the mortgage lending, housing, and real estate industries.

Mr. Kimbrel, who is also chairman of the board, the First National Bank of Thomson, Georgia, said the existing market for mortgage credit is inefficient, lacks uniformity, and does not allow for sufficient marketability of conventional mortgages. "These disadvantages," he said, "together with the technical obstacles present in government-insured mortgages, serve as a deterrent to attracting potential investors."

"A conservative approach must anticipate that demand for housing will rise in the long run. By 1970 it is estimated that there will be nearly 12 million more families and the GNP will be nearly 50% greater than in 1960. Average family income is expected to exceed $9,000 and housing expenditures per family to have increased to over $1,200, annually, compared to about $900 today."

"The present supply of savings is adequate for the existing demand, but now is the time to prepare for the future when housing demand is expected to increase sharply," Mr. Kimbrel emphasized.

The A.B.A. official said the proposal would bring about an effective, private secondary mortgage market which will help to assure an adequate supply of housing funds and better allocate such funds in accordance with actual market conditions. "The two types of organizations will make mortgages a security attractive to many additional investors and will bring about a more fluid market for outstanding mortgages, enabling financial institutions to make portfolio adjustments as they now do with other long-term assets."

Mr. Kimbrel said the proposal is based on the philosophy "that whenever possible private enterprise must operate without the financial assistance of government."

"It is for this reason that we favor strengthening the conventional mortgage market by establishing in the private sector corporate organizations having the necessary powers and resources to insure and market conventional and other home mortgages on a nationwide basis."

Paine V.-P. of Clark, Dodge

Augustus G. Paine has been elected a Vice-President and director of Clark, Dodge & Co. Incorporated, 61 Wall Street, New York City, members of the New York Stock Exchg., it has been announced. He joined the firm in July of this year.

Augustus G. Paine

Mr. Paine was formerly President and director of New York & Pennsylvania Company, paper manufacturers, from which he resigned on Jan. 31, 1963. At the same time, he resigned as President and director of Armstrong Realty Co. and as director of Willsboro Realty Co. and Armstrong Forest Co.

Mr. Paine joined New York & Pennsylvania Co. in November, 1941 and became President in February, 1961. From May, 1942 to December, 1945, he was on active duty with the United States Navy.

At present, Mr. Paine is President and director of The Nypen Co., Inc., and director of Petroleum Reserves, Inc., Johnsonburg National Bank and Sales Analysis (International) Ltd.

NEWS ABOUT BANKS AND BANKERS

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

The Chase Manhattan Bank announced the appointment of Arthur Ross to the advisory committee of the Bank's 42nd St. branch.

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The **Chemical Bank New York Trust Company, New York,** has elected William H. Walters to its Midtown Advisory Board.

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CHEMICAL BANK NEW YORK TRUST CO. NEW YORK

	Sept. 30, '63 $	June 30, '63 $
Total resources	5,267,568,040	5,332,598,780
Deposits	4,581,859,471	4,559,812,486
Cash and due from banks	960,681,184	1,045,512,174
U. S. Govt. security holdgs.	496,970,553	620,026,868
Loans & discts.	2,607,998,721	2,565,281,406
Undivid. profits	61,739,762	57,839,900

* * *

Manufacturers Hanover Trust Company, New York, Oct. 2 announced the election of three Vice-Presidents. They are Stanley van den Heuvel, personal trust division; John J. Sullivan, national division, and Robert W. Keith, personnel.

The bank also announced the appointments of Vincent J. Boller, Daniel J. Brannigan, Harry B. Pangburn, Alfred J. Phillips, William G. Sayres, Thomas F. Seifert, Raymond J. Smith, Paul D. Tibbetts, and Charles T. Treadway, 3rd, as Assistant Vice-Presidents.

MANUFACTURERS HANOVER TRUST COMPANY, NEW YORK

	Sept. 30, '63 $	June 30, '63 $
Total resources	6,313,767,731	6,292,994,132
Deposits	5,434,019,480	5,377,059,144
Cash and due from banks	1,544,084,957	1,524,468,526
U. S. Govt. security holdgs.	867,127,373	994,320,216
Loans & discts.	2,830,287,758	2,683,821,084
Undivid. profits	99,775,849	95,281,532

* * *

William H. Moore, Chairman of **Bankers Trust Company, New York,** has announced the appointment of several new officers.

Newly-elected Assistant Vice-Presidents are Edward A. Lesser, Western Division, and Allen J. Pecheur, Credit Analysis and Investigation.

Culver Smythe and Walter E. Thygeson were named Trust Officers in the Personal Trust Division, and James E. Kurfess was named an Assistant Secretary in the Corporate Agency Divisicn.

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IRVING TRUST CO., NEW YORK

	Sept. 30, '63 $	June 30, '63 $
Total resources	2,576,211,947	2,555,815,544
Deposits	2,240,568,621	2,248,643,880
Cash and due from banks	562,356,959	572,362,816
U. S. Govt. security holdgs.	399,699,325	402,473,160
Loans & discts.	1,246,047,769	1,255,273,416
Undivid. profits	39,556,570	37,865,530

* * *

Lyle J. Pirnie has been advanced to the post of Auditor of **The Bank of New York.** Mr. Pirnie was formerly Assistant Auditor of the bank.

At the same time, Gerald P. Dillon and Emmett Driscoll were named Assistant Treasurers and Joseph F. Fadell was appointed Assistant Auditor.

Gordon I. Morison has been assigned to work with Wilbur Thompson, Deputy Comptroller, under the direct supervision of Gerald Sheldon, Vice-President and Comptroller. Mr. Morison's title has been changed from Auditor to Deputy Comptroller.

For organizational purposes, Mr. Woolley said, the titles of William J. Caird and Kermit Ehlers have been changed from Assistant Comptroller to Assistant Treasurer.

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BANK OF NEW YORK

	Sept. 30,'63 $	June 30,'63 $
Total resources	724,455,076	735,691,031
Deposits	623,594,959	639,047,157
Cash and due from banks	244,472,459	251,083,574
U. S. Government security holdings	95,949,644	100,977,035
Loans & discounts	327,235,470	334,299,828
Undivided profits	5,108,711	13,403,494

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The election of Arthur J. Smyth and Nelson C. Works, Jr., as Administrative Vice-Presidents of **The Marine Midland Trust Company of New York,** has been announced.

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THE MARINE MIDLAND TRUST CO., NEW YORK

	Sep. 30, '63 $	Jun. 30, '63 $
Total resources	929,799,007	922,303,489
Deposits	823,367,608	817,014,934
Cash and due from banks	237,248,974	259,275,646
U. S. Govt. security holdings	150,895,005	154,862,330
Loans & discounts	458,032,785	432,431,828
Undivided profits	24,335,003	23,595,267

* * *

The Boards of Directors of **J. Henry Schroder Banking Corporation and Schroder Trust Company, New York,** have announced the election of Emil Kuster as Senior Vice-President and Karl H. Streeck and Burgis B. Coates as Vice-Presidents of both institutions.

Mr. Kuster has been in charge of the Foreign Exchange Department of the Schroder banks since he joined them in 1948. He was promoted to Vice-President in 1954 and in his new position as Senior Vice-President will assume responsibility for direction of the banks' activities in Europe.

The two banks also announced that Henry W. Paul, Howard J. Russell, Arnold Holst and Gerhard H. Laube have been named Assistant Vice-Presidents and that Donald S. McCulloch has been appointed an Assistant Secretary.

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Robert V. Mahoney has been appointed Assistant Vice-President of **Commercial Bank of North America, New York.**

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Herman H. Maass, President of **Security National Bank of Long Island,** has announced that the Comptroller of the Currency approved a new office on Sept. 30 to be located on Route 25A in Cold Spring Harbor.

* * *

Dr. Joseph E. Hughes, retired Chairman of **The County Trust Company, White Plains, New York,** died Sept. 27. He was 69 years old.

Dr. Hughes was associated first with the **Washington Irving Trust Company, Tarrytown, New York,** and later with The County Trust Company, White Plains.

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The **Security Trust Co., Rochester, New York,** elected Edward Peck Curtis, Chairman of the Executive Committee.

* * *

The **Watertown National Bank, Watertown, New York,** and the **Massena Banking and Trust Co., Massena, New York,** were officially merged Sept. 30 following approval by stockholders of both institutions.

The new partnership will be under the name of the **National Bank of Northern New York.**

Brainard C. Rushlow, President of the Watertown National Bank since 1955, is President of the National Bank. Oral S. Helmer, President and Director of the Massena Bank, will become a Vice-President and Director of the National Bank. He will remain in charge of the Massena operation.

The merger combines assets of the two banks totalling $50,000,000.

* * *

The **Boston Safe Deposit & Trust Co., Boston, Mass.** elected Robert G. Spengler a Vice-President.

* * *

The National State Bank of Newark, N. J., has named William A. Blind, Assistant Vice-President, to be in charge of its Orange (N. J.) Office. He succeeds William F. Redpath, who retired at the end of last month following more than 56 years in banking.

* * *

Mr. Howard W. Good, President of **The First National Bank of Riegelsville, Pa.** and Mr. George H. Brown, Jr., President of **Girard Trust Corn Exchange Bank, Phil., Pa.** Sept. 20 jointly issued the following statement:

A Joint Plan and Agreement of Merger has been approved by the Boards of Directors of both banks and will be submitted to the shareholders of both banks for their approval as well as to the state and federal regulatory authorities.

Under the Plan, the shareholders of The First National Bank of Riegelsville will receive 3¼ shares of Girard Trust Corn Exchange Bank stock and a cash payment of $20 for each share of Riegelsville stock.

* * *

Discussions are being conducted for the consolidation of **The Union National Bank of Pittsburgh, Pa.** and the **Commonwealth Bank and Trust Company, Pittsburgh, Pa.** with the approval of their Boards of Directors, it was announced Sept. 26 by Charles L. McCune, President of Union National, and William B. McFall, Chairman of the Board, and James B. Grieves, President of Commonwealth. Any consolidation agreement would be subject to the approval of stockholders of both banks and the Comptroller of the Currency.

Total resources of Commonwealth on June 30 were $165,669,417, and the total resources of Union National on the same date were $214,698,665.

* * *

The Comptroller of the Currency James J. Saxon on Sept. 25 approved the application to merge The **Seaboard Citizens National Bank of Norfolk, Norfolk, Va.,** and The **Farmers Bank of Nansemond, Suffolk, Va.,** effective on or after Oct. 2.

* * *

The Comptroller of the Currency James J. Saxon on Sept. 26 announced that he has given preliminary approval to organize a new National Bank in Grundy, Virginia.

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

* * *

The Comptroller of the Currency James J. Saxon on Sept. 27 announced preliminary approval of the applications of a group to organize a new National Bank in Oklahoma.

At Oklahoma City, with the title, **"South Side National Bank of Oklahoma City,"** with an initial capitalization of $700,000.

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The **Citizens & Southern National Bank, Atlanta,** announced that John W. Callahan, Vice-President of the **Commercial Bank at Daytona Beach Fla.,** has been named Vice-President, advertising, public relations and merchandising, effective Oct. 14.

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The **Hialeah-Miami Springs Bank, Hialeah, Fla.,** has established a complete international department.

Named to head the new department was Manuel Gonzales, who has been elected a Vice-President.

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The **Industrial National Bank of Miami, Fla.** has announced the election to its Board of Directors of Walter Humkey.

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The **Industrial National Bank of Miami, Fla.** changed its name Oct. 1 to **City National Bank of Miami** and **North Shore Bank** became **City National Bank of Miami Beach.**

* * *

The Comptroller of the Currency James J. Saxon on Sept. 24 announced preliminary approval of the application of a group to organize a new National Bank in Texas.

At Uvalde, with the title, **Farmers and Merchants National Bank of Uvalde,"** with an initial capitalization of $400,000.

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The comptroller of the Currency James J. Saxon on Sept. 24 announced that he has given preliminary approval to organize a new National Bank at North Glenn, Colorado.

Initial capitalization of the new bank will amount to $435,625, and it will be operated under the title, **"The First National Bank of North Glenn."**

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The **First Western Bank & Trust Co., Los Angeles, Calif.,** announced that Albert L. Buchmer, joined the Bank as Vice-President.

* * *

The Comptroller of the Currency James J. Saxon on Sept. 24 announced preliminary approval of the applications of a group to organize a new National Bank in California.

At Palm Springs, with the title, **"Palm Springs National Bank,"** with an initial capitalization of $1,250,000 and at Santa Maria, with the title, **"Los Padres National Bank,"** with an initial capitalization of $1,000,000.

* * *

Gordon J. Touchie and George C. Hitchman have been appointed Deputy General Managers of the **Bank of Nova Scotia.**

* * *

Bank of Hawaii, Honolulu, Hawaii, has named Jorge L. Vargas an Assistant Cashier. Mr. Vargas is responsible for the supervision of the Bank's Accounting Department.

Madelyn L. Dunham, Escrow Department Manager, has also been named Assistant Cashier.

Now Clark & Hart

DALLAS, Texas—The firm name of Joel H. Clark & Associates, Inc., Hartford Bldg., has been changed to Clark & Hart, Inc. The firm maintains branches in Austin and Texarkana.

Warns Savings And Loan Assns. On Rate Rises

Joseph P. McMurray, Chairman of the Federal Home Loan Bank Board, made the following announcement in San Francisco on Sept. 30:

Joseph P. McMurray

"I am informed of announcements by some Southern California savings and loan associations of increases in savings rates to 5%. It appears there may be a possibility of a general movement by Southern California associations to a 5% rate at a time when slackening mortgage demand and signs of deteriorating loan quality make this most unwise.

"I believe it only fair to inform all associations that the Board is greatly concerned over this situation and is preparing certain measures to ensure that rapid growth does not jeopardize institutional safety and soundness. These include regulations increasing reserve allocations in proportion to growth, requiring deferral of loan fee income, and establishing stringent eligibility standards for advances from regional Federal Home Loan Banks.

"The Board urges all associations to refrain from hasty rate increases, and to consider the position in which they would find themselves under the imminent regulations.

"The concern I have expressed is shared fully by the Administration, and such has been made clear to me."

J. W. Thompson Appointments

John Monsarrat was elected to the Board of Directors of the J. Walter Thompson Company at its meeting on Thursday, Sept. 26. Mr. Monsarrat, a veteran of 27 years in the agency business, joined the Thompson Company in 1955 as account management supervisor.

At the same meeting, the Board elected five of its executives located in New York, two in Chicago and one in Detroit to the position of Senior Vice-President. They are: Donaldson B. Thorburn, Rudyard C. McKee, Stever Aubrey, Donald B. Armstrong and William H. Hylan of New York; Alexander H. Gunn III and Clarence S. Lund of Chicago; and Franklyn R. Thomas of Detroit.

Josephthal & Co. To Admit Partner

Josephthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Oct. 10 will admit John D. McKeown to partnership. Mr. McKeown will acquire a membership in the Exchange.

New NYSE Regulations on Advertising and Reports

The New York Stock Exchange has issued supplements to its rules governing member organizations' advertising, market letters, research reports, sales literature and other communications with the public.

Keith Funston, President of the Exchange, said the new guideposts in large part clarify or expand on policies developed over a number of years' surveillance of member firms' activities in disseminating investing information. The material also incorporates some new policies. He noted that the Exchange has pioneered in establishing and enforcing standards in this field.

Among the chief points in the expanded standards are:

• A tighter requirement for member firms recommending securities in market letters or other literature to disclose market-making and underwriting activities in these issues, as well as options or intentions to buy or sell the securities as principals.

• Spelling out that securities recommendations and claims about research services must have bases which can be substantiated as reasonable.

• A requirement to identify outside persons or organizations preparing investment literature distributed by member firms.

• Regulations bringing under the general rules for market letters and research reports such activities as writing, broadcasting and speaking undertaken by member firm personnel on their own.

• A statement of existing guidelines for speaking activities by member firm personnel, including the 3,000 speakers in the Exchange's Investors Information Program, who appear before an estimated one million persons a year.

The supplementary material, in preparation since early this year, was approved by the Exchange's Board of Governors last week. It was developed from standards in existence or under study by the Exchange during the past several years; from extensive interviews earlier this year with a cross-section of member organizations which produce advertising or market letters; and from some recommendations of the Securities and Exchange Commission staff and the SEC's Special Study of the Securities Markets.

"Publication of these policies should be a major aid in interpreting traditional Exchange standards of truthfulness and good taste for the several thousand persons who maintain the flow of investing information from member organizations to the investing public," Mr. Funston said.

"In publishing these guidelines, the Exchange by no means seeks to inhibit this needed flow of facts and research. On the contrary, we have bent every effort to keep these policies practical and workable, with the goal of making member firm communications more effective and more useful to a growing number of shareowners."

