The COMMERCIAL and FINANCIAL CHRONICLE

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THE LEADING AND MOST INFORMATIVE PUBLICATION IN THE FINANCIAL FIELD . . . ESTABLISHED 1839

Volume 198 Number 6312 | New York 7, N. Y., Thursday, October 31, 1963 | Price 50 Cents a Copy

EDITORIAL

As We See It

One of the candidates for leadership of the Republican campaign next year has lately again described himself as a "conservative." He is the first political figure to have the temerity—or the acumen, whichever it is—to place such a label upon his own breast when seeking public favor, as, of course, he is doing even if somewhat coyly. He goes on to describe one of his rivals as an extreme "liberal." This latter would-be candidate for the Presidency is insistent that he is not an "extreme" anything but is proud of being what he terms a moderate liberal, or a "middle-of-the-roader." How much all this will change before the voting starts next year we, of course, have no way of knowing, but it appears certain that next year, as in all national elections for a good while past, the candidates, whoever they are, will be lined up in the public eye as either "liberal" or "conservative."

There is a tendency to associate "conservatism" with Harding, Coolidge and Hoover and their administrations, and to place Franklin Roosevelt at the head of the column of "liberals." While other issues intrude themselves into all campaigns and all appeals to the voters, it is evident that an effort is constantly made to pin "conservative" or "liberal" labels on candidates for office and there is all too much evidence that this dichotomous division of the candidates has very considerable weight with the voters, always assuming, of course, that it proves possible to make assigned designations stick. Of all the political tactics—we had almost said political chicanery—this is, or should be, one of the most meaningless. It may well be questioned whether as applied to current affairs the words "liberal" and "conservative" have any precise meaning. Their (Continued on page 32)

The Dollar's Soundness, Liquidity And the Payments-Balance Deficit

By Hon. A. Willis Robertson, U. S. Senator (D.—Va.)*

Thirty years of close watch of our banking and currency problems back assertion that dollar strengthening and balancing of world payments measures have ignored root causes in preference for "ease without cure." The Senator would cut Government spending here and abroad and not allow future world liquidity shortage fears interfere with taking necessary action now. He favors an immediate, comprehensive Congressional study of the latter problem assisted but not dominated by professionals and rejects the Brookings advice as inflationary.

I wish to discuss one of the most serious challenges facing the United States today — the balance of payments deficit and the question of international liquidity. My conclusions are simple and easy to state. I am concerned that the Administration so far, despite ingenious actions to borrow time and fend off crises, has emphasized short-term palliatives without going to the roots of the payments problem. Second, we cannot allow the longer-range question of a possible shortage of international liquidity to interfere with prompt and vigorous action to right the payments balance. Third, I agree generally with the Administration's view, stated again only recently at the meetings of the International Monetary Fund and World Bank, that the international liquidity question deserves the most careful and comprehensive study by Fund member governments.

Hon. A. W. Robertson

However, I am convinced further, that these studies should be undertaken immediately, and that they should also include comprehensive Congressional studies.

Policy decisions on the balance of payments and the international monetary system involve high politics; they vitally affect the future of our vaunted free enterprise system, our foreign policy, our national defense and our economic prosperity and stability. It is not enough for us to discover technical solutions in these areas. The ultimate issues are those of national goals and interests.

We have much cause for optimism in postwar trade and investment experience. The amazingly swift recovery of industrial Europe and Japan after World War II was helped much by the Marshall Plan and resulted in wholesale dismantling of exchange controls and other artificial barriers to trade and capital flows created by depression and war. Since 1950 the growth in world trade and investment has been unparalleled. And this nation's part in that growth has been impressive. United States exports of $21 billion, and imports of $16 billion in 1962, virtually doubled since 1950 —and long-term private investments now amounting to more than $60 billion — reflect this fact. Private foreign investments in the United States of more than $21 billion — almost tripled in the decade since 1951—show the vigor of our trading partners. As our interdependence with the rest of the world grows, more and more of our business enterprises have become international in scope.

International activities of United States banks historically have been closely correlated with levels of world trade and investment. The depressed Thirties, with its trend toward self-sufficiency in country after (Continued on page 34)

American Bankers Association Convention Issue

The Security I Like Best...

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

This Week's Forum Participants and Their Selections

ALFRED SOMAN

Research Analyst, Filor, Bullard & Smyth, New York City

Reynolds Tobacco Co.

Highly regarded as growth equities until two years ago, tobacco shares are currently priced drastically below their 1961 highs. This decline may in large part be attributed to concern regarding the comprehensive report on smoking expected to be issued before year-end by the U. S. Public Health Service. This report is certainly one of the most widely anticipated pieces of "bad news" in the history of Wall Street.

Despite the availability of high dividend returns and consistent growth at low price-earnings ratios, the public is almost unanimously avoiding tobacco equities. Even the funds continue to be sellers on balance. The logical question to be asked is: do the industry fundamentals warrant such extreme bearishness?

In the face of a decade of increasingly unfavorable publicity linking cigarette smoking with cancer and heart disease, the growth record of the tobacco companies has been, to say the least, an impressive one. Domestic consumption of cigarettes has risen from 394.1 billion in 1952 to 494.5 billion in 1962 and should establish a new record of slightly over 500 billion this year. Since 1954, when the initial effects of the health scare had caused a two year drop of 6.5%, the growth rate has been consistent, averaging 3.75% compounded annually. Even more significant, and probably surprising to those who have not had occasion to study the statistics, consumption of cigarettes per capita (15 years old and over) has also risen at an average rate of 2.16%.

The impact of the report cannot, of course, be predicted. What we do know is that a steady stream of similar reports by various groups has not significantly affected cigarette consumption to date. Certainly no one is unaware of the possible dangers connected with smoking. We doubt that this report will cause a large percentage of the public to abandon a habit so strongly ingrained, and yet the market appears to be taking this possibility seriously. (Should medical science develop a cancer cure the effect on tobacco stocks could be explosive!)

R. J. Reynolds, the largest factor in the industry, manufactures Camel, Winston, and Salem cigarettes, respectively, the second, third and fourth largest selling brands. By almost any yardstick, Reynolds is the outstanding company in the field. A net profit margin of 13.3% in 1962 compared with 10.5% for its nearest competitor. Industry peneration has increased without interruption since 1954, rising from 24.7% of unit sales to 34.5% in 1962. During the same period net income has grown consistently. Adjusted for stock splits, earnings per share have nearly trebled from $1.05 to $2.97, while dividends have kept pace, growing from 60 cents to the recently increased rate of $1.80.

Net per share for the first nine months of 1963 came to $2.30 vs. $2.17. Full year earnings may be $3.10-$3.15. Furthermore, Reynolds is a major beneficiary of last spring's wholesale price increases, when prices were hiked 35 ments per thousand on regular-size non-filter brands, of which Camel is by far the leader.

A diversification program, while minor to date has resulted in Reynolds acquisition of Pacific Hawaiian Products Co. A new soft drink is also being test marketed. Thus far the need to diversify has not been clear. But it is hard to believe that, assuming the very worst should happen to the cigarette business, the outstanding ability of the company to market consumer goods would be allowed to remain idle.

Trading at approximately 43 in recent markets, Reynolds is down more than 50% from its 1961 high of 89. Priced at less than 14 times estimated 1963 earnings to return 4.2% on the indicated dividend, the shares appear considerably undervalued when compared with those of other recession-resistant consumer goods companies with similar records. If we attribute this to the pessimism attending the forthcoming report by the Public Health Service, we must also bear in mind the well founded adage that the market never discounts the same news twice.

The circumstances are these: the worst is anticipated; the worst will probably not occur; even if it does, diversification will most likely provide a successful solution to the problem. The astute investor may well recognize in these conditions an unusual opportunity to acquire a proven growth stock at depressed prices.

ROBERT F. TAYLOR, C.F.A.

Vice-President, Investment Counsel, Inc., President, Financial Analysts Society of Detroit

Weyerhaeuser Company

Severe shortages of lumber after 1980 could develop, according to a report made by a group of researchers working for Resources for the Future, a nonprofit organization, and financed by grants from the Ford Foundation. According to their study published as "Resources in America's Future," we are told: "The estimated demand for forest products by the end of the century is so much larger than the foreseeable domestic supply that something like 300,000,000 acres would have to be added to the existing 484,000,000 acres of commercial forest land in order to meet the medium projection (for forest products) in the year 2000." The report estimates that basic future demand for timber, which was 11,000,000,000 billion cubic feet in 1960, will be 19,000,000,000 cubic feet in 1980, and up to 32,000,000,000 cubic feet in the year 2000.

The largest privately owned timber reserve in the U. S. in terms of volume and value is that of the Weyerhaeuser Company. The company's fee ownership of timberland is approximately 3.62 million acres. Forest lands are principally in the Douglas fir regions of Washington, Oregon and California. (In the western part of the United States, the company owns 2.8 million acres containing an estimated 60 billion board feet of timber.) Other forest lands are owned in Vermont, North Carolina, Alabama, Mississippi, Canada, the Costa Rica. The company holds cutting rights on substantial acreage in Canada and in the South. The timber holdings are sufficiently spread out geographically to give a large measure of protection against the inevitable hazards of wind, fire, and disease. The company is a leader in good forest management. It has developed its own road systems to improve utilization of mature timber; the roads also are used for removing trees blown down by the wind and to provide easier access for fire fighting equipment. Reforestation activities include seeding by helicopter and spraying to control brush that would otherwise inhibit the growth of young seedlings. Aerial surveys, some in color, guard against losses from windthrow, insect infestation and disease.

Timber and timberlands are carried on the company's books at 1913 values (plus subsequent additions at cost) of $103 million. Estimates of the present value of these holdings cover a wide range; one widely published estimate of $1.75 billion would put a value of $57 a share on the Weyerhaeuser timber and timberlands. Since the company is a strong competitive force, no sell-out or liquidation is likely, but the figures on asset value give a clue to the potentiality. In an era which has seen only six balanced Federal budgets in the last 32 years, and in which further deficits are blandly anticipated, Weyerhaeuser becomes a key stock in an investment program geared to protection against inflation.

In justice to those who grow timber over many generations and in order to provide incentives to conservation, Congress has permitted forest products manufacturers to pay in the period of cutting at the capital gain rate (instead of higher regular rates) on that part of their profit which was due to the increase in value of timberlands since purchase. Sound producers, of which Weyerhaeuser is a leader, see that trees are replaced as fast as they are cut. The company's woodlands are run on a perpetual harvest plan; it takes from 70 to 80 years to produce a mature Douglas fir. Weyerhaeuser scientists are working on the development of a "supertree" which will cut the growing time substantially and, in addition, resist forest pests.

Weyerhaeuser Company was started in 1900 when Frederick Weyerhaeuser bought 900,000 acres of forest for $5.4 million. This property is today the largest most widely diversified and completely integrated timber manufacturing concern in the world. Its domestic operations include 17

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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.)

Gas Industry Is Meeting The Challenge of Growth

By John E. Heyke, Jr., Retiring President, American Gas Association, and President, The Brooklyn Union Gas Company*

Bullish report on the gas industry's successful resurgency in meeting energy, heating and cooling demands against competition of oil, electricity and coal reflects confidence regarding the growth outlook for the industry. Mr. Heyke is pleased with developments opening up because of multi-family, shopping centers, office and government building construction; of expanded industrial usage; and of the use of central gas plants to provide service instead of a fuel. He flays competitors' advertising; credits increased industry research for remarkable gains made; forecasts greater measure of price stability; and announces participation with the electric industry to fight government encroachment in the private utility field.

Scanning the industry, it is apparent that the gas industry is dominating the heating market, the water heating market and the cooking business. There's also been a tremendous expansion in the sale of gas dryers and gas lights.

John E. Heyke, Jr.

And this economic response of Mr. and Mrs. Consumer to gas has in turn created great enthusiasm in our industry. Everywhere I've traveled as President this year—Boston, Honolulu, New Orleans, London, and points in between—I've found a great enthusiasm for the growing role of gas and a great confidence in our ability as an industry to meet the challenge of that growth.

The continuing increase in the use of gas among commercial and industrial custc ners, and our ability to evelop a more balanced year-round load through attractive rates to the larger nonresidential customers, have produced an extremely healthy, vigorous industry.

Gas Turbine and Other New Outlets for Gas

Near Aurora and in Glen Ellyn, Ill., for example, Northern Illinois Gas is advancing the industry in the gas turbine field.

Hartford Gas is pioneering the unique concept of providing an energy service instead of a fuel.

Pacific Lighting is developing the subsidiary idea with its Uni-Plant Corporation to provide air conditioning facilities for large customers.

Rio Grande Valley Gas has the first school customer for gas-produced total energy.

And in Brooklyn, New York, we have the world's largest cooperative housing project and a second giant customer that will use gas for all energy requirements.

I'm particularly impressed by the many vital, exciting things going on within our industry. Breakthroughs are occurring in scattered places throughout the nation, breakthroughs that will undoubtedly provide even greater dimensions to our industry within a very few years. The face of our country is growing and changing with gas!