The largest part of the standards issued in printed form today consists of supplementary material to Exchange Rules 471, 472 and 473, governing member organizations' advertising, market letters and other communications with the public. Since 1939, the Exchange has required member firms to submit advertisements for approval prior to publication, and since 1921, has required that they be filed with the Exchange. In 1956, the Exchange became the first organization in the securities industry to put into practice a system for spot checking of market letters, research reports and sales literature.

Recently, the Exchange's member firm ad review has been running at a rate of about 6,000 ads a year. The frequency of review in the market letter spot-checking program has been increased progressively since 1956. Currently, the Exchange reviews a representative sampling of the output of some 400 member firms twice a year, plus more frequent checks where the need is indicated.

Here, in summary, are some of the major points covered in the expanded supplementary material:

Disclosure and Recommendations. Where it is applicable, a member firm issuing a securities recommendation must state that it makes a market in the issue, or that the firm or its partners intend to buy or sell the security as principals; that the firm or its partners hold options of any kind in the security; or that the organization managed or co-managed the most recent public offering of the security. The disclosure of directorates or other "insider" relationships is suggested as a way of avoiding possible difficulties in this area, but firms are cautioned to be careful not to imply that recommendations are based directly or indirectly on privileged information.

The revised standards restate the previous requirement that information supporting recommendations should be provided or offered, and add that a recommendation must have a basis which can be substantiated as reasonable. Existing Exchange policy, that results of past recommendations may not be reported on in a selective or misleading way, is also spelled out; results must take in all past recommendations in a clearly definable "universe" for a period of at least a year, and past records may not be used to promise future performance.

Projections and Predictions. In addition to present standards that past records cannot be used to promise future profits or income, the expanded criteria specifically require clear labeling of projections and predictions as estimates. They also state that a reference to the basis for an estimate should be given or must be available on request. The standards also restate Exchange policy that, in using testimonials, member firms must make it clear that a testimonial is not indicative of future performance or success, and that they must not picture the experience of one customer as representative of that of others.

Research. The new material sets down implicit Exchange policy that claims about research services must have a reasonable basis. It requires dating of all reports and identification of investment literature not prepared under the direct supervision of the distributing firm's research department. Market prices at the time recommendations are made must be shown, and information that is no longer current — generally more than six months old —must be noted. Persons engaged in portfolio analysis may not undertake duties in this field which are not commensurate with their experience and training.

Speaking Activities. The standards stipulate that member firm officers with the proper authority must approve all public talks or lecture courses by firm personnel, and that logs of such engagements must be maintained. In educational talks and lecture courses sponsored by public or private groups, recommendations may not be made for specific securities, industries or methods of investing. In cases where member organizations themselves are sponsors, and in other cases where discussion of specific securities, industries or methods may be pertinent, standards for member firm communications with the public apply.

"Outside" Writing and Broadcasting. Writing and broadcasting undertaken by member firm personnel as individuals — and likewise speaking or lecturing that may be undertaken aside from programs engaged in by member firms — are brought under the general requirements for market letters and research reports. Authors and broadcasters must be identified as connected with the securities industry; their firms must approve the activities, which may not interfere with full-time performance of member firm duties; any compensation must be nominal; Exchange approval must be obtained for activities which are not broadly educational, or which are frequent or regular.

Internal Wires and Language. The standards also bring under the regulations covering market letters and sales literature internal wires and memoranda which are shown or distributed to the public or used in making recommendations to customers. As such, these communications must be approved in advance by designated firm officers, and must be kept on file for three years for inclusion with material that may be submitted for Exchange spot-check reviews.

A general prohibition against statements which are promissory, exaggerated or flamboyant, or contain unwarranted superlatives —previously stated in an Exchange educational circular — is repeated in the expanded regulations.

The Exchange is distributing copies of the rules and revised supplementary material. Changes become effective Oct. 15.

Norman Whittall Official Changes

VANCOUVER, Canada—Norman R. Whittall has been elected Chairman of the Board and H. Richard Whittall, President of Norman R. Whittall Limited, 424 Burrard Street.

CORRECTION

In the *Financial Chronicle* of Sept. 26, it was reported that Mr. Stanley Eisenberg was engaging in the securities business from offices at 400 Stanley Ave., Brooklyn, N. Y. We are informed that this is in error; Mr. Eisenberg is not a dealer in securities.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Do Contractual Plans Need Revision?

In the *Chronicle*, issue of Aug. 29, I wrote a column entitled "What About Contractual Plans?" If you read it, I stated that it was possible that revisions in the method of merchandising these plans may be needed. I also stated that if a revision in the commission schedule was responsible for certain sales abuses that, quote: "Regarding the matter of pricing, and sales commissions . . . unless the sales commissions are fair to the buyer and adequate to the seller, the product itself will not survive."

I still adhere to this view. I believe that Contractual Plans properly put together, fairly priced, and supervised from the top with an iron hand as to the salesman's presentation of the product, are a useful and valuable way for many people of limited means to acquire a stake in the real wealth of this country . . . the common stocks that represent ownership of our business and industrial enterprises.

The Other Side of the Story

One of my readers took the time to write me a very sincere letter regarding my views concerning Contractual Plans. He says, "For the life of me I cannot see how the advantages of a forced plan offset the delayed investment of the funds by reason of the early takedown of the overall commission and the great penalties suffered by those who find they are forced to withdraw in the early years.

"Sure, the details of the plan are in fine print and I am certain that a few salesmen, like yourself, would explain the possible penalties of these plans. For a number of years it was my good fortune to run the service department of one of the biggest banks in New York City and one only had to read the heartbreaking mail that came to that bank, from people who had not read, or who had not had explained to them that which was in the fine print. It was so bad that it was obvious that the salesmen were high pressuring widows, orphans and other easy prey into these plans. It sounded great to them until the unexpected happened and they had to get a little cash together fast and then came the dreadful realization that all the hard-earned dollars had gone largely into fees and that the payout was only a pittance of what had gone into the plan.

"You make a good case for equities and I am all with you but please lay off advocating or trying to justify contractual plans. After the letters I have seen and the replies I had to prepare, I am very strongly of the opinion that the possible good these plans do in more or less forcing a person to make monthly savings, is far more than offset by the anguish and sacrifice of those who did not really know what they were getting into and the possible loss that early liquidation would detail."

Do You Agree?

I still believe that a fair, and adequately priced Contractual Plan is needed. If the investment business doesn't produce if the Life Insurance industry will do so . . . using what they call variable annuities (semantics only). But I also agree with the writer of this letter. He is not speaking from hearsay because he is one of the leading men in his field in this country and I have known him for years. When he gives his opinion it is based upon some case histories that are a blot on the firms who hired the salesmen who misrepresented the plans in the first instance. Nor is he writing because of a few isolated instances . . . this man is sincere in his indictment.

Eventually the mutual fund industry may make a complete reappraisal of all Contractual Plans. This would probably include a revision of the commission schedule, also a new revised spacing of renewal commissions over a term of years, and a method of checking with the client after the purchase so that the investor understands what he bought, the costs, risks, and also the cashable potential beginning with year one. This would discourage the hiring of part time salesmen who are only looking for a quick sale and a commission. For that matter, I do not believe that any firm should hire part time salesmen . . . This is not a part time business. It is a serious business where you are dealing with other people's futures, their savings, and their peace of mind. I still think there is merit in Contractual Plans but if the commission schedule needs revision . . . the sooner the better . . . and for that matter, any other flaws, or faults, that should be corrected.

New Series Lectures On the Stock Market

A series of five free lectures on the market and investing will be given at the 99 Park Ave., New York City, branch office of Harris, Upham & Co., members of the New York Stock Exchange. The lectures, to be conducted by Mrs. Rose O'Neil, will commence on Oct. 14 at 7:30 p.m. and will cover the subject of "The Stock Market and How it Operates." Subsequent lectures on selecting securities, research and technical approaches will be given at weekly intervals. Aimed at both the beginning and practicing investor, the weekly lecture series will also include ample opportunity for questions and answers. Members of Harris, Upham's Research Department will assist Mrs. O'Neil. The public is cordially invited and interested parties should contact Mrs. O'Neil at Harris, Upham's 99 Park Ave. branch office.

With Manley, Bennett

DETROIT, Mich. — Manley, Bennett, McDonald & Co., Buhl Bldg., members of the New York and Detroit Stock Exchanges, have announced the appointment of Thomas J. Lawson as a registered representative. He has been a registered representative for several years with another Stock Exchange firm.

Lower Credit Demands Can Be Expected Next Year

Continued from page 3

technique of advance refunding which liquidates these new issues in a few years. In relation to the capital markets as a whole, the municipal market has again become a relatively small market.

Although there has been no dynamics in total municipal demand, there has recently been a dramatic shift in the sources of funds for municipals. These are tabulated in the lower half of Table I. Commercial banks bought one-quarter of the total in 1957, one-tenth in 1959, 60% of the total in 1961, and over 80% in 1962. Insurance companies are now buying all the rest. Private and miscellaneous investors who used to be the largest buyers, often taking over half of the new debt, have all but vanished from this market. The market has been bid away from them by the banks. Rarely has there been so dramatic a shift in the sources of investment funds for any market and rarely such a dangerous concentration on one source of new money.

In appraising the future of municipal yields, therefore, we must concentrate on two questions: How long will banks continue to buy up virtually the entire volume of new municipals and, when they quit, who else will step in and at what price?

Municipal yields are tied only very loosely to other bond yields and the range of spreads is large. Long prime municipal yields are still in a bonanza relationship to prime taxable bond yields for the corporate taxpayer, even after the proposed tax cut. Therefore, fire and casualty insurance companies and commercial banks will continue to seek municipals as long as tax regulations are unchanged and as long as they have funds for long-term investment. But banks are extremely fickle in their investment activities. Traditionally, when their good customers want loans in volume, they quit investing altogether.

A continued large flow of time deposits seem prabable. Even so, a more restrictive monetary policy or a rise in loan demands or merely a surfeit of municipals will cool off bank demand for municipals. I conclude then that the municipal market is very vulnerable to a shift in bank investment policy.

The banks have bid up certain types of municipals much more than others — notably medium grades in the 10-20 year maturity range. These are correspondingly more vulnerable than shorter term or longer-term or higher grade bonds.

Table I and the other tables contain some estimates for 1964. These are of a very preliminary character since our own considered forecasts, which are made annually after consultation with a number of experts, are not prepared until January. These figures however, seem to fit reasonably well into the kind of economic climate outlined for us by Dr. Nadler, although he is not to blame for errors.

You will see from Table I that I expect no great change in the total volume of municipal financing in the year ahead. I also expect that banks will maintain their new role in the capital markets and will continue for another year to buy municipals in volume. I believe, however, that it is prudent to expect some falling off in the total of bank purchases, especially in 1964. If so, private investors will again have to become a market factor. This suggests that certain key areas of the municipal market will do worse than other departments of the bond market.

Corporate Bonds

Table II gives the same data for corporate bonds. It shows that the total demand for corporate bond money has been even less dynamic recently than the demand from municipalities. The heavy flow of internal corporate funds has reduced the need for external financing. This should remain true in the year ahead in spite of larger capital expenditures.

The sources of funds for corporate bond financing are very different from the sources for municipal financing. They are far better diversified and are far more stable. Commercial banks hardly enter into this market at all and individual investors have rarely been a factor except for convertibles. The three great investing groups, life insurance companies, corporate pension funds, and state and local retirement funds all enjoy a remarkably large and stable money flow which each year tends to be larger than the year before. Erratic fluctuations are not usual from year to year. Life insurance companies fifteen years ago used to buy 85% of all corporate bonds but they have gradually lost this dominant role. State and local retirement funds have recently grown steadily in importance. All of these three groups have a much larger money flow than they can put into corporate bonds. All would readily and eagerly increase their purchases of corporate bonds if volume of bond offerings grew and if yields rose relative to other yields. Thus corporate bonds enjoy the most reliable underpinning of any of our markets.

This fact explains clearly why corporate bond yields have declined since 1961 although Government bond yields have risen. It reflects the institutional struggle for income, the same force which has driven banks into the municipal market but with this difference: these institutions have none of the banks needs for liquidity or obligation to provide short-term loans when the community demands accommodation. The money flow to these institutions is reliable, growing, and scarcely influenced at all by monetary policy.

You will see that I forecast a very similar moderate volume of corporate bond financing in 1963 and 1964 as in 1962 and other recent years and very similar sources of funds. All this seems to mean that corporate bonds will be in relatively good demand in the year ahead as they have been for several years. Corporate bond yields today however are so close to government yields that it is scarcely possible for the corporate market to continue to do better than the government market. Widening of yield spreads, which will occur from time to time when corporate volume is bunched or if all long yields rise or fall, should not go very far and should be followed again by narrow spreads. If corporate yields rise next year, the cause of higher yields probably will not come from within the corporate bond market, as it often did in 1957 and 1959 and even 1961, but as a secondary adjustment to pressures in other departments of the markets.

Governments

Table III shows the annual change in publicly-held U. S. Treasury debt and identifies net buyers and sellers. The year-to-year shift in the Treasury's requirements used to be dynamic: deficit to surplus to deficit; but ever since 1960 there has been a monotonous succession of similar deficits with publicly-held Treasury debt rising by about $5 billion a year. This is about the same as the recent annual increases in

TABLE I

MUNICIPAL BONDS
(Billions of Dollars)

	1957	1958	1959	1960	1961	1962	1963E.	1964E.
Gross New Issues	6.7	7.6	7.6	7.2	8.3	8.5	9.1	9.3
Retirements, Sinking Funds, etc.	2.4	2.4	2.8	3.2	3.3	3.3	3.5	3.6
Net Change in Publicly Owned Debt	+4.3	+5.2	+4.8	+4.0	+5.0	+5.2	+5.6	5.7
Bought By:								
Life Insurance Companies	+0.1	+0.3	+0.5	+0.4	+0.3	+0.2	+0.1	+0.1
Fire and Casualty Companies	+0.6	+0.7	+1.0	+1.0	+0.9	+0.8	+0.9	+1.0
State and Local Retirement Funds	+0.4	+0.5	+0.4	+0.3	+0.1	-0.2	-0.2	-0.2
Total Non-Bank Institutions	+1.1	+1.5	+1.9	+1.7	+1.3	+0.8	+0.8	+0.9
Commercial Banks	+1.0	+2.6	+0.4	+0.6	+2.8	+4.4	+4.1	+3.2
Individuals and Miscellaneous	+2.2	+1.1	+2.5	+1.7	+0.9	0	+0.7	+1.6
Total	+4.3	+5.2	+4.8	+4.0	+5.0	+5.2	+5.6	+5.7

TABLE II

CORPORATE BONDS
(Billions of Dollars)

	1957	1958	1959	1960	1961	1962	1963E.	1964E.
Gross New Issues	9.6	9.7	7.1	8.2	9.4	9.0	9.8	9.6
Retirements, Sinking Funds, etc.	2.6	3.8	3.0	3.2	4.3	3.9	4.2	3.8
Net Change in Publicly Owned Debt	+7.0	+5.9	+4.1	+5.0	+5.1	+5.1	+5.6	5.8
Bought By:								
Mutual Savings Banks	+0.6	+0.5	-0.2	+0.2	0	0	0	0
Insurance Companies	+2.7	+2.3	+2.0	+1.7	+2.0	+2.0	+2.0	+2.1
Corporate Pension Funds	+1.7	+1.3	+1.0	+1.3	+1.0	+0.9	+1.2	+1.1
State and Local Retirement Funds	+0.8	+0.7	+0.9	+1.1	+1.4	+1.5	+1.7	+1.8
Total Non-Bank Institutions	+5.8	+4.8	+3.7	+4.3	+4.4	+4.4	+4.9	+5.0
Commercial Banks	+0.1	0	-0.1	-0.2	+0.1	-0.1	0	0
Individuals and Miscellaneous	+1.1	+1.1	+0.5	+0.9	+0.6	+0.8	+0.7	+0.8
Total	+7.0	+5.9	+4.1	+5.0	+5.1	+5.1	+5.6	+5.8

TABLE III

U. S. GOVERNMENT DEBT
(Billions of Dollars; Calendar Years)

	1957	1958	1959	1960	1961	1962	1963E.	1964E.
Gross Change in Treasury Debt	-1.7	+8.0	+7.9	-0.5	+6.1	+7.5	+9.0	+8.5
Less Purchases by U.S. Agencies and Federal Reserve	+0.5	+1.3	-0.4	+2.2	+0.9	+3.0	+3.7	+3.5
Net Change in Publicly Owned Debt	-2.2	+6.7	+8.3	-2.7	+5.2	+4.5	+5.3	+5.0
Bought By:								
All Non-Bank Institutions	-0.8	+0.5	+0.4	-0.9	+0.3	+0.9	+1.2	+1.5
Commercial Banks	-0.3	+8.1	-7.6	+1.7	+5.6	-0.1	-0.9	-1.5
Corporations	-0.5	+0.1	+3.8	-2.9	-0.5	+0.4	+1.0	+0.5
Foreigners	-0.1	0	+4.1	+0.6	+0.4	+1.7	+1.8	+2.0
Individuals and Miscellaneous	-0.5	-2.0	+7.6	-1.2	-0.6	+1.6	+2.2	+2.5
Total	-2.2	+6.7	+8.3	-2.7	+5.2	+4.5	+5.3	+5.0
Note:								
Gross New Treasury Offerings for Cash and Refundings by Maturity:								
5 Yrs. to 9 Yrs. 11 Mos.	0	9.4	0	4.9	7.1	15.9	8.5	
9 Yrs. 11 mos. and Longer	0.7	4.3	1.5	4.4	4.3	5.4	5.8	

both corporate and municipal debt. It seems like a small net demand for these supposedly giant markets, accounting in each of them for less than 1% of GNP per year and a fraction of private savings.

In Governments, the dynamics of the market have been caused not by changes in the size of the deficit but by shifts in the Treasury's choice of maturity for its new cash and refunding offerings and by shifts in the sources of funds. Looking at sources, the Government market does not depend on one type of investor as does the municipal market. The Government market has been independent of net purchases by the banking system for two years. Talk of the need to reprice Governments so as to finance the deficit outside of the banking system is academic. Furthermore, there is no large reliable almost unlimited institutional money flow into Governments as there is into corporate bonds. Rather there is a wide variety of buyers in small volume.

Since 1960, nonbank institutions as a group, after a decade of net liquidation, have been creeping back into Governments. With Government yields almost the same as prime corporate yields, there is every reason to believe this trend will continue; their shift in three years toward Governments has been $2½ billion or almost half the annual net demand.

Individual and miscellaneous investors have also been creeping back into Governments. In 1963, they seem to be providing $2½ billion more than in 1961. Foreign demand comes to almost $2 billion a year and corporations are potential buyers in size. Although the net amount raised in 1963 will be about the same as in 1960, the sources are entirely different and no group is now dominant.

You will see from the table that I estimate under a favorable economic environment that even with a tax cut the net deficit to be publicly financed next year will not be above recent deficits. I believe that the technical problems of financing a deficit of this size will not be difficult.

For longer Governments, however, the balance of supply and demand looks very delicate. The trend of long Government yields should depend not so much on the size of the net deficit or even on shifts in monetary policy if they are moderate, but largely on the volume of longer term issues offered by the Treasury. You will see from the bottom line on the table that gross new long issues have become large — larger than the total of net new money raised. Official pronouncements have suggested that the Treasury favors higher short-term rates for balance of payments reasons without creating heavy pressure on the bond market. Since Government bond yields are today historically high and relatively attractive, this objective can be achieved with careful management if there is no overall trend toward high bond yields.

Mortgages

Table IV provides us with the same sources and uses data on Real Estate Mortgages. Here at last we see a market large enough to exert a major influence on the American economy. The net demand for mortgage credit has been running almost five times larger than the net demand from the U. S. Treasury, or from all American corporations, or from all American states and municipalities. It is two-thirds larger than the combined net demand from all three. There are real dynamics in the total demand for mortgages which fluctuates widely from year to year: the mere acceleration from 1961 to 1962 exceeded the total of all corporate bond financing in either year.

Most of the sources of mortgage money do not seem fickle and changeable like the sources of municipal money, or small and scattered like the sources of Treasury money, but rather large and steady like the sources of corporate bond money growing year by year with the market. One notoriously unreliable source however has recently entered the mortgage market, the commercial banks, but they account for only about 15% of the mortgage market against 80% of the municipal market.

The mortgage market, more than any other, seems to depend to finance its present volume on a recent economic development: the huge flow of new public savings into institutions in response to high interest rates. If this continues the mortgage market can do reasonably well even though monetary policy slows down commercial bank purchases. But what happens if the flow of savings stabilizes or declines?

If this happens I believe oddly enough that the demand for mortgage money will decline. This because a large part of the huge rise in mortgage finance in 1962 was induced by a surfeit of money seeking mortgages. Home owners were persuaded to enlarge the mortgages on their homes for purposes other than building or buying. "Take a real vacation in the Rockies and pay for it in 60 easy semi-annual instalments!" The solid demand to pay for bricks and mortar, such as engulfed the mortgage market at times in 1955-1959 is not today anything near as large as the volume of funds seeking mortgages. Therefore, there is a cushion in this market. A smaller supply of funds would be quickly offset by a smaller effective demand. Also FNMA, which has been a large net seller of mortgages, is prepared to become a large buyer and this provides another cushion.

It is only the great size and flexibility of demand for mortgage money that has prevented corporate and other bond yields from plunging to very low levels in recent years. Only by this market have insurance companies, banks and others been saved from an embarrassing shortage of outlets for their vast new resources. Largely through this market monetary policy has been effective in stimulating growth of investment and growth of expenditure. This is one of the few forms of credit demand which has responded to a policy of ease in the money markets; municipal borrowing has not, corporate borrowing has not, Treasury borrowing naturally has not, but consumer credit of all sorts has responded and soared.

You will see from table IV that I expect 1963 to set new records for mortgage expansion, but a glance at the sources indicates a corresponding rise in institutional funds and no real pressure on the market. From this distance, it looks as though there should be another big mortgage year in 1964 but with a moderate decline in the total. The pressure of new money is likely to decline as the banks become less hungry, but the cream may have been skimmed off the re-financing demand—after all a one-shot deal. I doubt that there is an autonamous insistent demand for mortgage money nearly as large as the present rate of growth. If so a decline in the total stemming from a decline in new money could be accomplished gently without affecting new construction or putting pressure on the market and without the loud calls for rescue which we heard from our mortgage banker friends in the 1950s. Mortgage rates should continue sluggish and should not lead but rather follow the other departments of the market up or down.

Summary

Table V combines the supply and demand factors in all these various sub-markets and adds them up. It also includes bank loans and federal agency debt which do not appear on the other tables. The total net demand is compared with the sum of institutional sources of funds and a residual is calculated which has to be financed by other investors. Sometimes when this residual is large it implies that there is not enough institutional money to meet the demands and pressure on the market is to be expected. This was notably true in 1959 when market conditions led to the magic 5s and the residual rose from $2.4 billion to $13.4 billion. However, I do not sponsor any simple mathematical technique for forecasting market trends from these aggregates, however accurate the numbers may be. In fact, in the period ahead I believe we will find that the factors determining overall interest rate trends will not derive from shifts of these aggregates of credit supply and demand but from other nonstatistical considerations. That is why I have emphasized the individual segments of the market.

The table shows that in 1962 total credit expansion reached record proportions even exceeding 1959. Corporate, municipal and Treasury demands were moderate but individuals borrowed record amounts on mortgages or in other ways. At the same time individuals and corporations stepped up their flow of savings to deposit institutions in response to higher rates. They paid lower rates. They received higher rates. Monetary policy permitted and indeed encouraged a big expansion of commercial bank earning assets which was financed without much growth in demand deposits and led to no sign of commodity price inflation. Institutions, therefore, handled there huge credit demands without strain, the residual left over for other investors was small and credit markets were easy. The popularity of certificates of deposit and the need to service them led commercial banks to become major factors in the capital markets. The ready availability of such deposits made some bankers

Continued on page 24

TABLE IV

REAL ESTATE MORTGAGES
(Billions of Dollars)

	1957	1958	1959	1960	1961	1962	1963E.	1964E.
Net Change in Outstandings	+12.1	+15.3	+19.0	+16.2	+18.4	+24.6	+24.8	+22.8
Less U. S. Agency Purchases	+ 1.3	+ 0.3	+ 2.2	+ 1.2	+ 0.6	+ 0.4	- 1.2	- 0.2
Net Change in Publicly Held Mtges.	+10.8	+15.0	+16.8	+15.0	+17.8	+24.2	+26.0	+23.0
Bought By:								
Savings Banks	+ 1.4	+ 2.1	+ 1.7	+ 1.9	+ 2.2	+ 3.1	+ 3.4	+ 3.0
Savings & Loan Associations	+ 4.3	+ 5.6	+ 7.5	+ 6.9	+ 8.8	+10.1	+10.9	+10.4
Life Insurance Companies	+ 2.3	+ 1.8	+ 1.9	+ 2.6	+ 2.4	+ 2.7	+ 2.9	+ 2.7
Corporate Pension Funds	+ 0.1	+ 0.1	+ 0.2	+ 0.2	+ 0.2	+ 0.2	+ 0.5	+ 0.5
State and Local Retirement Funds	+ 0.1	+ 0.2	+ 0.2	+ 0.3	+ 0.5	+ 0.6	+ 0.7	+ 0.7
Total Non-Bank Institutions	+ 8.2	+ 9.8	+11.5	+11.9	+14.1	+16.7	+18.4	+17.3
Commercial Banks	+ 0.6	+ 2.2	+ 2.6	+ 0.7	+ 1.6	+ 4.0	+ 4.6	+ 3.8
Individuals and Miscellaneous	+ 2.0	+ 3.0	+ 2.7	+ 2.4	+ 2.1	+ 3.5	+ 3.0	+ 1.9
Total	+10.8	+15.0	+16.8	+15.0	+17.8	+24.2	+26.0	+23.0

TABLE V

SUMMARY OF SUPPLY AND DEMAND FOR CREDIT
(Billions of Dollars)

	1957	1958	1959	1960	1961	1962	1963E.	1964E.
Net Change in Publicly Held:								
Real Estate Mortgages	+10.8	+15.0	+16.8	+15.0	+17.8	+24.2	+26.0	+23.0
Corporate Bonds	+ 7.0	+ 5.9	+ 4.1	+ 5.0	+ 5.1	+ 5.1	+ 5.6	+ 5.8
Municipal Bonds	+ 4.3	+ 5.2	+ 4.8	+ 4.0	+ 5.0	+ 5.2	+ 5.6	+ 5.7
Government Bonds	- 2.2	+ 6.7	+ 8.3	- 2.7	+ 5.2	+ 4.5	+ 5.3	+ 5.0
U. S. Agency Bonds	+ 2.2	- 0.5	+ 2.2	0	+ 0.6	+ 1.5	+ 0.9	+ 0.8
Bank Loans (1)	+ 3.1	+ 2.2	+10.0	+ 6.1	+ 5.7	+10.7	+ 9.1	+ 9.6
Total Demand	+25.2	+34.5	+46.2	+27.4	+39.4	+51.2	+52.5	+49.9
Net Sources of Funds:								
Non-Bank Institutions	+14.4	+16.6	+17.8	+17.2	+20.2	+22.8	+25.4	+24.9
Commercial Banks	+ 5.1	+15.2	+ 4.8	+ 8.8	+15.9	+19.8	+17.4	+15.3
Corporations	+ 0.5	+ 0.7	+ 5.0	- 2.7	- 0.1	+ 0.5	+ 1.3	+ 0.9
Foreigners	- 0.1	0	+ 4.2	+ 0.6	+ 0.4	+ 1.7	+ 1.8	+ 2.0
State and Local Governments	+ 1.1	- 0.4	+ 1.0	0	- 0.3	+ 0.5	+ 0.5	+ 0.5
Sub-Total	+21.0	+32.1	+32.8	+23.9	+36.1	+45.3	+46.4	+43.6
Residual Financed By Individuals and Miscellaneous	4.2	2.4	13.4	3.5	3.3	5.9	6.1	6.3
Total Sources	+25.2	+34.5	+46.2	+27.4	+39.4	+51.2	+52.5	+49.9

(1) Except mortgages.

Lower Credit Demands Can Be Expected Next Year

Continued from page 23

think of liquidity as less important.

So far in 1963 much the same market forces have been at work as in 1962. My estimates of supply and demand aggregates closely resemble 1962. They are again dominated by mortgages and consumer credit while other credit demands remain moderate to small. Non-bank institutional funds continue to grow rapidly. I assume that the contribution of the banking system in 1963 will again be very large but a little less than in 1962. The residual should remain small. Such tightening as has lately occurred in the money market has been caused not by any change in the balance of domestic credit demands but by the deliberate response of monetary and fiscal policy to the problem of improving the balance of payments of the United States.

Dr. Nadler has given us his views on the outlook for the economy in 1964. I have based my preliminary credit estimates for next year on his forecast. My figures suggest very little change in the moderate credit demands from corporate and municipal bonds and not much change in the total Treasury deficit. I assume however somewhat less flow of new commercial bank funds to the capital markets as monetary policy continues to raise short-term rates for balance of payments reasons and as bank loans grow. For this and other reasons, the total of mortgage expansion should decline a little and with it the aggregate total of demands.

In reviewing the various sectors of the credit market, I have said that only the municipal market seems vulnerable to special internal pressures in the year ahead. No large demand pressures arising within the market for corporate bonds or mortgages seem likely to upset the equilibrium of the rate structure as a whole. Tre Treasury deficit will not be unwieldly and in financing it the Treasury can withhold or exert pressure on the market as it pleases.

If my estimates are correct, then, we must look elsewhere than at these money flow aggregates to find clues to real dynamics in the overall level of interest rates over the next year. A real balance of payments crisis would bring higher rates all around. A sudden sharp spurt in commodity prices would do the same. If the American economy responds to the expected tax cut with unexpected vigor, wo would see a rise in private credit demands above my figures, a more restrictive monetary policy and a rise in interest rates. Finally, 1964 is an election year and an unduly bitter and devisive campaign could complicate both international and domestic economic problems and upset the capital markets. I have no knowledge, however, which leads me to forecast any of these extreme events. Without them, the economic outlook suggests another year of stability in the markets with most long term yields perhaps rising a little but basically fluctuating in the same moderate range which has held since 1960.

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*An address by Mr. Homer at the 14th Annual Investment Seminar sponsored by the New York State Bankers Association in cooperation with the Graduate School of Business Administration, New York University, Sept. 20, 1963.

The "Golden Sixties" May Now at Least Be Air-Borne

Continued from page 1

higher, thus totalling about $582 billion for the year — up nearly 5% from 1962. This gives us an estimated point of departure for a preliminary assessment of business prospects for 1964.

Key Factors in the Outlook. As already noter, general business activity has been rising at a moderate pace in the past year, although marked by various crosscurrents in some of the large and volatile sectors. In the outlook for the coming year, there are at least three major conditioning influences which should be noted—two of which are "external" to the business cycle itself, and concerning which only a tentative judgment can be made at this time.

Recovery Period's Age

(1) The first of these influences is the "age" of the present business upswing, which dates from February, 1961. Considerable progress has been made in moderating economic fluctuations in recent years, but it would certainly be premature to conclude that the business cycle is dead. By year-end, the current period of expansion will have lasted 34 months—or two months more than the average of three peace-time cycles since 1945. While such a comparison is only suggestive and by no means conclusive, it does caution us that, on the basis of our own experience, some unusual sustaining force is generally necessary to prolong a business upswing much beyond three years. In fact, with the sole exception of the recovery period from the deep depression of the early 1930's, there has been no nonwar period of business expansion in U. S. history which has lasted as long as 40 months. Thus, we should now be especially alert, both as to the possibility of some identifiable sustaining force, as well as to the possibility of any potential "trouble spot" to which the present business expansion, being relatively "old," might be especially vulnerable. As it happens, the current national scene contains an outstanding example of each.

(2) Potentially the most powerful sustaining force now on the horizon is the proposed reduction in personal and corporate income taxes. As approved by the House Ways and Means Committee, a tax cut of $11.1 billion would be spread over a two-year period. About $7 billion of tax relief, mainly for consumers, would be made effective as of Jan. 1, 1964, with the remaining $4 billion to take effect a year later. At the moment, however, this tax bill has not yet been passed by the House, and it must still be considered by the Senate—where it faces uncertainty and possible delay. A tax reduction program of the proposed timing and magnitude would add strongly to the prospects of the current economic upswing lasting through most and possibly all of 1964.

In view of the widespread anticipations of tax relief, a failure to pass the measure might have severe repercussions, especially in the stock market, in business capital spending, and in consumer confidence, and thus seriously weaken the economic outlook for the coming year—both as to the duration and extent of any further gain in business activity. Thus far, the main threat to the tax bill has been the unwillingness of the Administration to give sufficiently binding assurances that the proposed reduction in revenues will be accompanied by some levelling off in the sharp upward trend in Federal spending. Otherwise, many observers are rightly concerned that sustained large-scale deficit financing may rekindle inflationary expectations at home and further undermine confidence in the dollar abroad. Since the tax bill now appears to have a reasonably good (though far fram certain) chance of passage, a crucial assumption in the following projection of 1964 business activity is that a tax cut of the approximate size now being considered will become effective by early 1964.