Detractors say the gas industry has come of age. Don't believe it. The gas industry has always been the right age for the generation it served. This apparent "change" in outlook is merely the result of the completion and public announcement of goods, services, and trends that have been in the making for many years. And by successfully adapting itself to new conditions and markets, the gas industry is a resurgent industry . . . dynamic, daring, filled with new opportunity.

Gas for Higher Temperatures And Cooling

Right now, half of all the gas we sell is used by our industrial customers. Here is one of our most important and profitable markets, one with tremendous promise for the future. Exciting things are happening in industrial gas use, but one area most intriguing to me is the increasing application of gas to high temperature processing. Gas-fired furnaces operating at 4000° already have been developed and are in use. Even higher temperatures are in prospect, thus assuring the gas industry of a continuing and growing role in such fields as space age technology, where the requirements for high-temperature materials seem limitless.

Of more immediate significance is Customer Cooling. I have carefully held off mentioning gas air conditioning because, regardless of how far we have advanced in this important field, the market is still in our future.

Air conditioning is an important load, it bears a special importance for companies whose sendout curves rise to jagged peaks in winter and dip to dismal valleys in summer. Cooling may be the great leveler and, although we'll never reach a year-round plateau, it will have great bearing on load factors. Wherever gas companies have instituted promotional air

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Thursday, October 31, 1963

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Regular Features

*Mr. May's column was not available this week.

The COMMERCIAL and FINANCIAL CHRONICLE

Published Twice Weekly — Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, PUBLISHER

25 Park Place, New York 7, N. Y. — REctor 2-9570 to 9576

CLAUDE D. SEIBERT, President
WILLIAM DANA SEIBERT, Treasurer
GEORGE J. MORRISSEY, Editor

Thursday, October 31, 1963

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.). Other Office: 135 South La Salle St., Chicago 3, Ill. (Phone STate 2-0613).

Second class postage paid at New York, N. Y.

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)
In United States, U. S. Possessions and members of Pan American Union $80.00 per year; in Dominion of Canada $83.00 per year; other countries $87.00 per year.

THURSDAY EDITION ONLY (52 issues per year)
In United States, U. S. Possessions and members of Pan American Union $20.00 per year; in Dominion of Canada $21.50 per year; other countries $23.50 per year.

OTHER PUBLICATIONS

Bank and Quotation Record — Monthly, $45.00 per year (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Shopping for Toy Stocks

By Dr. Ira U. Cobleigh, *Economist*

A seasonal look at the $2 billion toy industry; the kinds of toys people are buying and certain public companies prospering thereby.

The toy industry, which many would regard as but a bayou of the main stream of our economic activity, has come of age. It will do a retail business in 1963 of over $2 billion. This is big business and it's done by some 2,500 private companies and about 35 significant publicly held ones, some of which have rewarded investors well in the past five years.

Post War Growth

The main upsurge in toys has occurred in the past 15 years principally propelled by three things. The steady rise in personal incomes, rapid increase in the child population, and the disposition of well heeled and indulgent parents to buy more, and more expensive toys, for their children. Add to this the powerful salesmanship of TV advertising and you can see why toys have ballooned.

This TV advertising, which amounted to $21.6 million in 1962, has done two things. It has created annual models in toys, so that last year's baubles become obsolete and wind up in closets or attics; and it has created a demand for brand items. You no longer order just a doll, you are urged to buy a "Chatty Kathy" or a "Barbie Doll." You no longer buy just a toy dog — you buy "Gaylord" (of which over 500,000 were sold last Christmas with a list price of around $10).

Another significant post-war merchandising development in toys is the discount house. Hundreds of new discount outlets have sprung up all over the country, changing importantly toy distribution techniques, and driving some of the older jobbers and retailers out of the business. Discounters themselves have not all succeeded and failure of some of these in the past two years has plagued certain manufacturers, and tightened credit lines throughout the business.

Adjustment

For many companies 1962 was a year of adjustment and some disenchantment. Marketing experience showed that the public had had enough of costly toys. Electronic rifle ranges at above $20, a motor speedway at $35, a remote control automobile at $20 or more —those are no longer popular at the parent level. There seems to be (1) a major swingback to the age old standbys—dolls and guns and (2) a substantial emphasis on instructive or educational toys. And there's a greater insistence on quality and durability this year. Further, the Federal Trade Commission has now ruled out the flashing of manufacturer's "suggested retail price" on TV commercials, so the discounters have less opportunity to highlight their attractive price concessions below "list."

Bookkeeping has changed too. It used to be that a new toy model would continue to sell for from 3 to 5 years—and thus depreciation on tools, dyes, molds, patterns, etc., could be spread out. Now, with a model "hot" this year and dead the next, depreciation charges for design and development are compressed into a single year.

Mattel, Inc.

Outstanding among big companies is Mattel, Inc., which went public in June 1960 at $10 a share, and has increased its net income over 500% since then. It's common (listed NYSE) now sells at 53 with a 40 cents dividend. Mattel has prospered from its "Barbie Doll" which is quite functional, and is supplemented by a complete wardrobe line. Additional revenues come from licensing of the Barbie name for other products, and now even a "Barbie" fan club. (Next no doubt a movie, "Barbie Joins the Jet Set!"). In any event "Barbie" provides annuity type earnings, and helped propel Mattel to $78 million sales and $1.96 per share net (up from $1.51 in 1962) for fiscal year ended March 2, 1963.

Playskool

Playskool concentrates on practical and durable toys of wood and plastic, principally for kids of pre-school age. It is not as spectacular a performer as some others in the industry, but has increased its sales steadily for 21 years in a row. In 1962 Playskool acquired Halsam Products, makers of instructive toys for young children.

Playskool has expanded its sales from $5.7 million in 1957, to $18.5 million in 1962; and well over $20 million this year. The stock, 685,000 shares outstanding, trades OTC and is currently selling around 17.

Remco Industries, Inc.

Remco had sales of almost $22 million for 1962 but its profits dipped to 40 cents a share, from 89 cents a year earlier. This was due partly to the failure of three fairly high priced items to catch on, and partly to high operating costs. Costs have, this year been reduced by moving operations into a new and ample plant at Harrison, New Jersey, consolidating operations heretofore scattered. On the product side, Remco will no longer set such store on high ticket items requiring a big advertising budget, but concentrate on a more traditional line of dolls and toy weapons. (Christmas, supposed to symbolize peace on Earth, still delivers a few million toy guns annually to young American youths.)

Remco fortunes at the cash register should improve in 1963, and produce a higher net than the 40 cents earned last year on the 1,619,000 common shares outstanding. Price currently around 10, OTC.

Others

Tonka Toys is a specialist in metal trucks, tanks and other vehicles. It has built up its earnings rapidly, is well managed, and only this week made a secondary offering of its common at 23. Milton Bradley at 18½, OTC, represents one of the solid and mature equities in the industry. Philadelphia and Reading Corporation has a major subsidiary in toys, Deluxe Reading Corp.; the largest distributor of toys through supermarkets. Other representative corporations include Lionel Corp. which does lots of things besides sell toy trains, Eldon Industries, A. C. Gilbert, maker of Erector sets (now for both boys and girls), Transogram, Inc., with toys, mostly below $5; Gabriel Industries, specialist in stamped toys, including beauty kits for girls; and Aurora Plastics, Inc., a rapidly growing plastic toy producer.

In due course some of the other well known companies, now privately or family owned, may go public: Selchow & Richter, Parker Bros., Ideal Toy Corp., etc. Meanwhile, you have quite a number to choose from. Examine especially their managements and records. They serve a huge market—youth below 14—which is growing at the rate of 10% a year.

Observations

By A. Wilfred May

Not Available This Week

Named Directors

Polarad Electronics Corporation has elected four new directors, enlarging the board to 11 men. Those elected were Monroe Chapin, the company's general counsel and member of the law firm of Parker, Chapin & Flattau; Oscar Lasdon, an independent financial consultant; Herbert W. Pollack, Polarad Vice-President and head of its Electronic Instruments Division; and Sol S. Ross, Vice-President and Treasurer of the West Chemical Products Company of Long Island City.

Among the directors re-elected were Robert A. Maes, President of the Independence Foundation of Philadelphia and Louis D. Miltimore, a general partner of Kidder, Peabody & Co. Messrs. Maes and Miltimore have been directors of the company since its first financing in 1958.

With McDonnell

BOSTON, Mass. — Robert E. Clough is with McDonnell & Co. Incorporated, 211 Congress Street.

Gates to Address N. Y. Inv. Assn.

Thomas S. Gates

Thomas S. Gates, President and Chairman of the Executive Committee of the Morgan Guaranty Trust Company of New York, will address the 13th annual dinner of the Investment Association of New York to be held Wednesday Nov. 6 at the Waldorf-Astoria Hotel, it was announced by J. Scott Crabtree of Equitable Securities Corporation, who is President of the association.

Mr. Gates was Secretary of Defense during the final year of the Eisenhower administration, concluding a period of public service which began in 1953 when he was appointed Under Secretary of the Navy. He was Secretary of the Navy from 1957 to 1959 and Deputy Secretary of Defense from June, 1959, until his appointment as Secretary of Defense in December, 1959.

New Tulloch Office

ESSEX JUNCTION, Vt.—Harding Tulloch & Co., Inc has opened a branch office at 1 North Hillcrest Road under the management of Freeman Bailey.

United Secs. Branch

CLINTON, N. C.—United Securities Co. has opened a branch office at 106 Lisbon St. under the management of Everett A. Carr.

Now Western Securities

RENO, Nev.—The firm name of Mutual Investment Plans, 475 South Arlington Ave., has been changed to Western Securities.

New Monetary Policy Step Taken By Bank of England

By Paul Einzig

England's central bank is chartering a new course in regulating the volume of credit. Dr. Einzig approves of the lowering of clearing banks' liquidity ratio from 30%—in effect, coincidentally, for past 30 years—to 28% but hopes that this will be a weapon which will be increased as well as decreased when it warrants. Dr. Einzig also comments on the Hugo Stinnes Bank failure in Germany which he finds reflects a lack of solidarity on the part of the German banking system—in not coming to the bank's aid—and detracts from its prestige.

LONDON, Eng.—The announcement that British clearing banks would henceforth be entitled to allow their liquidity ratio to decline to 28%, compared with the 30% that has been the limit for over thirty years, indicates an important departure in British monetary policy. Evidently the Bank of England is now inclined to adopt the American device of managing the volume of credit by means of altering the percentage of reserve requirements. One swallow does not make a summer, however, and the British authorities are not prepared as yet to admit such fundamental change. But there is every reason to believe that, having taken the first step, they will continue to proceed in that direction.

Actually the rule that prevailed in Britain prior to this change was not as rigid as it appears on the face of it. The 30% liquidity ratio had no statutory basis, and in fact recently several of the clearing banks actually allowed their ratio to decline below that figure even before they came to be authorized to do so. The Bank of England never took an unduly grave view of occasional or moderate departures from the conventional limit, and it is reasonable to assume that the present limit of 28% is not expected to be observed with absolute rigidity.

An Anachronism Today

The maintenance of a 30% ratio was something of an anachronism. While during the 'thirties it was reasonable to expect the banks to maintain something like one-third of their assets in a liquid form, in post-War conditions that proportion was unnecessarily high. The confidence of the British depositors in the "Big Five," and even in the smaller clearing banks, was not shaken by the series of crises in the thirties, and it became further consolidated since the War. In our days bank failure in Britain has come to be looked upon as something quite inconceivable. Should any British bank ever get into serious difficulties it is certain to be assisted very effectively by the other banks which are naturally anxious to maintain the reputation of the banking community and also by the British authorities. The substantial hidden reserves of the Bank of England are available for participating in any salvage action jointly with the other banks, should it ever become necessary.

Scores German Banks

In this connection the recent suspension of payments by the Hugo Stinnes Bank in Germany caused pained surprise in English banking circles. It is felt in London that the German banks and the German authorities should have intervened to prevent this happening. For, even though the peculiar causes of this isolated incident are well understood, an explanation is not an excuse. Fortunately, that bank's commitments in the foreign exchange market and in the Euro-dollar market are not nearly as high as they were a few years ago. Even so, the incident discloses a certain lack of solidarity which is far from having enhanced the prestige of German banking.

Amidst conditions prevailing in Britain during the 'sixties, a reduction of the liquidity ratio below its traditional level may be viewed with equanimity. The authorities would be well in a position to make further reductions, at any rate from the point of view of the confidence of the public in the banks. On the other hand, any substantial reduction, by indicating credit inflation, might inspire a certain degree of concern about the prospects of sterling. From that point of view it would be well if the authorities took an early opportunity to show that this new principle of elasticity applies not only in a downward direction but also in an upward direction. Should there be signs of overloading of the economy, they could discourage it by restoring the 30% limit in preference to raising the Bank rate.

New Liquidity Concept

In any case, the Radcliffe Report and the American Report of Money and Credit have rendered the prevailing conception of liquidity obsolete. It seems probable that in the future, instead of thinking in terms of black and white, banks and the authorities will be inclined to think in terms of the various possible shades between the two extremes. Instead of dividing assets rigidly between "liquid" and "non-liquid" assets, they will tend to allow for the existence of various degrees of liquidity. Indeed, I can visualize the adoption of a rule under which the liquidity ratio that will matter will be the ratio between the *average* maturity of total assets and the *average* maturity of total liabilities. Needless to say, such a rule would be much more complicated than the existing rule. It would, however, be feasible and it would have considerable advantages compared with the present system.