(3) Perhaps the most serious economic "trouble-spot" now evident is the continued failure to eliminate or at least scale down significantly the large deficit in the U. S. balance of payments—thus posing a threat to confidence in the dollar and to its role as the key reserve currency in free-world trade and finance. The deficit reported for the second quarter—a $5.2 billion yearly rate —was the largest yet experienced. Among other things, it triggered a series of moves in Washington —including Federal Reserve action to further raise short-term interest rates, an Administration proposal for an "interest-equalization" tax, and yet another promise to tie more foreign aid to U. S. exports, along with further steps to offset the dollar drain of U. S. military expenditures abroad. Whether the "interest-equalization" tax will be passed, and if so, whether it and the other steps just noted will be effective, remains to be tested. If, unhappily, the latent threat in our international payments deficit should develop into crisis proportions, via a major speculative run against the dollar and large withdrawals of gold from the U. S., the defensive measures employed would most likely affect business conditions specifically through the financial mechanism—e.g., exchange controls over outflows of U. S. capital, along with sharp and sudden credit restraint. The general tendency would be to impede, perhaps seriously, any continued upswing in business activity—especially when the volatile element of confidence is considered. Thus, the balance of payments problem looms like the sword of Damocles over the head of the economy—and is thus one of the major imponderables in the business outlook.

Thus, assuming near-term passage of an income tax-cut bill and the avoidance of a balance of payments crisis, the probable economic profile of 1964 can now be sketched out, at least in rough outline.

Outlook for Consumer Spending

Despite the assumed stimulus of a tax cut, there are two major areas which are unlikely to exceed, or even match, their exceptionally strong records in 1963—housing activity and auto sales.

Housing—Total housing starts, including apartment units, are now expected to reach about 1,560,000 units this year—up more than 4% from 1962 and the second best year on record. The expansion has been paced by a vigorous uptrend in apartment construction, which now shows increasing signs of losing some of its earlier momentum. Since last fall, permits authorized for new apartment units have shown a level trend, in sharp contrast to the steady expansion of the previous 30 months. Also, the apartment market is somewhat vulnerable, due to the heavy concentration in a few large cities. This concentration, combined with reports of rising vacancies, more liberal concessions, and the large volume of units started but yet to be completed, may well generate a levelling off or a mild decline in the rate of new apartment construction in 1964.

Meanwhile, the trend of single-family house construction has edged downward since 1960, with the volume of sales in recent months continuing to indicate a somewhat sluggish demand. On net balance, higher incomes from tax reduction and a general atmosphere of confidence and prosperity could offset some of the potential weakness in the market for new homes and apartments. An estimate of 1,500,000 housing starts for 1964 would seem to be in line with current market developments.

Autos—The pace of new auto sales has been very strong thus far in 1963. Assuming a reasonable good reception by consumers to the 1964 models about to go on the market, sales of domestically produced cars this year may reach about 7.2 million—second only to 1955's record of 7.4 million.

There are reasonable grounds for the view that, at best, domestic automobile sales will only match the volume now estimated for 1963. Thus far, surveys of consumer buying intentions have shown a sustained high level of demand for new automobiles, but no planned acceleration in the rate of consumer purchases. But this is slender evidence on which to appraise consumer demand over the 15-month period extending through 1964. Thus, a rising level of economic activity, coupled with mounting consumer confidence and higher incomes through tax reduction, could well lead to an upward revision in recent buying intentions. At the same time, a failure to enact a substantial tax reduction program or some unfavorable news on the economic front could equally well signal a downward adjustment in buying plans. A more persuasive but by no means conclusive argument against the expectation of a rising trend of automobile sales in 1964 lies in the increasing burden of outstanding instalment debt which, although not excessive, may exercise a restraining influence on further large gains in consumer spending for durable goods—particularly automobiles.

The fact remains that consumer acceptance of the 1964 models, as revealed by sales in November and December (figures for October will be distorted by the sizable impact of fleet sales) will provide the first solid clues as to the strength of demand. In the meantime, forecasts of 1964 sales can be little better than educated guesses based on current developments in the economy and in the automobile market. As a highly tentative estimate at this time, based on recent patterns of demand and on projected trends into auto scrappage, personal income, and the rapid population growth in the 18- to 24-year old bracket in which first cars are bought, sales of new domestic autos in 1964 may range between 6.9 million and 7.2 million units. If 1964 does not make the grade as another "7 million car year," it is still likely to be a near miss.

Thus, while housing and autos may not be as buoyant in 1964 as this year, other types of consumer spending are expected to show strength. In the hard-goods area, a modest rise in outlays for furniture and household equipment is expected to take up the possible slack in the dollar outlays for automobiles—thus leaving total spending for consumer durables about unchanged from the 1963 level.

Consumer Services and Soft Goods. Consumer outlays for services and soft goods may be the principal beneficiaries of higher "take-home" pay from tax reduction. Spending in both categories has shown a relatively steady uptrend in the postwar period, in sharp contrast to the cyclical fluctuations in consumer hard goods.

Spending for consumer services alone accounts for one-fourth of gross national product. All of the major categories of services have participated in the steady uptrend of recent years, and are expected to do so again in 1964—household operation, personal and medical care, transportation, education, religious activity, foreign travel, etc. In total, outlays on such services are projected to rise by 6% in 1964.

Consumer spending on soft goods is even larger, accounting for about 28% of GNP. As in the case of services, all the major categories have participated in the postwar uptrend, reflecting the growing population and a steady improvement in living standards. The two largest categories—food-beverage-tobacco, and clothing and shoes—are expected to account for about three-fifths of the dollar gain in 1964. The 1964 volume of consumer spending on soft goods is projected to rise more than 3% from this year.

In total, consumer spending is expected to add about $15 billion to demand for output next year—reaching $386 billion, or a gain of 4% from 1963.

Outlook for Business Spending

Plant and Equipment. Prospects for a sustained rise in plant and equipment spending through 1964 are favorable. The 1962 liberalization of depreciation allowances and the investment tax credit have already provided corporations with a substantial increase in the funds available for capital outlays. Corporate cash flow is now substantially larger than capital spending, a situation which would be further improved by the proposed tax cut.

Not only should the flow of internally generated funds support a rising level of capital outlays, but even more important, the incentives to invest should also be strong in 1964. The need to replace obsolete and high-cost manufacturing facilities has become an almost essential prerequisite for survival in a fiercely competitive environment, so that outlays designed to lower costs and improve or maintain competitive position should again be substantial next year. Also, the record level of profits being experienced by a number of industries in 1963, combined with a modest improvement in profit margins and a slight reduction in the corporate tax bill, should improve prospects for a higher rate of return on capital investment and hence lead to a further increase in capital expenditures.

Finally, the average operating rate in manufacturing recently moved above the 85% mark—a zone in which capital spending gets a significant boost, according to McGraw-Hill studies. Given the prospects of good profits, lower taxes, and a rising level of demand, there could well be a modest enlargement of industrial capacity for the first time since the last major expansion which took place in 1955-57. In line with this appraisal of the outlook for business investment, capital spending for new plant and equipment should approach $42.5 billion in 1964, as compared with an estimated $39.1 billion in 1963.

Inventories. Additions to business inventories may only be a mildly expansionary factor in the 1964 business scene. Supplies are ample in all lines, with no fears of immediate shortages. Under the pressure of domestic and foreign competition, broad price advances are unlikely. Finally, inventories are more tightly controlled and better managed than at any time in the postwar period. Again in 1963, business sales have risen relatively faster than inventories, with the result that the ratio of inventories to sales has recently fallen to an exceptionally low level.

The above factors, coupled with only moderate gains in final demand, seem likely to preclude any massive accumulation of inventories of the type which characterized the period between 1947 and 1957 when inflation, and fears of inflation, were dominant influences in the economy. The pace of inventory accumulation during 1964 should, therefore, range between $3.5 billion and $5.0 billion, a rate not too different from the expected level in the second half of 1963.

Outlook for Government Spending

Government spending at all levels will continue to rise next year. But present indications suggest that the increases will be less than in 1962 and 1963. It appears that direct purchases of goods and services by all government units will rise nearly $7 billion in 1964, to a level of $132 billion.

Federal Government. Although present commitments will almost certainly ensure a rise in Federal outlays in 1964, the size of the projected tax cut clearly implies a political as well as an economic obligation by the Administration to restrain further growth in Federal spending—hopefully, one which will be accepted, in order to avoid unmanageable deficits. Expenditures for space research and technology, which in 1959 were an insignificant $0.2 billion, have soared to an estimated $3.0 billion in 1963, and a further substantial rise will undoubtedly take place in 1964.

On the other hand, the rate of spending on military goods and services may be approaching a plateau, following an unusually rapid uptrend from $42.7 billion in 1960 to $49.3 billion last year. A sizable proportion of this swift climb in spending has reflected the development of the nation's missile system. The tremendous impact of this crucial program on total defense expenditures can be gauged from an analysis of military prime contract awards by the Federal Government. In fiscal 1962 such awards for missile systems totaled $6.7 billion, which represented 25% of all awards for major military hard goods—as compared with only 10% in fiscal 1957.

Other Federal spending programs will probably be held close to this year's outlays, so that Federal Government purchases of goods and services are expected to total $70.4 billion in 1964, compared wtih an estimated $67.1 billion this year, with nearly 40% of the rise attributed to the burgeoning costs of the space program.

The foregoing figures, however, do not include tens of billions of Federal spending for interest, other transfer payments, grants to states, and so forth, which enter the income stream as the recipients spend such funds for goods and services. Thus, based on the conventional budget, Federal spending rose $11.1 billion just in the past two fiscal years—of which only $5.3 billion, or less than half, was accounted for by military outlays (including military assistance abroad). The balance of the increase was widely spread over other agencies and functions of the Federal Government. The battle to control nonmilitary spending still remains to be won. Moreover, as indicated repeatedly in recent years, an increase in international tensions quickly leads to the necessity of unscheduled increases in defense spending.

State and Local Governments.

State and local government spending is expected to continue its long-standing uptrend, with a probable rise of almost $1.0 billion a quarter during 1964. In recent years a large segment of spending on goods and services by state and local governments has reflected a steady rise in outlays for education at all levels, a trend which will almost certainly continue in the months and years ahead. For example, state and local purchases of goods and services for education mounted to $21.1 billion in 1962, an increase of almost $5.0 billion from the 1959 figure. Demand for other state and local services will also continue to grow—for example, roads, water and sewer systems, and so forth, accompanying the continued expansion in suburban neighborhoods. For the year 1964, therefore, state and local expenditures are projected at $61.6 billion, an increase of $3.5 billion from this year's estimated level of spending for goods and services.

Profit Outlook

The factors in the profit outlook are generally favorable. On the cost side, unit labor costs in manufacturing have edged downward thus far this year and are no higher than in late 1958, while other production costs are responding favorably to the intense cost-reduction programs set in motion over the past five years.

Although prices are still weak in many key industries, notably chemicals, plastics, and aluminum, there has been some over-all stability in recent months which should react favorably on profits. Finally, the rising curve of consumer and business demand in 1964 should not only increase sales revenues—and hence profits—but also spread the burden of fixed costs through higher utilization of available capacity.

On balance, therefore, total corporate profits after taxes, which finally reached a new high in 1962, are now expected to show a further increase in both 1963 and 1964. This is a long-belated and salutary trend—since such profits had failed to grow proportionately with the economy for many years, with a consequent dampening effect on the major motivating force that produces economic growth.

Summary on Business Prospects

Assuming a tax cut by early 1964 of about the magnitude now being considered, and the avoidance of a balance of payments crisis, the economic prospects for 1964 now appear to be generally bright. Although housing and new auto sales may show no gains or even a little slippage from the unusually high levels of 1963, there is strength in the outlook for business capital spending and for consumer purchases of services and soft goods. Higher government spending will also add to the demand for goods and services. Thus, there is the prospect of a further gain in total corporate profits—but with widely varying trends in different industries.

For 1964 as a whole, most broad measures of production, income, and sales are expected to reach new highs. Industrial production may thus show a gain of about 4% over 1963. The total output of goods and services in 1964, as measured by GNP, is expected to rise to a level of $605-610 billion, compared with an estimated $582 billion for 1963.

Business prospects are also bright for the Tri-State Area. This year has already witnessed a remarkable advance in economic activity in all three states. Indeed, 1963 is likely to be the best year on record for business in Ohio, the best year since 1956 in Pennsylvania, and the best year since 1955 in West Virginia. Based on the forecast of a rising trend of capital spending and a sustained high level of consumer outlays, 1964 should be even better.

This is the preliminary economic profile of 1964. But as noted earlier, it is not yet in clear focus. Among the important confirmations needed in the months ahead will be the clues offered by new auto sales in the fourth quarter, and the concrete evidence of business capital-spending plans for 1964, to be indicated in surveys later this year. Finally, by late 1963, it is hoped that the tax-cut question will have been favorably resolved and that the balance of payments problem will have at least responded somewhat to recent "medicine." Thus, by this year-end, it should be possible to discern more sharply the business outlook for the year end.

Looking beyond 1964, it could well be that the United States is finally moving out of the so-called "middle years," which have been characterized by a sluggish rate of economic growth, relatively high unemployment, inadequate profits, and idle industrial capacity. Already fears of economic stagnation so prevalent during the past four years have largely receded into the background, while the performance of the economy thus far in 1963 has confounded many of the critics. Admittedly unemployment, unused capacity, and the persistent deficit in the balance of payments are nagging problems, but the promise of moderate but broadly based economic growth in 1964—as opposed to a speculative and inflationary boom—could foreshadow an extended period of economic prosperity and well-being. The "Golden Sixties," which up to this time have notably failed to soar, may now at least be air-borne.

*An address by Mr. Balles at his Bank's 15th Annual Conference for Correspondent Banks, Pittsburgh, Pa., Sept. 19, 1963.

IBA Extends Deadline for Contest On Municipal Bond Advertisements

The Sept. 30 deadline for submitting entries in the 1963 Municipal Bond Advertising and Sales Promotion Contest of the Investment Bankers Association of America has been extended to Oct. 10. The Committee for Public Education on Municipal Securities granted the extension because of numerous requests from members for additional time to prepare their entries. It is the feeling of the Committee that by granting the extension of time, it will prove beneficial as the result of an increase in the number of entries, thus contributing to making this year's Contest the most outstanding to date.

The purpose of the Contest is to provide recognition to member firms for outstanding work on broadening the market for municipal securities through the use of advertising and sales promotion techniques.

Material that may be submitted is as follows:

(a) Advertisements in newspapers or magazines excluding original new-issue advertising.

(b) Brochures, mailing pieces, pamphlets, or other printed literature on municipal bonds.

(c) New sales promotion ideas established, or outstanding innovation in new-issue advertising format published during the contest year, and scripts or spot announcements used in radio or television advertising.

For Contest purposes the membership of the IBA will consist of two divisions. Separate but parallel contests will be conducted in each division. These divisions are:

(a) Firms with memberships in Class A or Class B.

(b) Firms with memberships in Classes C, D, or E.

Awards, wherever appropriate, shall be made in each of the categories for those entries which in the opinion of the judges best create new investor interest.

All entries should be submitted directly to John M. Nash, IBA, 425 13th St., N. W., Washington 4, D. C.

The following information should accompany each entry and appear on each individual firm's letterhead: membership class of firm; category represented; description of how the material was used. Any new sales promotion idea should be clearly and briefly described.

$25 Million Bonds Of Los Angeles Publicly Offered

A group managed by Bank of America N. T. & S. A. on Oct. 1 submitted the best bid for $25,000,000 Los Angeles Unified School District, Los Angeles County, California, bonds, election 1963, Series A, due Oct. 1, 1964 to 1988, inclusive.

The group bid 100.095% for coupons of 4¼%, 2¾%, 3% and 3.20% setting an annual net interest cost of 3.09%.

On reoffering the securities are priced to yield from 1.90% for the 1964 maturity to 3.20% for those due in 1988.

Included in the offering group are:

The Chase Manhattan Bank; First National City Bank, New York; Bankers Trust Co.; Harris Trust & Savings Bank; Morgan Guaranty Trust Co. of New York; Blyth & Co., Inc.; The First Boston Corp.; The First National Bank of Chicago; Kuhn, Loeb & Co.; Wells Fargo Bank; Crocker-Anglo National Bank;

Continental Illinois National Bank & Trust Co. of Chicago; Chemical Bank New York Trust Co.; The Northern Trust Co.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Dean Witter & Co.; The First National Bank of Oregon; Seattle-First National Bank; The Philadelphia National Bank; Mellon National Bank & Trust Co.;

William R. Staats & Co.; Mercantile Trust Co.; Hornblower & Weeks; J. Barth & Co.; John Nuveen & Co., Inc.; E. F. Hutton & Co., Inc.; Shearson, Hammill & Co.; Ira Haupt & Co.; Paribas Corp.; L. F. Rothschild & Co.; Republic National Bank of Dallas; First National Bank in Dallas.