Meanwhile, the recent change in Britain, like every change that makes for increased flexibility in monetary policy, has been a step in the right direction. In many quarters the view is held that this opportunity should have been taken to replace the existing conventional liquidity ratio by a statutory liquidity ratio. Since, however, even in the absence of any statutory provision the officially approved limit is well observed by and large, there is really no need for its reinforcement. It remains to be seen whether a flexible official limit that is subject to frequent changes would be easily enforceable without any statutory authority. But on the whole it seems probable that the banks would conform faithfully to the Bank of England's wishes even in the continued absence of any statutory provisions to that end.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market continues in its irregular tendencies, with investor interest seemingly broad during one session and apparently remote during another. This pattern has persisted with but slight variation since the summer break. In mid-July *The Commercial and Financial Chronicle's* municipal bond yield Index averaged out at 3.10% which marked the bottom of the market for 1963 to date. The market did bounce appreciably from this low point and touched 3.02% during early August. Since then an undulant ease has generally prevailed that has taken the market to the 3.05% level in early October to 3.09% as of Oct. 30. A week ago this Index, which involves high grade general obligation 20-year bonds, averaged at 3.08%. The yield differential indicates a market set-back of close to one-quarter of a point on the week.

Technical Factors Unchanged

The special or technical factors that particularly effect the tax exempt bond market have been altered but little during recent weeks. The supply of scheduled new issues seems likely to be constant at the monthly average of from $500,000,000-$600,000,000, not including the infrequent interjection of sizable negotiated type revenue bond offerings. This tempo may be moderated during the holiday period, but the respite is but brief. Moreover, the breather might well be needed in view of dealers' inability to make meaningful inroads on the incalculable volume of inventory that is draped about the Street, more or less conspicuously, depending on how the market looks or feels on a particular day.

The *Blue List* of offerings has expanded during the past fortnight considerably and now totals $567,246,000. The total went over $700,000,000 in early May and may well have averaged at considerably more than $500,000,000 for 1963 thus far.

Distracting Influences

Per se the level of the market appears favorable enough but special considerations obtain in this sphere too. Tax reduction probabilities continue as a negative market influence. Moreover, an especially active stock market that has symptoms of staying power is a detracting municipal bond market influence.

Should the mainstay of municipal market support, large purchases of tax exempts by the commercial banks, be substantially moderated, the market average would fall back 15-25 basis points before the related interests of casualty companies and individual investors developed in any sort of sustaining volume.

Dillon on Interest Rates

However, it is becoming gradually more apparent that the Treasury will not try to push short term rates any higher. This should take some of the pressure off the long term bond market.

In testifying on Monday before the House Ways and Means Committee, Secretary Dillon again forcefully defended the present bond interest rate structure. He testified that the government is not trying to push short term interest rates any higher for balance of payments purposes and indicated that further increases in interest rates would not be useful and would disrupt the international equilibrium, it is reported.

Dollar Bonds Steady

The long list of revenue issues pretty well held its own again this week although there was a slight increase in the overall yield Index as averaged by *The Chronicle*. The 23 most actively traded toll road, toll bridge and public utility revenue issues showed an average increase in yield from 3.56% to 3.564% over the past week. There were no important changes in any of the individual markets over the week.

Oklahoma Revenue Issue to be Warmly Received

The revenue bond market will be visited with a very welcome negotiated issue presumably on Nov. 4. A group headed by *Merrill Lynch, Pierce, Fenner & Smith, Allen & Co., White, Weld & Co., John Nuveen & Co., B. J. Van Ingen & Co.* and *Leo Oppenheim & Co.* plans to offer $31,000,000 Oklahoma Turnpike Authority bonds due 2003 (Eastern Turnpike Section). There will be $21,000,000 Series A 4¼% bonds and $10,000,000 Series B 5% bonds which will cover the cost of construction of the toll road between Henryetta and McAlister, Oklahoma. This is a heavily trafficed area of the highway continuum between Tulsa and the Southeast.

The $21,000,000 Series A 4¼s are the first lien obligations, with the $10,000,000 Series B 5s being the second lien. Appropriate call features obtain for each issue. The reofferings are to be priced at 100. A welcome reception is reported to be likely.

Recent Awards

This past week has not been as active as preceding ones in the field of underwriting new municipal issues but $180,000,000 of bonds were offered for public bidding. Competition for these offerings was, as usual, very hectic but initial investor demand was less than enthusiastic and investor interest has not to date justified the overly competitive bidding.

Last Thursday there were two issues of general market importance on the calendar. The Cleveland, Ohio City School District awarded $10,000,000 Building (1965-1984) bonds to the group jointly led by the *Harris Trust and Savings Bank* and the *Morgan Guaranty Trust Co.* on its bid of 100.219 for a 3% coupon. The runner-up bid. 101 for a 3⅛% coupon, was submitted by the Smith, Barney & Co. and Kuhn, Loeb & Co. and there were seven additional syndicates which bid for this popular issue.

Other major members of the winning group include the First Boston Corp. Mellon National Bank and Trust Co., John Nuveen & Co., First National Bank in Dallas, Hartford National Bank and Trust Co., Fahey, Clark & Co., Denver U. S. National Bank and Roose, Wade & Co.

Reoffered to yield from 2.15% to 3.10%, initial demand has been disappointing with the present balance in group totaling $3,900,000.

The *Blyth & Co.* syndicate was the successful bidder for $6,000,000 Port of Seattle, Washington Airport revenue (1964-1983) bonds at a net interest cost of 3.2733%. This winning bid compared favorably with second bid, a 3.28% net interest cost, which was made by

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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	3.10%	3.00%
New York, State	3¼%	1981–1982	3.00%	2.90%
Pennsylvania, State	3⅜%	1974–1975	2.85%	2.75%
Delaware, State	2.90%	1981–1982	3.20%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1981–1982	3.15%	3.05%
Los Angeles, California	3¾%	1981–1982	3.30%	3.20%
*Baltimore, Maryland	3¼%	1981	3.25%	3.15%
*Cincinnati, Ohio	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.40%	3.25%
*Chicago, Ilinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.17%	3.13%

October 30, 1963 Index=3.09%

* No apparent availability.

Larger Issues Scheduled For Sale

October 31 (Thursday)			
Attleboro, Mass.	1,120,000	1964-1983	11:00 a.m.
Bethlehem, Pa.	8,000,000	1965-1985	-------
Canonsburg-Houston Jt. Auth., Pa.	1,750,000	1965-2001	1:00 p.m.
East Carolina College, Greenville, North Carolina	1,100,000	1965-2002	11:00 a.m.
Nankin Mills S. D., Mich.	1,025,000	1965-1989	8:00 p.m.
Owensboro Sch. Bldg. Rev., Ky.	2,016,000	1964-1980	3:00 p.m.
November 1 (Friday)			
Univ. of Alabama Bd. of Trustees	4,805,000	1965-2003	11:00 a.m.
November 2 (Saturday)			
Arkansas Southern State College Var. Bldg. Rev., Va.	1,897,000	1965-2002	3:00 p.m.
November 4 (Monday)			
Bangor Tp. Sch. Dist., Mich.	2,500,000	1964-1979	-------
Corpus Christi Ind. S. D., Texas	3,000,000	1965-1984	4:00 p.m.
Edina, Mass.	2,625,000	1965-1987	7:00 p.m.
Farmington Tp., Mich.	2,625,000	1964-1993	8:00 p.m.
Harrison, N. J.	2,890,000	1964-2003	8:30 p.m.
*Oklahoma Turnpike Auth., Okla.	31,000,000	-------	-------
Springdale Sch. Dist., No. 50, Ark.	1,779,200	-------	2:00 p.m.

*Negotiated offering to be made by syndicate under direction of a group headed by Merrill Lynch, Pierce, Fenner & Smith Inc., Allen & Co., White, Weld & Co., John Nuveen & Co., B. J. Van Ingen & Co., and Leo Oppenheim & Co.

November 5 (Tuesday)			
Beverly Hills Library Const., Cal.	1,560,000	1965-1984	7:30 p.m.
Clayton Co. S. D., Ga.	1,200,000	1964-1992	11:00 a.m.
New Haven Sch. Bldg. Corp., Ind.	1,720,000	1966-1980	1:30 p.m.
Van Dyke S. D., Mich.	1,750,000	1964-1988	8:00 p.m.
Wake Co. Sch. Bldg., N. C.	4,000,000	1965-1984	11:00 a.m.
November 6 (Wednesday)			
Bayamon, Puerto Rico	3,240,000	1964-1982	Noon
Carolina, Puerto Rico	2,350,000	1964-1983	Noon
Guaynabo, Puerto Rico	2,000,000	1964-1983	11:00 a.m.
Wyoming, Mich.	1,475,000	1967-2001	8:00 p.m.
November 7 (Thursday)			
Albany Port District Municipal Building Construction, N. Y.	1,500,000	-------	-------
Bloomfield S. & Town Imps., N. J.	1,177,000	1964-1983	8:30 p.m.
Boissier Par. Sch. Dist. No. 13, La.	1,500,000	1964-1983	2:00 p.m.
Boston, Mass.	8,650,000	1964-1983	Noon
Brookhaven UFSD No. 24, N. Y.	2,695,000	1964-1992	2:00 p.m.
Cook Co., Ill.	20,000,000	1964-1973	10:00 a.m.
Eastern Illinois Univ., Bldg. & Imp. & Refunding, Ill.	4,700,000	1964-2002	-------
Wash. Co. Jr. Comm. Coll. & Sch., Maryland	9,750,000	1964-1988	Noon
Waterford Tp. Sch. Dist., Mich.	4,250,000	1964-1989	8:00 p.m.
November 12 (Tuesday)			
East Side Union H. S. D., Calif.	1,240,000	1964-1987	10:00 a.m.
Hampton Tp., Mich.	4,000,000	1964-1992	8:00 p.m.
Maryland (State of)	38,270,000	1966-1978	11:00 a.m.
Milwaukee, Wisc.	6,000,000	1963-1965	10:30 a.m.
St. Peter Sch. Dist. No. 508, Minn.	1,405,000	1965-1991	4:00 p.m.
Wake Co., N. C.	4,000,000	1965-1984	11:00 a.m.
Woodford Co., Ky.	1,500,000	1965-1987	10:00 a.m.
November 13 (Wednesday)			
Brazoria Co. Rd. Dist., Texas	2,350,000	1965-1988	11:00 a.m.
Clear Lake City Water Auth., Tex.	5,400,000	1969-1993	7:30 p.m.
Islip U. F. S. D. No. 9, N. Y.	1,000,000	1965-1988	-------
Lake Orion Comm. S. D., Mich.	2,000,000	1964-1989	8:00 p.m.
Mobile Co., Ala.	1,000,000	1973-1990	10:00 a.m.
Philadelphia, Pa.	31,800,000	1965-1994	Noon
November 14 (Thursday)			
Atlantic City, N. J.	2,150,000	1964-1978	8:00 p.m.
Breitung Tp. Sch. Dist., Mich.	1,375,000	1964-1989	8:00 p.m.
Hamilton Tp., N. J.	3,780,000	-------	-------
Jefferson Par. Comm. Center & Playground Dist. No. 4, La.	1,000,000	1965-1984	2:00 p.m.
Jefferson Par. East Bank Cons. Sewerage Dist., La.	3,000,000	1968-1994	2:00 p.m.
Oklahoma Co. Ind. School District No. 89, Oklahoma	3,000,000	1964-1977	-------
St. Clair Co. Belleville Tp. H. S.-Jr. Coll. Dist. 201, Ill.	7,300,000	1965-1983	8:15 p.m.
Schenectady, N. Y.	1,040,000	1964-1984	11:00 a.m.
Syracuse, N. Y.	1,860,000	1964-1975	11:00 a.m.
Yuba County, Court House Bldg., Refunding, Calif.	2,265,000	1963-1988	-------
November 15 (Friday)			
Iowa State University	16,000,000	1966-2003	-------
N. Y. State Power Auth. Rev. Bds.	20,000,000	-------	-------
November 18 (Monday)			
Arapahoe County Sch. Dist., Colo.	1,887,000	1965-1982	8:00 p.m.
Flatwoods, Ky.	1,125,000	-------	8:00 p.m.
Monterey Co. Flood Control & Water Cons. Dist., Calif.	12,900,000	1966-2004	1:30 p.m.
North Brunswick Tp., N. J.	2,000,000	1965-1984	8:00 p.m.
November 19 (Tuesday)			
Columbus, Co., N. C.	1,000,000	1965-1988	11:00 a.m.
Pennsylvania State P. S. Building Authority, Pa.	32,950,000	1964-2003	Noon
Raleigh Utility G. O., N. C.	1,360,000	-------	11:00 a.m.

Tax-Exempt

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the John Nuveen & Co. and F. S. Smithers & Co. group.