Twin City Inv. Women Elect

MINNEAPOLIS, Minn. — Ruth Jane Newman, Walston & Co., Inc., St. Paul, was elected President of the Twin City Investment Women's Club, an organization of Minneapolis-St. Paul women in the investment business.

Other officers elected were: Mrs. Jean Russell Peterson, Piper, Jaffray & Hopwood, Minneapolis, Vice-President; Mary Ann Burns, Merrill Lynch, Pierce, Fenner & Smith Inc., St. Paul, Recording Secretary; Mrs. Catherine Newton Canfield, First National Bank of Minneapolis, Treasurer; and Mrs. Dorothy Chrencik, Piper, Jaffray & Hopwood, Minneapolis, Corresponding Secretary.

Andresen to Admit

Andresen & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on Oct. 10 will admit William A. Woodcock to limited partnership.

A "Look Ahead" Opens Up Some Disquieting Vistas

Continued from page 10

1962, whereas in the same period other money (time deposits, etc.) had risen from 12.6% to 17.6%. Liquid assets other than money were only moderately above 1955 —38.5% and 37.0%, respectively.

This would seem to indicate that total liquidity is not alarmingly excessive, but does point up again the pressure that growing time deposits are exerting on long-term rates. Governor Mills of the Federal Reserve Board, in a letter recently to the London "Economist," raised several questions about commercial banks bidding aggressively for time deposits and then seeking higher yielding loans and investments outside their traditional pattern of lending short-term against demand deposits. He said in part as follows:

"Speaking more generally, the question might be raised whether the present slow demand for business loans and consequent lack of upward pressure to create demand deposits are a transitory or permanent economic condition. The absence in Great Britain and the United States of any vigorous surge in capital investment programs suggests a temporary situation in which savings funds are accumulating faster than constructive outlets can be found for their use."

If this is the situation, then it would seem that the only counterforce to a further decline in interest rates, would be a gain in the rate of growth of the economy without a corresponding increase in the money supply, or a halting of the increase in the money supply stemming from a tightened monetary policy on the part of the Fed for balance-of-payments or other reasons.

High Interest Rates and Rate of Economic Growth Coincide

What *is* the relationship between a country's rate of growth and the level of interest rates? Certainly, the countries of the world that have had the greatest rate of growth in the last decade have also had the highest interest rates. There then must be reasons other than low interest rates for vigor in national economies. Mr. Daniel H. Brill, writing in the *Federal Reserve Bulletin* of June, 1963, throws this light on the subject:

"Economists' knowledge of the elasticities of domestic demands to interest rate changes is imperfect . . ."

But he then goes on to say, in effect, that there is strong if not conclusive evidence that easy money stimulates and hard money stifles. I am no economist, but I strongly believe that the prospect of profit in a reasonably untrammelled economy is a much more potent factor than a difference of 1 or 2% in the interest rate.

But in Washington, the problem is regarded in much the same way as Franklin characterized "good works" in "Poor Richard's Almanac":

"Serving God is doing good to man, but praying is thought an easier service and therefore more generally chosen."

There is much fretting today about sluggish growth but the stimuli usually recommended are easy money and easy spending which, like prayer, seem easier, which is to say more palatable to the voters, than creating a climate encouraging to growth.

Tax-Cut Proposals

The Administration's tax proposals can, I believe, be regarded as a real stimulant to capital formation. The already effective investment credit and depreciation guide-lines have provided means of recovering capital outlays over shorter time periods. More important, however, is the proposal to reduce the income tax rates. To be sure, a reduction of only four percentage points in two bites for the corporate tax rate is little enough, and if it is accompanied by the proposed advance in the dates of payment, there will be no cash relief for most corporations until 1971.

There is potential stimulation also in the proposed reduction in individual tax rates. Those in the lower brackets will largely stimulate consumption which is not to be belittled either from the standpoint of the general economy or of permitting the individual greater discretionary spending. But the reductions in the upper brackets will produce the greatest stimulus to capital formation. They might also have the desirable side effect of lessening the vast amount of time-consuming effort and ingenuity now spent in trying to avoid taxes.

These measures, I consider to be constructive, even though it looks as thought they would delay a balance in the Federal budget for some years. The drag on the economy of exorbitant taxes cries out for correction, and a meaningful reduction could indeed result in enough stimulus to the economy that tax revenues would be increased. I hope, however, that the President's recent statement barring any more spending projects is heeded at all levels of government, and that there will be some reduction in spending on present projects.

Yoked together are excessive taxation and over-regulation as the chief barriers to a vigorous economy. A proliferation of government agencies regulate not only to protect the individual, (sometimes against his own cupidity) but often usurp functions of management and shackle ingenuity and venturesomeness.

Profit Incentives Are Needed

The men who built the railroads of this country and established our industries did it for profit, and the fact that they sometimes made big profits is less important now than that railroads and industries got built, and that our country has become the greatest industrial nation of the world. Dr. John H. Williams once said that bank failures had been one of the greatest of the stimuli to capital formation in this country —entrepreneurs using bank credit did build things even if frequent bankruptcies resulted in bank failures and losses to their stockholders and depositors. I do not mean to infer that I approve chicanery or dishonesty or wild speculation—I only wish to stress the point that the incentive to build is the expectation of profits, and that *that* incentive is enfeebled by excessive taxation and over-regulation.

A government that is dedicated to easy spending, easy money, easy on everything that caters to the big voting blocs can only lend support to the belief that the tide of inflation has no ebb—that as regulation waxes, freedoms wane. If ours is not to be such, we must strive with our whole souls to counter these influences wherever they appear—to insist on economy in government, both Federal and local—to achieve regulation by reason and not by prejudice—to create that climate that stimulates growth by rewarding incentive — and in our own banks, to follow credit policies that support real growth and discourage speculation. At the same time, we must be cost conscious, fee conscious, and rate conscious —the latter as much on the rates we pay as on the rates we charge. Only by so doing can we protect our profit margins and the return on our capital.

*A talk by Mr. Sharp before the Investment Seminar sponsored by New York State Bankers Association, New York City, Sept. 20, 1963.

STATE of TRADE and INDUSTRY

Continued from page 13

ly from the prior week, to 224 from 239, but also were off considerably from the 266 of this size occurring in the similar week a year ago.

Construction and service mortality dropped appreciably during the week, with the toll among contractors down to 41 from 54 and among service establishments to 19 from 31. In retailing, at 127 as against 126, there was virtually no change, while manufacturing failures slipped to 37 from 43 and wholesaling edged up to 30 from 27. Construction casualties, despite their week-to-week decline, matched last year's level, and service casualties came close to their year-ago number. In other lines, substantially fewer businesses succumbed than a year ago.

Two geographic regions accounted for most of the week's downturn—the West North Central toll was only half as heavy as in the preceding week and the Mountain States' toll stood at one-third the week-earlier level. In other regions, failures did not vary by more than a few cases. In the Middle Atlantic States, casualties numbered 58 as against 60, in the East North Central 55 as against 56, in the South Atlantic 39 as against 40, and in the Pacific 54 as against 50. In six of the nine major geographic areas, however, business mortality ran below comparable 1962 levels.

Canadian failures edged up to 47 and 45 in the prior week and exceeded the 38 occurring in the similar week last year.

Wholesale Commodity Price Index Continues to Rise

The wholesale commodity price level pushed up last Wednesday to the highest point since mid July, eased in the last two days of the week, and then resurged again to 268.81 this Monday, Sept. 30, reported Dun & Bradstreet, Inc. The index rose and fell as changing prospects for White House approval of the $250 million wheat sale to Russia made wheat prices gyrate. Continued friction between Malaysia, the largest rubber producer, and Indonesia caused rubber prices to step up also. Rye Quotations fell and flour eased somewhat.

The Daily Wholesale Commodity Index climbed to 268.81 on Monday, Sept. 30, from 267.96 last Monday and 264.33 a month ago. The index remained behind the 1962 level of 270.08, however.

Wholesale Food Price Index Eases For Second Week in a Row

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged down fractionally to $5.90 on Oct. 1, marking the second consecutive weekly dip. The index ran 0.3% below the $5.92 chalked up last week and 0.2% behind the $5.91 of a year ago. Running higher than 1962 from the latter part of May through the end of July and holding even for several weeks, the index slipped behind last year on Aug. 20, and has remained there since.

Hogs, lambs, eggs and bellies exerted the strongest downward effect on the index, while flour, corn, rye, cocoa and potatoes also eased. Partially counteracting these declines were the higher prices quoted for wheat, oats, lard, butter, sugar, milk, coffee, cottonseed oil and steers.

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.

Good Gains in Home Goods Buying

Although retail sales moved at an uneven pace for the second week in a row, substantial purchases of home goods kept overall volume in the week ended Wednesday, Sept. 25 above last year's level. Some unfavorable weather and the religious holidays pared shopping for a few days, but most retailers reported a strong snapback Saturday, Sept. 21. Volume perked up particularly on the West Coast, where the recent pace has been lagging. Home goods staged strong advances—in furniture, curtains and drapes, appliances, and entertainment items. Similarly, hardware and garden supplies fared well. In contrast, activity in apparel was erratic, and auto purchases slipped below year-earlier volume, a lag attributed to the shortage of 1963 models.

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

Nationwide Department Stores Sales Rise 2% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 2% for the statement week ending Sept. 21 compared with the like period in 1962. The week's gain over the year-ago week marked the 18th encouraging weekly uptrend in a row. The weekly sales index without seasonal adjustment shows, however, a decline of 2.3% from last week.

In the four-week period ended Sept. 21, 1963, sales gained 6% 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. 21), the 12 department store districts' retail dollar volume increased 5% (adjusted) over that rung up for corresponding period a year ago.

According to the Federal Reserve System, department store sales in New York City Metropolitan area for the week ended Sept. 21 gained 1% over the comparable year-ago week's figure. New York City's department store sales alone were unchanged compared to last year's four-week period. They were down 1% since the beginning of this year compared to the same cumulative period in 1962, whereas department stores in the N. Y.-Northeastern New Jersey Metropolitan area were up 4% in the Jan. 1-Sept. 21, 1963 period from the corresponding year-ago period.

A *flast figure* for New York City's sales for the Sept. 28-ending sales week revealed a plus 5%. No one can surmise, however, how much higher the New York City sales might have been in the absence of the sales tax rise from 3% to 4% last June 1. The four-week N. Y. C. flash figure revealed a plus 1% over 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. 21-ending weeks total, 1% below the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 1%. 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 gain 8% over the year-ago week.

Harris Sales Mgr. L. A. Office

LOS ANGELES, Calif. — White, Weld & Co., members of the New York Stock Exchange, have announced that Morgan Hovey Harris, Jr. has been named sales manager of the firm's Los Angeles office, 523 West Sixth Street.

Mr. Harris was formerly sales manager in charge of Equities in the firm's main office in New York City. Previously, he was associated with White, Weld's Syndicate and Research Departments and while in research, he specialized in the oils.

He served last year as Treasurer of the Investment Association of New York.

Gilligan, Will Admits

Albert Will has been admitted to partnership in Gilligan, Will & Company, 22 Thames Street, 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. 28	1,879,000	1,863,000	1,765,000	1,766,000
Index of production based on average weekly production for 1957-1959	Sept. 28	100.9	100.0	94.7	94.8
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Sept. 28	0.61	0.605	0.575	60.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 20	7,597,510	*7,559,460	7,666,760	7,317,760
Crude runs to stills—daily average (bbls.)	Sept. 20	8,509,000	8,586,000	8,732,000	8,325,000
Gasoline output (bbls.)	Sept. 20	30,604,000	31,561,000	31,367,000	30,137,000
Kerosene output (bbls.)	Sept. 20	2,580,000	2,863,000	2,617,000	2,993,000
Distillate fuel oil output (bbls.)	Sept. 20	14,966,000	14,890,000	14,246,000	13,437,000
Residual fuel oil output (bbls.)	Sept. 20	4,740,000	4,765,000	4,966,000	5,396,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbls.) at	Sept. 20	182,421,000	182,970,000	184,232,000	180,296,000
Kerosene (bbls.) at	Sept. 20	35,772,000	36,053,000	34,690,000	37,042,000
Distillate fuel oil (bbls.) at	Sept. 20	172,221,000	168,051,000	156,179,000	169,060,000
Residual fuel oil (bbls.) at	Sept. 20	52,909,000	53,216,000	51,900,000	54,933,000
Unfinished oils (bbls.) at	Sept. 20	83,449,000	84,020,000	87,843,000	84,278,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 21	596,325	596,056	594,740	592,154
Revenue freight received from connections (no. of cars)	Sept. 21	500,058	477,016	494,365	507,294
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 21	9,845,000	*9,905,000	9,550,000	8,875,000
Pennsylvania anthracite (tons)	Sept. 21	415,000	430,000	475,000	313,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Sept. 26	$619,500	$920,600	$432,900	$312,600
Private	Sept. 26	385,200	579,500	261,900	163,200
Public	Sept. 26	234,300	341,100	171,000	149,400
State and Municipal	Sept. 26	193,300	330,800	165,100	143,100
Federal	Sept. 26	41,000	10,300	5,900	6,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Sept. 21	119	122	117	117
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 28	17,285,000	17,478,000	18,181,000	16,023,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 26	254	281	247	305
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 23	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	Sept. 23	$63.11	$63.11	$63.11	$66.44
Scrap steel (per gross ton)	Sept. 23	$26.83	$26.83	$27.17	$27.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 27	30.600c	30.600c	30.600c	30.600c
Export refinery at	Sept. 27	28.350c	28.425c	28.400c	28.475c
Lead (New York) at	Sept. 27	11.750c	11.750c	11.500c	9.500c
Lead (St. Louis) at	Sept. 27	11.550c	11.550c	11.300c	9.300c
‡Zinc (delivered at)	Sept. 27	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Sept. 27	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Sept. 27	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Sept. 27	117.125c	116.875c	115.000c	108.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 1	89.09	88.93	88.92	89.19
Average corporate	Oct. 1	88.54	88.54	88.81	87.45
Aaa	Oct. 1	91.34	91.34	91.77	91.48
Aa	Oct. 1	89.92	89.78	90.20	89.78
A	Oct. 1	88.67	88.67	89.09	87.18
Baa	Oct. 1	84.43	84.43	84.43	82.03
Railroad Group	Oct. 1	86.91	86.78	87.05	83.91
Public Utilities Group	Oct. 1	89.64	89.51	89.78	88.95
Industrials Group	Oct. 1	89.23	89.37	89.51	89.78
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 1	3.95	3.97	3.96	3.80
Average corporate	Oct. 1	4.52	4.52	4.50	4.60
Aaa	Oct. 1	4.32	4.32	4.29	4.31
Aa	Oct. 1	4.42	4.43	4.40	4.43
A	Oct. 1	4.51	4.51	4.48	4.62
Baa	Oct. 1	4.83	4.83	4.83	5.02
Railroad Group	Oct. 1	4.64	4.65	4.63	4.87
Public Utilities Group	Oct. 1	4.44	4.45	4.43	4.49
Industrials Group	Oct. 1	4.47	4.46	4.45	4.43
MOODY'S COMMODITY INDEX	Oct. 1	365.9	366.0	357.9	362.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 21	379,156	377,509	381,243	364,389
Production (tons)	Sept. 21	368,411	381,739	376,429	362,815
Percentage of activity	Sept. 21	98	99	98	98
Unfilled orders (tons) at end of period	Sept. 21	621,947	614,072	600,015	498,180
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Sept. 27	99.48	*99.15	98.91	98.54
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 6	3,305,630	3,036,890	2,455,240	1,676,990
Short sales	Sept. 6	726,430	575,550	541,170	421,620
Other sales	Sept. 6	2,601,110	2,414,080	1,911,590	1,350,050
Total sales	Sept. 6	3,327,540	2,989,630	2,452,760	1,771,670
Other transactions initiated off the floor—					
Total purchases	Sept. 6	983,620	686,380	515,320	351,980
Short sales	Sept. 6	115,500	71,950	66,800	81,600
Other sales	Sept. 6	591,580	601,950	369,990	297,280
Total sales	Sept. 6	707,080	673,900	436,790	378,880
Other transactions initiated on the floor—					
Total purchases	Sept. 6	1,352,536	1,207,357	927,620	565,409
Short sales	Sept. 6	155,630	211,250	216,910	105,375
Other sales	Sept. 6	1,170,440	1,149,965	820,846	525,151
Total sales	Sept. 6	1,326,070	1,361,215	1,037,756	630,526
Total round-lot transactions for account of members—					
Total purchases	Sept. 6	5,641,786	4,930,627	3,898,180	2,594,379
Short sales	Sept. 6	997,560	858,750	824,880	608,595
Other sales	Sept. 6	4,363,130	4,165,995	3,102,426	2,172,481
Total sales	Sept. 6	5,360,690	5,024,745	3,927,306	2,781,076
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	Sept. 6	1,621,311	1,547,185	1,319,083	956,505
Dollar value	Sept. 6	$90,223,575	$84,220,858	$67,751,959	$48,243,729
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Sept. 6	1,926,592	1,832,003	1,513,402	1,053,248
Customers' short sales	Sept. 6	14,252	11,111	15,443	32,856
Customers' other sales	Sept. 6	1,912,340	1,820,892	1,497,959	1,020,392
Dollar value	Sept. 6	$99,818,957	$90,409,041	$73,493,843	$51,530,987
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 6	653,060	705,910	532,340	367,700
Short sales	Sept. 6				
Other sales	Sept. 6	653,060	705,910	532,340	367,700
Round-lot purchases by dealers—Number of shares	Sept. 6	387,300	406,470	354,620	260,960
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	Sept. 6	1,214,900	1,091,400	1,088,020	906,540
Other sales	Sept. 6	23,569,840	22,821,900	17,986,790	11,546,110
Total sales	Sept. 6	24,784,740	23,913,300	19,074,810	12,452,650
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Sept. 24	100.3	*100.3	100.4	101.0
Farm products	Sept. 24	95.3	*95.2	96.0	99.5
Processed foods	Sept. 24	101.4	*101.0	101.7	103.0
Meats	Sept. 24	92.9	*93.3	95.3	102.9
All commodities other than farm and foods	Sept. 24	100.8	100.8	100.7	100.8