Other members of the winning syndicate include Dean Witter & Co., Francis I. duPont & Co., Shearson, Hammill & Co., Hayden, Stone & Co., Wood, Struthers & Co., J. Barth & Co., Foster & Marshall Inc., Reinholdt & Gardner, Kalman & Co., J. A. Overton & Co., Pacific Northwest Co. and Wm. P. Harper & Son. Scaled to yield from 2.00% to 3.35% for various coupons, the present balance in syndicate is $4,430,000.

Initial Revenue Issue

These bonds are secured solely by a pledge of gross revenues of the entire Port of Seattle. The Port of Seattle is an independent agency with a statutory responsibility to operate harbor and airport facilities within the jurisdiction of the Port District and this District is coextensive with King County. Proceeds of this issue will be used for capital expenditures in connection with extension of facilities at the Seattle-Tacoma International Airport. This is the first issue of revenue bonds outstanding for the District.

Friday was interesting in only one respect and that was because the only sale of the day consisted of $50,000 Cook County, Illinois School District # 127 bonds. *Harry J. Wilson & Co.* was the successful bidder for this tiny issue at a net interest cost of 3.175%. This exemplifies what a dull day Friday has become in the tax exempt bond field.

Current Weeks Business

Monday of this week was enlivened with a surprise offering made by a group headed jointly by *John Nuveen & Co.* and *Boettcher & Co.* of $37,873,000 Jefferson County, Colorado School District R-1 (Lakewood) Refunding (1964-1983) bonds. This issue was purchased through negotiation at an unannounced price.

Other major members of this group include C. J. Devine & Co., Eastman Dillon, Union Securities & Co., Hornblower & Weeks, B. J. Van Ingen & Co., Paine, Webber, Jackson & Curtis, F. S. Smithers & Co., Ira Haupt & Co., Goodbody & Co., Banco Credito, Commerce Trust Co., Kansas City, Denver U. S. National Bank, Mercantile Trust Co., St. Louis, Stern Bros. & Co., Taylor & Co., G. H. Walker & Co. and Tripp & Co.

Reoffered to yield from 2.25% to 3.60% for various coupons, demand was widespread with all of the bonds sold and the account closed.

An issue of $8,591,000 Texas Technological College, Housing System revenue (1983-2012) bonds was bought by the *Housing and Home Finance Agency* as 3½s and 3⅝s. The additional $2,075,000 bonds of the same issue maturing 1966-1982 were purchased by the *Rauscher, Pierce & Co.* syndicate at 100.02 for 3½s. No reoffering to the public is anticipated.

Monday's final sale to be noted is $1,750,000 Atlanta, Georgia Waterworks revenue (1964-1983) Certificates which were awarded to *Halsey, Stuart & Co., Inc., Harriman Ripley & Co.* and *Smith, Barney & Co.* at a 3.133% net interest cost. The runner-up bid, a 3.14% net interest cost, came from the R. W. Pressprich & Co. account, and there were twelve additional groups which bid for this issue.

Reoffered to yield from 2.00% to 3.20%, the balance at press time was $700,000.

Tuesday was a busy day with three sales of note to be reported on. Late Monday evening the account led by the *United California Bank* submitted the best bid, a 3.1676% net interest cost, for $5,174,000 Salinas, California (1964-1988) bonds. The second bid, a 3.192% net interest cost, came from the Bank of America N. T. & S. A. and associates.

Other major members of the winning account include John Nuveen & Co., Mercantile Trust Co., St. Louis, New York Hanseatic Corp., L. F. Rothschild & Co., Hornblower & Weeks, Industrial National Bank of Rhode Island, Wagenseller & Durst and N. C. Roberts Co.

The bonds were reoffered to yield from 2.00% to 3.25% and initial sales have brought the balance down to yesterday's figure of $2,085,000.

The *First Boston Corp.* group was high bidder for $7,150,000 Ramsey County (St. Paul), Minnesota Unlimited Tax (1964-1993)

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Common Stock Yielding 4% or More—Tabulation—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are reviews of **Radio Corp. of America, Allied Stores** and **American Machine & Foundry.**

Electric Utilities—Analysis—Calvin Bullock Ltd., 1 Wall Street, New York, N. Y. 10005.

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

Industry's Stake in Space—Discussion in October issue of "The Exchange" Magazine—The Exchange Magazine 11 Wall Street, New York, N. Y. 10005, 25 cents per copy, $2 per year. In the same issue is a discussion of Stock Yields vs. Bond Yields and comments on **Dobbs Houses, Warner & Swasey Co., Kirkeby Natus Corp., William H. Rorer, Inc.,** and **Indian Head Mills Inc.**

Integrated Oil Industry—Analytical Brochure—McLeod, Young, Weir & Company, Limited, 50 King Street, West, Toronto 1, Ont., Canada.

Japanese Market—Review—Daiwa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006. Also available are reviews of **Canon Camera, Ishikawajima Harima Heavy Industries, Mitsubishi Bank** and **Fuji Bank.**

Life Insurance Stock Analysis & Information — A service devoted exclusively to the life insurance field—complete $75 yearly service includes complete special analyzed reports on over 200 life insurance stocks; bi-weekly news report with information on dividends, mergers and earnings; bi-weekly quotation reports; and a reference book "A Factual Record of 80 Life Insurance Companies"—Insurance Stock Market Service, P. O. Drawer 29, Santa Barbara, Calif.

Also available as an abbreviated yearly service covering bi-weekly news reports with information on dividends, mergers, and earnings and bi-weekly quotation reports on more than 200 actively traded insurance stocks, for $35 (six months service, $21).

"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 York City Bank Stocks—Comparison and analysis of 10 leading banks—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

New York City Bank Stocks—Comparative figures for third quarter—First Boston Corporation, 20 Broad Street, New York, N. Y. 10005.

Non Ferrous Metals—Review—Burnham and Company, 60 Broad Street, New York, N. Y. 10004. Also available is a report on **Marathon Oil.**

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.

Portfolio Changes in common stock holdings of leading investment companies during third quarter—Analysis—E. F. Hutton & Company, Inc., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Selected Stocks for income and capital gain—Gerstley, Sunstein & Co., 211 South Broad Street, Philadelphia, Pa. 19107. Also available are data on **General Tire & Rubber, St. Joseph Lead,** and **Seeburg Corp.**

Steel Crisis — Discussion — Rittmaster, Voisin & Co., 40 Exchange Place, New York, N. Y. 10005.

Steel Industry—Analysis—Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available are analyses of **Electric Utility Industry, Howard W. Sams & Co. Inc., Eaton Manufacturing, International Shoe, King Seeley Thermos, Reliance Insurance, SFC Financial, Beet Sugar, Wisconsin Central,** and our **International Payments Position.**

Stocks with High P/E Ratios—Tabulation—Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga. 30301.