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

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of July	201,355	192,491	184,106
Stocks of aluminum (short tons) end of July	85,728	83,307	131,715
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of August (in millions):			
Total new construction	6,057	*5,973	5,844
Private construction	4,177	*4,183	4,082
Residential buildings (nonfarm)	2,434	*2,507	2,353
New housing units	1,903	*1,902	1,794
Additions and alterations	419	*500	445
Nonhousekeeping	112	105	114
Nonresidential buildings	1,050	991	1,039
Industrial	251	238	241
Commercial	467	437	471
Office buildings and warehouses	242	229	225
Stores, restaurants, and garages	225	208	246
Other nonresidential buildings	332	316	327
Religious	87	84	90
Educational	60	57	56
Hospital and institutional	99	91	83
Social and recreational	59	57	74
Miscellaneous	27	27	24
Farm construction	150	147	152
Public utilities	510	*505	511
Telephone and telegraph	87	*92	90
Other public utilities	423	413	421
All other private	33	33	27
Public construction	1,880	*1,790	1,762
Residential buildings	61	*61	75
Nonresidential buildings	507	*485	464
Industrial	Not avail.	*33	26
Educational	275	*276	269
Hospital and institutional	41	39	36
Administrative and service	87	*76	71
Other nonresidential buildings	67	*61	62
Military facilities	Not avail.	Not avail.	117
Highways	Not avail.	*692	700
Sewer and water systems	195	*184	169
Sewer	119	*114	105
Water	76	*70	64
Public service enterprises	58	52	54
Conservation and development	Not avail.	*158	147
All other public	38	35	36
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of July	15,893	15,016	14,957
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of July (Millions of dollars):			
Manufacturing	$58,980	*$58,770	$57,000
Wholesale	14,320	*14,240	13,970
Retail	28,000	*27,790	27,180
Total	$101,300	*$100,800	$98,150
CASH DIVIDENDS — PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of August (000's omitted)	$454,300	$1,081,500	$904,800
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of August:			
All manufacturing (production workers)	12,679,000	*12,579,000	12,624,000
Durable goods	6,975,000	*7,061,000	6,883,000
Nondurable goods	5,704,000	*5,518,000	5,741,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	118.0	*118.1	114.1
Estimated number of employees in manufacturing industries—			
All manufacturing	17,160,000	17,057,000	17,040,000
Durable goods	9,583,000	9,670,000	9,455,000
Nondurable goods	7,577,000	7,387,000	7,585,000
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of August:			
Contracts closed (tonnage)—estimated	350,107	301,545	288,968
Shipments (tonnage)—estimated	410,623	369,654	367,412
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of June:			
Death benefits	$325,000,000	$357,100,000	$316,500,000
Matured endowments	65,900,000	69,400,000	56,300,000
Disability payments	12,400,000	13,600,000	12,100,000
Annuity payments	73,500,000	73,900,000	68,200,000
Surrender values	147,800,000	154,200,000	142,700,000
Policy dividends	200,300,000	159,400,000	153,800,000
Total	$824,900,000	$827,600,000	$749,600,000
NEW YORK STOCK EXCHANGE— As of August 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$5,057,000	$4,920,000	$3,796,000
Credit extended to customers	23,000	25,000	23,000
Total of customers free credit balances	1,093,000	1,126,000	1,130,000
Market value of listed shares	400,961,000	382,213,000	324,513,774
Member borrowings of U. S. Govt. issues	654,000	615,000	592,000
Member borrowings on other collateral	4,072,000	*3,997,000	2,552,000
MANUFACTURERS' INVENTORIES & SALES—Month of July (millions of dollars):			
Inventories—			
Durables	$33,760	*$33,600	$32,630
Nondurables	25,230	*25,160	24,370
Total	$58,980	*$58,770	$57,000
Sales	35,910	*35,150	33,400
MONEY IN CIRCULATION—TREASURY DEPT. As of July (000's omitted)	$35,700,000	$35,500,000	$33,900,000
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of July:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	11,141,159	10,583,847	10,635,681
Production	8,927,591	9,888,514	9,233,310
Inventory	24,839,290	26,953,660	22,309,811
Tractor Implement Tires (Number of)—			
Shipments	338,737	323,662	303,372
Production	256,675	311,211	277,474
Inventory	1,054,343	1,129,952	973,029
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,649,818	2,932,569	3,279,706
Production	3,021,322	3,182,988	3,116,467
Inventory	9,818,070	10,436,617	8,906,689
Tread Rubber (Camelback)—			
Shipments (pounds)	39,643,000	35,199,000	39,237,000
Production (pounds)	39,358,000	37,278,000	38,560,000
Inventory (pounds)	17,073,000	17,705,000	16,326,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,540,177	1,359,186	1,305,454
Production	1,254,716	1,306,901	1,177,376
Inventory	3,990,528	4,272,474	3,721,031
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of July (000's omitted):			
Exports	$1,816,000	$1,863,000	$1,707,400
Imports	1,504,600	1,356,500	1,337,200

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. (10/7)
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.

Aerosol Techniques, Inc. (11/4-8)
Sept. 20, 1963 filed 150,000 common, of which 80,000 are to be offered by company and 70,000 by certain stockholders. **Price**—By amendment (max. $25). **Business**—Manufacture of various types of aerosol products. **Proceeds** — For acquisition, equipment, debt repayment and working capital. **Address**—Bridgeport, Conn. **Underwriter**—Laird & Co., Corp., New York.

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

Allegheny Ventura Corp.
July 12, 1963 filed 37,231 outstanding common 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. (10/15)
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 being offered for subscription by stockholders on the basis of one share for each three shares held of record Sept. 26. Rights will expire Nov. 4. **Price** — $19. **Business** — Manufacture of various clay and concrete products. **Proceeds**—For debt repayment, plant improvement, inventories and accounts receivable. **Office**—700 National City Bank Bldg., Cleveland. **Underwriter**—None.

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

Atlas 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. (10/14)
July 22, 1963 filed 760,207 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 of record Oct. 14. Rights will expire Nov. 13. **Price** — By amendment (max. $11.34). **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. **Note**—This statement has become effective.

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. (11/4-8)
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.

Brockton Edison Co. (10/29)
Sept. 20, 1963 filed 60,000 shares of preferred stock ($100 par). **Business**—Transmission of electricity and incidentally, the sale of electric appliances. **Proceeds**—To refund outstanding 5.60% and 5.48% 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**—Oct. 29 (11 a.m. EST) at 49 Federal St., Boston. **Information Meeting**—Oct. 25 (11 a.m. EDST) at same address.

Brockton Edison Co. (10/29)
Sept. 20, 1963 filed $5,000,000 of first mortgage and collateral trust bonds due 1993. **Business**—Transmission of electricity and incidentally, the sale of electric appliances. **Proceeds**—To refund outstanding 5¼% first mortgage and collateral trust bonds due 1989. **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**—Oct. 29 (11 a.m. EST) at 49 Federal St., Boston. **Information Meeting**—Oct. 25 (11 a.m. EDST) at same address.

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.

Capitol Food Industries, Inc. (10/28-31)
Sept. 20, 1963 filed $1,700,000 of 6½% sinking fund convertible subordinated debentures due 1978. **Price**—At par. **Business**—Company is a supplier of fruit concentrate bases, syrups, toppings, flavorings and other food ingredients. **Proceeds**—For loan repayment and working capital. **Office**—105 South LaSalle St., Chicago. **Underwriter**—Walston & Co., Chicago.

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.
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. **Offering** — Indefinite.

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 (10/15)
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** — $6. **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.

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.

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. (10/14-18)
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. (10/3)**
July 25, 1963 filed $3,500,000 of subordinated convertible debentures due Aug. 1, 1975. **Price** — By amendment. **Business**—Production of natural gas and its various byproducts. **Proceeds**—For debt repayment and working capital. **Office**—1501 Taylor St., Amarillo, Tex. **Underwriters**—Francis I. du Pont, A. C. Allyn, Inc., Chicago; Allen & Co., New York; Metropolitan Dallas Corp., Dallas.

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

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

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

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 76,773 common being offered for subscription by stockholders of record Sept. 25. Rights will expire Oct. 15. **Price**—$18. **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 Railroad & Banking Co. of Georgia (10/23)**
Sept. 24, 1963 filed maximum of $5,000,000 of 5% convertible debentures due Aug. 1, 1988. **Price**—By amendment. **Proceeds** — For redemption and other corporate purposes. **Office**—701 Broad St., Augusta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Augusta.

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.

● **Forst (Alex) & Sons, Inc.**
March 23, 1963 filed 100,000 common. **Price**—By amendment (max. $15). **Business** — Wholesale distribution of

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NEW ISSUE CALENDAR

October 3 (Thursday)

Dorchester Gas Producing Co.________**Debentures**
(Francis I. du Pont; A. C. Allyn, Inc.; Allen & Co.; Metropolitan Dallas Corp.) $3,500,000

Wisconsin Public Service Corp.________**Bonds**
(Bids 10 a.m. CDST) $15,000,000

October 7 (Monday)

Adkins-Phelps Co.________**Common**
(Trulock & Co., Inc.) $300,000

B. V. D. Co., Inc.________**Common**
(Drexel & Co.) 600,000 shares

Juniper Spur Ranch, Inc.________**Common**
(V. E. Anderson & Co.) $300,000

Key Finance Corp.________**Common**
(Myron A. Lomasney & Co.) 80,000 shares

Republic National Life Insur. Co.____**Capital Shares**
(First Boston Corp. and Sanders & Co.) 200,000 shares

October 8 (Tuesday)

Insurance Securities Inc.________**Common**
(White, Weld & Co., Inc. and Kidder, Peabody & Co.) 400,000 shares

Nevada Power Co.________**Common**
(White, Weld & Co., Inc.) 120,000 shares

Recording Industries Corp.________**Common**
(Tennessee Securities Inc.) $1,485,000

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

United States Shoe Corp.________**Common**
(Merrill Lynch, Pierce, Fenner & Smith Inc., Blyth & Co., Inc., and Fahnestock & Co.) 225,500 shares

October 9 (Wednesday)

General Acceptance Corp.________**Debentures**
(Paine, Webber, Jackson & Curtis; Eastman Dillon, Union Securities & Co.) $20,000,000

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)

Allen Electric & Equipment Co.________**Debentures**
(Dempsey-Tegeler & Co., Inc.) $1,200,000

Allen Electric & Equipment Co.________**Common**
(Dempsey-Tegeler & Co., Inc.) 100,000 shares

Bradford Speed Packaging & Development Corp.________**Common**
(Offering to stockholders of Atlas General Industries, Inc. —underwritten by Burnham & Co.) 760,207 shares

Denny's Restaurants, Inc.________**Common**
(Dempsey-Tegeler & Co., Inc.) 167,000 shares

General Artists Corp.________**Common**
(Burnham & Co.) 150,000 shares

General Stone & Materials Corp.________**Common**
(J. C. Wheat & Co.) 130,000 shares

Heck's, Inc.________**Common**
(Charles Plohn & Co.) $450,000

Morton (B. C.) Realty Trust________**Ben. Int.**
(B. C. Morton Funds Underwriters Co., Inc.) $10,000,000

National Aviation Underwriters, Inc.________**Common**
(A. G. Edwards & Sons) $300,000

Pacific Southwest Airlines________**Common**
(E. F. Hutton & Co., Inc.) 79,477 shares

Redman Industries, Inc.________**Units**
(Eppler, Guerin & Turner, Inc.) $2,067,000

October 15 (Tuesday)

American-Israel World's Fair Corp.________**Debens.**
(H. S. Caplin & Co.) $500,000

Associated Truck Lines, Inc.________**Common**
(Hornblower & Weeks) 110,000 shares

Commercial Life Insurance Co. of Missouri__**Com.**
(Offering to stockholders—underwritten by Edward D. Jones & Co.) $276,000

Jersey Central Power & Light Co.________**Debentures**
(Bids 11 a.m. EDST) $9,000,000

O'Malley Investing Corp.________**Common**
(O'Malley Securities Co.) $3,000,000

Tennessee Life Insurance Co.________**Capital Stock**
(First Southwest Co.) 500,000 shares

Western Maryland Ry.________**Equip. Trust Ctfs.**
(Bids 12 noon EDST) $2,925,000

October 16 (Wednesday)

Nevada Power Co.________**Bonds**
(Bids 11:30 a.m. EDST) $11,000,000

Ramo, Inc.________**Debentures**
(First Nebraska Securiies Corp.) $2,000,000

October 21 (Monday)

Allright Auto Parks, Inc.________**Units**
(Equitable Securities Corp) 20,000 units

Gulf States Utilities Co.________**Preferred**
(Bids to be received) 100,000 shares

Iowa Beef Packers, Inc.________**Debentures**
(New York Securities Co. and First Nebraska Securities Corp.) $3,172,000

Iowa Beef Packers, Inc.________**Common**
(New York Securities Corp. and First Nebraska Securities Corp.) 50,000 shares

Mid-West National Life Insurance Co.____**Common**
(Stifel, Nicolaus & Co., Inc.) 160,000 shares

Pocono Downs, Inc.________**Units**
(Suplee, Yeatman, Mosley Co., Inc.) $4,375,000

Research Capital Corp.________**Common**
(Hensberry & Co.) $5,000,000

October 22 (Tuesday)

Public Service Electric & Gas Co.________**Debentures**
(Bids 11 a.m. EDST) $40,000,000

October 23 (Wednesday)

First Railroad & Banking Co. of Georgia__**Debens.**
(Johnson, Lane, Space Corp.) $5,000,000

Otter Tail Power Co.________**Bonds**
(Bids 10 a.m. CDST) $7,000,000

Texas Eastern Transmission Corp.________**Debens.**
(Dillon, Read & Co., Inc.) $40,000,000

October 25 (Friday)

Celanese Corp. of America________**Common**
(Offering to stockholders—underwritten by First Boston Corp.) 964,390 shares

October 28 (Monday)

Capitol Food Industries, Inc.________**Debentures**
(Walston & Co.) $1,700,000

Chicago Musical Instrument Co.________**Common**
(Smith, Barney & Co., Inc.) 190,000 shares

International Data Systems, Inc.________**Common**
(Offering to stockholders—underwritten by A. G. Edwards & Sons) 11,000 shares

Mohawk Airlines, Inc.________**Debentures**
(Smith, Barney & Co., Inc.) $6,000,000

Tonka Toys, Inc.________**Common**
(Bache & Co. and J. M. Dain & Co., Inc.) 179,500 shares

Wen Products, Inc.________**Common**
(Hayden, Stone & Co., Inc.) 200,000 shares

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

Pacific Gas & Electric Co.________**Bonds**
(Bids to be received) $70,000,000

Southern Ry. Co.________**Equip. Trust Ctfs.**
(Bids 12 noon EDST) $6,420,000

November 4 (Monday)

Aerosol Techniques, Inc.________**Common**
(Laird & Co., Corp.) 150,000 shares

Bridges Investment Fund, Inc.____**Capital Shares**
(No underwriting) 200,000 shares

Great Lakes Homes, Inc.________**Common**
(The Milwaukee Co.) 160,000 shares

Natural Gas & Oil Producing Co.________**Common**
(Peter Morgan & Co.) $900,000

Seaboard Air Line RR.________**Bonds**
(Bids 12 noon EST) $22,000,000

Ultronic Systems Corp.________**Common**
(Bache & Co.) 150,000 shares

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)

Norfolk & Western RR.________**Equip. Trust Ctfs.**
(Bids 12 noon EST) $7,000,000

Pacific Power & Light Co.________**Common**
(Offering to stockholders—Bids 11 a.m. EST) 717,408 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 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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toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—Arnold, Wilkens & Co., New York. **Offering**—Expected in late October.

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.

General Acceptance Corp. (10/9)
Sept. 12, 1963 filed $20,000,000 of senior debens. due Oct. 1, 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.

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

● **General Stone & Materials Corp. (10/14)**
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. **Note**—This registration was withdrawn.

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.

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.

Hawaiian Telephone Co.
Aug. 20, 1963 filed 534,000 common being offered for subscription by stockholders on the basis of one new share for about each 10 held of record Sept. 25. Rights will expire Oct. 24. **Price**—$19.50. **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).

● **Insurance Securities Inc. (10/8)**
Sept. 20, 1963 filed 400,000 common. **Price**—By amendment. **Business** — Company manages and distributes a mutual fund and owns all the stock of Life Insurance Co. of California. **Proceeds** — For selling stockholders. **Office**—100 California St., San Francisco. **Underwriters**—White, Weld & Co., Inc., and Kidder, Peabody & Co., New York.

● **International Data Systems, nc. (10/28-31)**
Aug. 2, 1963 ("Reg. A") 11,000 common to be offered for subscription by stockholders 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 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.

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. (10/15)
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. (10/7-11)**
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. (10/7)**
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.

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.

● **Midwest National Life Insurance Co. (10/21-25)**
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.

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.

Mohawk Airlines, Inc. (10/28-31)
Sept. 24, 1963 filed $6,000,000 of convertible subordinated debentures due Nov. 1, 1978. **Price**—At par. **Business**—Company provides short-haul air transportation service in 50 cities in the eastern half of the United States. **Proceeds**—For loan repayment and equipment. **Address**—Oneida County Airport, Utica, N. Y. **Underwriter**—Smith, Barney & Co., Inc., New York.

Morton (B. C.) Realty Trust (10/14-18)
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. (10/14-18)**
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.
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**
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. (11/4-8)
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 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.

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).

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. (10/15)
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).

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.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

Pacific 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.

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.

● **Philippine Oil Development Co., Inc.**
June 11, 1963 filed 325,000 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. **Note**—This registration has become effective.

Pocono Downs, Inc. (10/21-25)
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.

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.

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).

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. (10/16)**
Sept. 16 1963 filed $2,000,000 of 6¼% subord. sinking fund debens. Due Oct. 1, 1975. **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.

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. (10/8)**
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.

● **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**—$172.25 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.

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. (10/21-25)
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.

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**

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—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. (10/8)**
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.

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).

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.

● **Tonka Toys, Inc. (10/28-31)**
Sept. 23, 1963 filed 179,500 common, of which 129,500 are to be offered by company and 50,000 by certain stockholders. **Price**—By amendment (max. $28). **Business**—Company manufactures various types of toy trucks and other related plastic toys and accessories. **Proceeds**—For acquisition, working capital and other corporate purposes. **Address**—Mound, Mich. **Underwriters**—Bache & Co., New York and J. M. Dain & Co., Inc., Minneapolis.

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).

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.

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 being offered for subscription by stockholders on the basis of three new shares for each four held of record Sept. 19. Rights will expire Oct. 15. **Price**—$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.

● **Wen Products, Inc. (10/28-31)**
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 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 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.

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

★ **Allen Electric & Equipment Co. (10/14-18)**
Sept. 27, 1963 filed $1,200,000 of 6% convertible subordinated debentures due 1976; also 100,000 common to be offered by a stockholder. **Price**—By amendment (max. for stock: $12). **Business**—Manufacture of equipment and tools used in servicing automobiles. **Proceeds**—For debt repayment. **Office**—2101 N. Pitcher St., Kalamazoo, Mich. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

★ **Allright Auto Parks, Inc. (10/21-25)**
Sept. 24, 1963 filed $2,000,000 of 6% sinking fund subordinated debentures due 1978, 240,000 common shares and 5-year warrants to purchase an additional 80,000 common, to be offered in units consisting of one $100 debenture, 12 shares and warrants to purchase an additional 4 shares. **Price**—By amendment (max. $230 per unit). **Business** — Operation of 558 parking lots in 40 cities. **Proceeds**—For debt repayment and working capital. **Office**—825 Esperson Bldg., Houston. **Underwriter**—Equitable Securities Corp., Nashville.

★ **Brewer (C.) & Co., Ltd.**
Sept. 30, 1963 filed 146,735 common to be offered for subscription by stockholders on the basis of one share for each five shares held. **Price**—By amendment (max. $50). **Business** — Growing and processing of sugar in Hawaii and Puerto Rico, marketing of black strap molasses and other activities. **Proceeds**—For debt repayment. **Office**—827 Fort St., Honolulu. **Underwriters**—Blyth & Co., Inc., New York, and Butcher & Sherrerd, Philadelphia. **Offering**—Expected in late October.

★ **Celanese Corp. of America (10/25)**
Sept. 27, 1963 filed 964,390 common to be offered for subscription by stockholders on the basis of one new share for each eight held of record Oct. 25. **Price** — By amendment. **Business**—A major chemical company specializing in production of synthetic structural materials. **Proceeds**—For expansion and other corporate purposes. **Office**—522 Fifth Ave., New York. **Underwriter**—First Boston Corp., New York.

★ **Chicago Musical Instrument Co. (10/28-31)**
Sept. 27, 1963 filed 190,000 common, of which 50,000 are to be sold for company, and 140,000 for stockholders. **Price**—By amendment (max. $26). **Business**—Manufacture and/or distribution of various types of musical instruments. **Proceeds** — For office and plant expansion. **Office**—7373 North Cicero Ave., Chicago. **Underwriter**—Smith, Barney & Co., Inc., New York.

★ **Craft Master Corp.**
Sept. 30, 1963 filed $1,000,000 of 6% convertible subordinated debentures due 1973; also 125,000 common to be offered by stockholders. **Price**—By amendment (max. $11 for common). **Business**—Manufacture of paint-by-number sets, crushed marble mosaic kits, hobby kits and wooden picture frames. **Proceeds**—For debt repayment. **Office**—328 N. Westwood Ave., Toledo. **Underwriters**—Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc., Cleveland.

★ **Daitch Crystal Dairies, nc.**
Sept. 20, 1963 ("Reg. A") 18,000 common. **Price**—At-the-market. **Business**—Operation of a chain of supermarkets, and other stores. **Proceeds** — For selling stockholders. **Office**—400 Walnut Ave., Bronx, N. Y. **Underwriter**—None.

★ **Eagle's Nest Mountain Estates, Inc.**
Sept. 26, 1963 filed 360,000 common, of which 300,000 are to be offered by company and 60,000 by stockholders. **Price** — $4. **Business**—Company plans to develop land for a year-round amusement resort. **Proceeds**—For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 S. Atlantic Ave., Daytona Beach, Fla. **Underwriter**—Alpha Investment Securities, Inc., Atlanta.

★ **Elite Theatrical Productions Ltd.**
Sept. 26, 1963 filed 400,000 class A common. **Price** — $5. **Business**—Company plans to operate, produce and finance various types of ventures in the theatrical and entertainment fields. **Proceeds**—For working capital, and

other corporate purposes. **Office** — 50 Broadway, New York. **Underwriter**—Linder, Bilotti & Co., Inc., (same address).

★ **Gordon (I.) Realty Corp.**
Sept. 27, 1963 filed $2,113,748 of 7% subordinated convertible debentures due 1974 to be offered for subscription by stockholders on the basis of $700 face amount for each 100 common shares held. **Price**—By amendment. **Business**—General real estate. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—112 Powers Bldg., Rochester, N. Y. **Underwriter**—None.

★ **Great Lakes Homes, Inc. (11/4-8)**
Sept. 27, 1963 filed 160,000 common, of which 100,000 will be sold for the company, and 60,000 for stockholders. **Price**—By amendment (max. $10). **Business**—Manufacture of custom-designed, factory built homes. **Proceeds**—For debt repayment and working capital. **Address**—Sheboygan Falls, Wis. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

★ **International Life Insurance Co. of Buffalo**
Sept. 26, 1963 filed 125,900 capital shares to be offered for subscription by stockholders on the basis of one new share for each four held. **Price**—By amendment (max. $32). **Business**—Sale of various forms of life insurance and annuities. **Proceeds**—For investment and expansion of operations. **Office**—120 Delaware Ave., Buffalo, N. Y. **Underwriter**—None.

★ **Iowa Beef Packers, Inc. (10/21-25)**
Sept. 27, 1963 filed $3,172,000 of 6% subordinated sinking fund debentures, series B due 1978 (with warrants); also 50,000 common to be offered by stockholders. **Price**—By amendment (max. $20 for common). **Business**—Operation of meat packing plants. **Proceeds**—For construction of a new plant, equipment, debt repayment and working capital. **Address**—Denison, Iowa. **Underwriters**—New York Securities Co., New York and First Nebraska Securities Corp., Lincoln, Neb.

★ **Israel Investors Corp.**
Sept. 26, 1963 filed 100,000 common. **Price**—$104. **Business**—A closed-end investment company engaged in investing in private industries located in Israel. **Proceeds**—For investment. **Office** — 850 Third Ave., New York. **Underwriter**—None.

★ **Kentucky Fried Chicken, Inc.**
Sept. 27, 1963 filed 25,000 class A voting, and 25,000 class B non-voting common. **Price**—$10. **Business**—Company franchises certain restaurants in the U. S. to prepare and sell Kentucky Fried Chicken. It also sells or leases equipment used in preparation of this item. **Proceeds** — For the selling stockholder, Harland Sanders, Chairman. **Address**—Box 67, Shelbyville, Shelby County, Ky. **Underwriter**—None.

★ **Lowell Gas Co.**
Sept. 19, 1963 ("Reg. A") 3,447 common to be offered for subscription by stockholders (other than parent) on the basis of one new share for each 13 shares held. **Price**—$32. **Business**—Distribution and sale of natural gas in and around Lowell, Mass. **Proceeds**—For loan repayment. **Office**—95 E. Merrimack St., Lowell, Mass. **Underwriter**—None. However, American Gas Associates, parent company, will purchase any unsubscribed shares.

★ **Missouri National Life Insurance Co.**
Sept. 27, 1963 filed 103,500 capital shares. **Price** — By amendment (max. $6). **Business**—Writing of life, accident and health insurance policies. **Proceeds**—For an acquisition and working capital. **Office** — 1006 Grand Ave., Kansas City, Mo. **Underwriter**—Sterling, Grace & Co., New York.

★ **Nevada Real Estate Investment Corp.**
Sept. 16, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business** — Purchases and development of real estate properties, and related activities. **Proceeds** — For debt repayment, working capital and other corporate purposes. **Office**—147 E. Liberty, Suite 1, Reno. **Underwriter**—None.

★ **Northwestern Drug Co.**
Sept. 16, 1963 ("Reg. A") 10,000 class A common and 2,000 class B common. **Price**—$10. **Business**—Sale and distribution of drugs, pharmaceuticals, sundries and other products generally sold in drug stores and hospitals. **Proceeds**—For general corporate purposes. **Office**—2001 Kennedy St., N. E., Minneapolis. **Underwriter**—None.

★ **Pacific Power & Light Co. (11/13)**
Sept. 27, 1963 filed 717,408 common to be offered for subscription by stockholders on the basis of one share for each 20 shares held of record Oct. 30, 1963. Rights will expire Dec. 5, 1963. **Proceeds**—For debt repayment. **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.

★ **Public Service Electric & Gas Co. (10/22)**
Sept. 26, 1963 filed $40,000,000 of debentures due Oct. 1, 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.

★ **Supreme Life Insurance Co. of America**
Sept. 30, 1963 filed 42,089 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$30. **Business**—Sale of life, health and accident insurance in 12 states and the District of Columbia. **Proceeds** — For debt repayment, and working capital. **Office**—3501 S. Parkway, Chicago. **Underwriter**—None.

★ **Tennessee Life Insurance Co. (10/15)**
Sept. 19, 1963 filed 500,000 capital shares. **Price**—By amendment (max. $18). **Business**—Writing of life, accident and health insurance. **Proceeds**—For selling stockholder, Tenneco Corp., a subsidiary of Tennessee Gas Transmission Co. **Address** — Tennessee Bldg., Houston, Tex. **Underwriter**—First Southwest Co., Dallas.

★ **Ultronic Systems Corp. (11/4-8)**
Sept. 25, 1963 filed 150,000 common. **Price**—By amendment (max. $12). **Business**—Manufacture of electronic securities and commodities quotation systems. **Proceeds**—For loan repayment, and other corporate purposes. **Office**—7300 N. Crescent Blvd., Pennsauken, N. J. **Underwriter**—Bache & Co., New York.

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."

Amerline Corp.
100,000 class A shares offered at $26.50 per share by Dean Witter & Co., Chicago.

American Vitrified Products Co.
79,137 common being offered to stockholders at $19 per share on the basis of one new share for each three held of record Sept 26. Rights will expire Nov. 4. No underwriting is involved.

Federal Services Finance Corp.
76,773 common offered to stockholders at $18 per share on the basis of one new share for each five held of record Sept. 25. Rights will expire Oct. 15. Mackall & Coe, Washington, D. C., is the principal underwriter.

PMA Insurance Fund, Inc.
200,000 common initially offered at $5 per share by Fund Management Inc., Milwaukee.

Jersey Central Power & Light Co.
$18,525,000 of 4½% first mortgage bonds due Oct. 1, 1993 offered at 101.322% plus accrued interest, to yield 4.42% by White, Weld & Co., New York.

Rogers Brothers Co.
105,458 common offered at $16 per share by Dean Witter & Co., Los Angeles.

Western Union International, Inc.
$4,000,000 6¼% subordinated debentures due 1983, and 400,000 of common offered at par and $3.50 respectively, by American Securities Corp., and Glore, Forgan & Co., New York.

Prospective Offerings

• **Associated Truck Lines, Inc. (10/15)**
Sept. 18, 1963 it was reported that 110,000 common shares of Associated will be sold publicly, 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.

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.

★ **Central Illinois Public Service Co.**
On Oct. 2, 1963, it was reported that the company plans to sell $20,000,000 of bonds in the third quarter of 1964. **Office**—607 East Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); White, Weld & Co.

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.**
Aug. 27, 1963 the company stated that it plans to sell $25,000,000 of debentures to raise money for construction. **Office** — 120 E. 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Offering** — Indefinitely postponed.

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

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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 last 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.

★ **Kentucky Utilities Co.**
On Oct. 2, 1963, it was reported that the company plans to sell $8-10,000,000 of bonds in the third quarter of 1964. **Office** — 20 South Limestone St., Lexington, Ky. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co., Inc. (jointly); Eastman Dillon, Union Securities Corp.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

★ **Lanvin-Charles of the Ritz, Inc.**
Sept. 30, 1963 it was reported that following the proposed merger of Lanvin-Parfums and Charles of the Ritz, to be voted on by stockholders Nov. 14, E. L. Cournand, President, and certain other Lanvin stockholders plan to offer publicly 800,000 common shares. **Business**—Company is the U. S. distributor of Lanvin perfumes and other fragrances, as well as cosmetic and toiletry products. **Office**—767 Fifth Ave., New York. **Underwriters**—Goldman, Sachs & Co., and White, Weld & Co., Inc., New York. **Offering**—Expected in late December.

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 & 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.

★ **Norfolk & Western RR (11/13)**
Oct. 1, 1963 it was reported that this road plans to sell approximately $7,000,000 of 1-15 year equipment trust certificates in November. **Office** — 8 N. Jefferson St., Roanoke, Va. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected Nov. 13 (12 noon EST) at the company's Philadelphia office.

Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northwest Natural Gas Co.
Sept. 25, 1963 the company announced tentative plans to sell 50,000 shares of preferred in early 1964. **Proceeds**—To refund 50,000 shares of outstanding 5.75% preferred. **Office**—735 S. W. Morrison, Portland, Ore. **Underwriter**—Lehman Brothers, 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. (10/29)
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. **Bids**—Expected Oct. 29.

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 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.-Harirman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc (jointly).

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,-000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

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).

Seaboard Air Line RR. (11/13)
Sept. 24, 1963 the company announced that it plans to sell $22,000,000 of first mortgage bonds due 1988 at competitive bidding in November. **Proceeds**—For loan repayment and working capital. **Office**—3600 W. Broad St., Richmond, Va. **Underwriters** — (Competitive). Probable bidders: Kuhn, Loeb & Co.-White, Weld & Co. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (joint-

ly); Halsey, Stuart & Co. Inc. **Bids**—Expected Nov. 13 (12 noon EST) One Chase Manhattan Plaza, (54th floor), New York.

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.

★ **Texas Eastern Transmission Corp. (10/23)**
Oct. 1, 1963 it was reported that a registration statement will be filed shortly covering $40,000,000 of debentures due 1983. **Proceeds**—For expansion. **Address**—Southern National Bank Bldg., Houston. **Underwriter** — Dillon, Read & Co., Inc., 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.

★ **Trans World Airlines, Inc.**
Oct. 1, 1963 it was reported that a registration statement will be filed later this month covering a proposed secondary offering by Hughes Tool Co., of approximately $80,000,000 of this firm's 6½% subordinated income debentures due June 1, 1978. **Business**—Company provides world-wide air transportation services. **Office**—380 Madison Ave., New York. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York. **Offering**—Expected in late November.

Transcontinental Gas Pipe Line Corp.
Sept. 25, 1963 the company announced that it plans to sell $50-$55,000,000 of first mortgage bonds and possibly some preferred in the first half of 1964. **Business**—Transmission of natural gas. **Proceeds**—For loan repayment. **Office**—3100 Travis St., Houston, Texas. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

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.-Bear, Stearns & Co. (jointly); Salomon Brothers & Hutzler; 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.

Union Planters National Bank (Memphis)
Sept. 20, 1963 it was reported that the Bank plans to offer 150,000 additional common shares to stockholders on the basis of one new share for each 7⅓ held of record Nov. 6. Rights would expire Nov. 27. This offering is subject to stockholder approval on Nov. 6. **Price**—$40. **Proceeds**—To increase capital funds. **Office**—61 Madison Ave., Memphis. **Underwriter**—To be named.

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.

★ **Western Maryland Ry. (10/15)**
Oct. 1, 1963 it was reported that this road plans to sell $2,925,000 of 1-15 year equipment trust certificates. **Office** — 300 St. Paul Place, Baltimore. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Oct. 15 (12 noon EDST) at company's office.

TAX-EXEMPT BOND MARKET

Continued from page 6

bonds, was awarded to the syndicate jointly managed by *Halsey, Stuart & Co., Inc.* and the *First National Bank of Chicago* at a net interest cost of 3.073%. The only other bid was that made by a Chase Manhattan Bank and Bankers Trust Co. account which presented a 3.119% net interest cost bid.

Other major members of the winning syndicate include Continental Illinois National Bank & Trust Co., Blair & Co., Inc., C. J. Devine & Co., Drexel & Co., The Philadelphia National Bank, Bear, Stearns & Co., Hornblower & Weeks. The Connecticut Bank and Trust Co., Robert Garrett & Sons, United California Bank, Los Angeles, Paribas Corp., Francis I. duPont & Co., Bache & Co., Banco Credito, Hallgarten & Co., Ira Haupt & Co., Goodbody & Co., American Securities Corp., Wm. E. Pollock & Co. and Fahnestock & Co.

Scaled to yield from 2.00% in 1964 to 3.30% in 1987 for various coupons, initial bank and casualty company demand has been fair with the present balance in syndicate totaling about $31,500,000. The 1996 to 1999 maturities carried a 2½% coupon and were sold at a 3.70% yield.

The account led by the *Bank of America N. T. & S. A.* submitted the best bid for $25,000,000 Los Angeles Unified School District, California (1964-1988) bonds naming a net interest cost of 3.0942%. The runner-up bid, offering a 3.135% net interest cost, was made by the group headed by Halsey, Stuart & Co., Inc.

Associated with Bank of America in this underwriting are First National City Bank, the Chase Manhattan Bank, Bankers Trust Co., Harris Trust and Savings Bank, Morgan Guaranty Trust Co., Blyth & Co., First Boston Corp., First National Bank of Chicago, Wells Fargo Bank, Crocker-Anglo Bank, Continental Illinois National Bank and Trust Co., Chemical Bank New York Trust Co., The Northern Trust Co., Glore, Forgan & Co., Merrill Lynch, Pierce, Fenner & Smith, Dean Witter & Co., First National Bank of Oregon, Seattle First National Bank, The Philadelphia National Bank and Mellon National Bank and Trust Co.

The securities were reoffered to yield from 1.90% to 3.20% for various coupons and as we go to press a balance of $7,900,000 remains in account.

Tuesday's final sale was $7,255,000 Milwaukee County, Wisconsin general obligation (1964-1978) bonds. The group led by *The Northern Trust Co.* submitted the best bid, a 2.774% net interest cost, and this just nosed out the runner-up bid, a 2.776% net interest cost, which came from the First Boston Corp. and associates.

Other major members of the successful syndicate include Chase Manhattan Bank, Bankers Trust Co., Chemical Bank New York Trust Co., Seattle First National Bank, Brown Brothers, Harriman & Co., Marshall & Ilsley Bank, Marine National Exchange Bank, Auchincloss, Parker & Redpath and Wood, Gundy & Co., Inc.

Scaled to yield from 1.90% to 2.90% for all 2.80s, the present balance in syndicate is $3,490,000.

$184 Million Offering Postponed

Although Wednesday's activity in the municipal bond market was to have been dominated by the reoffering of $184,000,000 Douglas County, Washington P. U. D. #1 serial and term bonds, it developed that the first game of the World Series took over completely. Early Wednesday, *Blyth & Co., Inc.*, acting for the managers, announced via telegram as follows: "Litigation was instituted yesterday with respect to Wells Project. Agreement among underwriters being signed but proposal to district for bonds being deferred pending further study and pending decision to go forward by the group." Therefore, as we go to press, there seems to be no telling when the reoffering of this attractive negotiated issue will occur.

We should add for the record that the flotation is being negotiated by *Blyth & Co., Inc.* as manager, *Merrill Lynch, Pierce, Fenner & Smith, John Nuveen & Co., Kidder, Peabody & Co., Francis I. duPont & Co., F. S. Smithers & Co., B. J. Van Ingen & Co., Wm. P. Harper & Son & Co.* and *Foster & Marshall Inc.*

Proceeds from the sale of these bonds will be utilized to construct an electric generating plant and associated facilities on the Columbia River at the Wells site in Douglas and Chelan counties. Seven generating units are to be initially installed and completion of the project is expected in September 1967.

These bonds are secured solely by the pledge of revenue derived from the Wells Project accruing under power contracts consummated as between the District and Puget Sound Power & Light Co. (50.5%), Portland General Electric Co. (32.8%), Pacific Power & Light Co. (11.1%) and the Washington Water Power Co. (5.6%).

This offering, as set up, involves $39,830,000 serial bonds and $144,170,000 term bonds. The serial bonds maturing from 1974 to 1991 were to be scaled to yield from 3.15% to 3.75%. The term bonds maturing 2018 were to have been offered as 4s at 101 to yield approximately 3.95% to maturity. The term bonds were in broad demand.

Now Miller & Edwards

SAN FRANCISCO, Calif. — The firm name of Sellgren, Miller & Co., Inc., 301 Pine St., has been changed to Miller & Edwards, Inc.

Boericke Joins Neuberger, Berman

William T. S. Boericke, formerly Vice-President, Centennial Funds in Denver, Colo., has joined the staff of the New York Stock Exchange firm of Neuberger & Berman, 120 Broadway, New York City, as a research adviser. He previously had been with Merrill Lynch, Pierce, Fenner & Smith Incorporated and Shields & Company.

Dreyfus to Admit

Dreyfus & Co., 2 Broadway, New York City, members of the New York Stock Exchange, on Oct. 10 will admit William P. Rogers to Limited partnership in the firm.

Kiggins Research Mgr. For Hemphill, Noyes

Gilbert M. Kiggins has been appointed Manager of the research department of Hemphill, Noyes & Co., 8 Hanover Street, New York City, members of the New York Stock Exchange.

Joins IRA Haupt

DENVER, Colo.—Ivyl A. Kenning has become connected with Ira Haupt & Co., Denver Hilton Hotel Building. He was formerly with McDonnell & Co., Inc.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The Honeymoon is over for the darling of the space age, the National Aeronautics and Space Administration. The rush into space research and development that created NASA in the post-sputnik era has swelled the agency from a $350 million agency to a $5 billion one in a half-dozen years. In the early years, the agency was turning down efforts in Congress to press money on it, saying that extra money would not buy extra speed in research. In recent years, the agency's requests for money have sped through Congress with only an occasional grumble.

Now, however, the agency is in a fight for its budget life, the outcome of which will have important consequences for defense contractors and investors in these firms. For the current fiscal year, the lawmakers after threatening deep cuts in money authorizations for the agency, finally backed down and gave it $5.4 billion of the $5.7 billion it had asked. But now, with the actual money appropriations up before the lawmakers, the agency finds it is in even worse trouble.

The President's offer to cooperate with the Russians in the manned moon landing, plus the lingering belief that the agency is getting too fat, has again created strong pressure for deep cuts in NASA's money.

NASA Fighting Back

The space agency is fighting back, trying to stave off what it calls "disastrous" cuts in the budget. Originally, the space agency sold its contributions to peaceful science in satellites and manned flights. Slowly, it has been moving into the military advantages of these programs. Now, the emphasis is on the direct and indirect military benefits that come from its proposed moon shots and deep space probes. In effect, the agency spokesmen are all but saying that the future of the military space effort lies in its programs.

This is causing some serious behind-the-scenes clashes with the military, and may account in part for its budget troubles as military spokesmen lobby quietly against NASA and for increases in their own defense appropriations.

As another part of its fight to block deep budget cuts, NASA is already letting the word out that next year's budget request will be less than it asked for this year—somewhere between $5 billion and $5.5 billion. This would be the first hold-the-line budget for the agency in its history—it it occurs.

Congress Not "Sold"

So far, the selling job by the agency on Congress is having little effect. Space officials are insisting that the moon shot, particularly, is vital to our country's space effort; that it is not behind schedule, and that the cost will remain close to the $20 billion projected, rather than the $40 billion some critics insist is more realistic. But cuts keep coming in Congress.

From the original $5.7 billion request, to the $5.4 billion authorized to the $5.1 billion appropriations recommended by the House Appropriations subcommittee, the cuts keep coming. Indications are that the cutting job by economy-minded congressmen is not over yet. Republican opposition to the program touched off the budget cuts, but they've been joined by conservative Democrats, making a strong coalition.

Republicans said that even the White House has soured on the space program, during one part of the battle, but President Kennedy tried to scotch this with letters to key lawmakers insisting that "an energetic continuation of our strong space effort is essential and the need for this effort is, if anything, increased by our intent to work for increasing cooperation if the Soviet Government proves willing."

Research Funds Slashed

One of the most sensitive areas in which the budget paring knife has been operating is in the research field. The first $350 million cut in this year's budget included a $100 million reduction in funds for research and development facilities for the lunar program. This wasn't considered disastrous, but if any more funds were cut, changes would have to be made in the program. These could include less ground testing of components, delaying the entire project a year or so, or cut off a plan to orbit the three-man Apollo spacecraft before it is shot at the moon in 1969. The orbit flight test of Apollo is scheduled for late next year or early in 1965.

Opposition Republicans have pledged to try to cut the NASA budget by $1 billion, to well below $5 billion. House cuts have accounted for only part of this so far. NASA is already working hard in the Senate to try to get some funds restored, but the possibility of success isn't too good.

Although NASA earlier won back some money authorization in the Senate, its chances of getting back much of the cash are bleak. President Kennedy's offer of moon-landing cooperation with the Russians took the edge off the argument that we are in a space race with the Reds. While later explanations have emphasized that this cooperation would be in a peaceful pursuit, and was designed mostly to show up inadequacies in Russian research, the impact on Congress was to create skepticism in the race theory.

Deep cuts in the NASA budget also stem from the fantastic growth of the agency in recent years. In 1958, for instance, the agency had a budget of about $350 million and some 1,000 employees. It is now spending more than $5 billion a year and paying some 32,500 workers.

Political Problems

Some of its problems also relate to the politics that inevitably follow such a huge program. A lot of congressional opposition arose when the White House proposed a huge electronics research facility in the Boston area.

Critics claimed that private industry could do the job, that the facility was too expensive, and that it was being located in Boston as a pork barrel project to help the Kennedy's political fortunes in their home state.

The White House suffered a setback when Congress decided that no electronic research operation would be built unless NASA further justifies the need.

Policy on Patents Controversial

Disputes have also arisen over NASA's policies of giving patent rights on government sponsored research to private firms, reserving for the government only royalty-free use in many cases. While this has pleased industry, and many congressmen, it has angered many lawmakers who contend that the government pays for the inventions and should keep firm title to them.

In the wake of the trouble it is running into over money in Congress now, NASA has already pushed some projects back a year or two. Planned hardware procurement for a lunar logistics vehicle and a manned orbiting space station will not be pushed until 1965. The space station alone would cost $2.5 billion, with either NASA or the Pentagon having prime control. The lunar logistics craft, designed to ferry some 2,000 pounds of goods to astronauts on the moon, would cost about $3 billion.

At the same time the lawmakers were chopping up the NASA budget, they were paring down the Defense Department's weapons procurement too. In effect, spending for military hardware will be down about $150 million in the current fiscal year. Total defense spending will remain at the $47 billion figure, but weapons spending for next year will be down as much as $1 billion below this year if several key Pentagon planners and congressmen get their way.

Tax Cut Claims Disputed

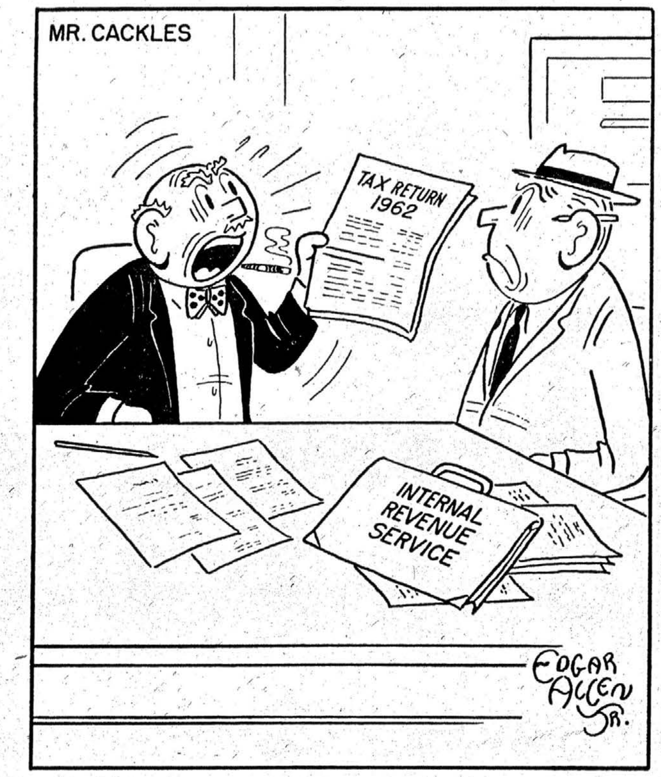
Cuts in defense and space spending are caused by the warming up of the cold war between the U. S. and Russia, highlighted by the nuclear test ban treaty, and also the growing fear of increasingly large deficit spending by the government.

The White House has not yet convinced most lawmakers that the $11 billion tax cut, going into effect next Jan. 1 if it passes later this year or next, will mean increased revenues to offset a deficit. Most congressional leaders believe that this tax cut, at some time in the future, may mean higher tax income stemming from improved economic activity and investment, but they don't see this as happening soon. In the meantime, they say, the cut will mean a sharp drop in government income, which should be offset by tighter limits on government spending.

While efforts to tie the tax cut to specified reductions in spending or in a limit on annual budget deficits probably will fail, the result of the effort is already showing up in more concern over government spending. Thus, the drive to hold off Senate action on the cut until next year—after President Kennedy has submitted his next budget—stands a good chance.

Since defense and space spending lags behind congressional appropriations, the impact of these cuts in NASA and Defense Department money won't come right away. But they will show up by the end of next year in fewer contracts, smaller contracts, or delays in delivery dates.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"I don't care WHAT the government says! I wrote it off as a business expense—taking my wife out is no personal pleasure!"

COMING EVENTS

IN INVESTMENT FIELD

Oct. 6-9, 1963 (Washington, D. C.)
American Bankers Association Annual Convention.

Oct. 10-11, 1963 (Washington, D. C.)
Tax Institute of America Symposium on "Alternatives to Present Federal Taxes" at the Mayflower Hotel.

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.