Tax Tactics—Discussion—Moore & Schley, 120 Broadway, New York, N. Y. 10005.

Tobacco Stocks—Bulletin—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

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Acme Visible Records Inc.—Analysis—J. C. Wheat and Company, 1001 East Main Street, Richmond, Va. 23219.

Allied Chemical Corp.—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available are comments on **General Motors, Electric Storage Battery, Dana, Freeport Sulphur, Kimberly Clark, Flintkote.**

American Telephone & Telegraph Co.—Analysis—Jas. H. Oliphant & Co., 61 Broadway, New York, N. Y. 10006.

Aqua Chem Inc.—Report—Loewi & Co., Inc., 225 East Mason St., Milwaukee, Wis. 53202. Also available is a report on **Empire District Electric Co.**

Arkansas Louisiana Gas — Comments—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Mattel Inc., Textron, New York State Electric & Gas** and **Borg** Warner.

Ashland Oil & Refining Co.—Comments—Schweickart & Co., 2 Broadway, New York, N. Y. 10004. Also available are comments on **Dresser Industries** and **Rexall Drug Co.**

Avery Adhesive Products Inc.—Analysis—First California Company, 300 Montgomery Street, San Francisco, Calif. 94120.

Bancorporation of Montana—Bulletin—D. A. Davidson & Co., 15 Third St., North, Great Falls, Mont.

Buffalo Ankerite Holdings Ltd.—Analysis—Watt & Watt Limited, 7 King Street, East, Toronto 1, Ont., Canada. Also available is an analysis of **E. J. Korvette Inc.**

Caterpillar Tractor—Comments—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **Allied Chemical, FMC Corp., Burlington Industries, Norfolk & Western, Northwestern Bancorporation,** and **International Minerals & Chemicals.**

Chemetron Corp. — 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 **Magnavox.**

Crompton Company Inc.—Analysis—Singer, Bean & Mackie Inc., 40 Exchange Place, New York, N. Y. 10005.

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

Dominion Stores Limited—Report—Gairdner & Company, Limited, 320 Bay Street, Toronto 1, Ont., Canada.

FMC Corp. — Analysis — Dean Witter & Co., 45 Montgomery St., San Francisco, Calif., 94106.

Flintkote Company — Analysis—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is an analysis of **R. H. Macy & Co.**

W. R. Grace & Co. — Analysis—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Imperial Oil Limited—Discussion in October issue of "American Investor" — The American In-

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FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Despite the fact that the Supreme Court on June 25, 1962 rendered a decision banning prayer in Public Schools and brought forth an outcry from members of Congress and others, nothing definite has been done to overturn the Court's decision. In fact the Court on June 17, 1963 issued another ruling denying Bible reading in the Public Schools. Except in one State which was affected by the Court's rulings, the other States generally have ignored them. Nearly 100 members of the House have introduced resolutions proposing a Constitutional amendment to permit prayer and Bible reading in all public places, but the House Rules Committee has them all bottled up, presumably awaiting further action by the Supreme Court which will not come for about a year.

Congressman Becker of New York has introduced a resolution to discharge the Committee from further consideration of the measure.

A discharge petition is a parliamentary instrument to bring to the House floor any resolution or bill held without action by a committee. It requires signatures of 218 of the 435 House members. At this point many more are needed before the 88th Congress comes to an end in 1964. Representative Becker says:

"This is not the first tragic decision of this Court, but I would say that it is the most tragic in the history of the United States, and June 25 will go down as a black day in our history."

Congressman Becker issued a national appeal to write to their individual Congressmen urging them to sign. Signatures came a little faster. The Congressman moved again. He called into informal committee meeting the House members who had introduced similar resolutions. Out of that group came a revised Constitutional Amendment covering not only prayer and Bible reading in Public Schools but protecting every other spiritual vestige of American life. The text of the proposed amendment is as follows:

"Section 1. Nothing in this Constitution shall be deemed to prohibit the offering, reading from, or listening to prayers or Biblical Scriptures, if participation therein is on a voluntary basis, in any Governmental or Public School, institution or place.

"Section 2. Nothing in this Constitution shall be deemed to prohibit making reference to belief in, reliance upon, or invoking the aid of, God or a Supreme Being, in any Governmental or public document, proceeding, activity, ceremony, school, institution, or place, or upon any coinage, currency, or obligation of the United States.

"Section 3. Nothing in this article shall constitute an establishment of religion."

Here are examples of pending attacks which would be thwarted by such an amendment:

The American Civil Liberties Union in California filed a suit to remove "under God" from the Pledge of Allegiance to the Flag.

From New Jersey has come an attack on the legality of Chaplains in the Armed Services. Other similar attacks have been threatened on various public manifestations of this nation's reliance upon Almighty God.

Said Congressman Becker: "I cannot sit idly by and permit advocates of a Godless society to accomplish in the United States what the Communists have accomplished in Soviet Russia."

The annual Governors' Conference at Miami Beach renewed its support of an amendment. Other influential groups have done the same. "But," said Congressman Becker, "the real job must be done by the people themselves. They must let their Congressmen know how they feel if we are to succeed."

Greene Wire to Norris, Hirshberg

Greene and Co, 37 Wall St., New York City, have announced the installation of a direct Atlanta wire to Norris & Hirshberg, Inc., Bank of Georgia Building, Atlanta, members of the Midwest Stock Exchange.

Greene and Co. also has private wires to Chicago, Cleveland, Los Angeles, Miami, St. Louis and San Francisco.

The Security I Like Best

Continued from page 2

sawmills, seven pulp and paperboard operations, six softwood plywood plants, 43 carton and container plants, three papermills, two railroads, a steamship line, and vast distribution facilities.

Weyerhaeuser employs several hundred research and technical workers in a broad program ranging from "improving the breed" to utilization of wastes. It has found a process to bleach fir pulp white for papermaking; developed paperboard that will take color printing; produced a material made from Douglas fir bark which is used in oil well drilling, plastic molding compounds, and orchid culture. It participated in the development of a special corrugated container for packing bananas at the growing site. Other research efforts have been in chemical by-products, pressed fibre products, new types of containers, and more uses for bark which represents 15% of each tree.

In recent years, the company has changed from a lumber producer to a highly efficient manufacturer with the country's most diversified line of forest products. Between 1953 and 1962, the company's product mix changed, as indicated in the following breakdown in sales:

	1962 %	1953 %
Lumber	29.5	60.8
Containers & Cartons	25.8	---
Pulp	11.0	18.8
Paper	8.5	---
Softwood Plywood	7.6	5.5
Hardwood Products	5.9	---
Paperboard	5.0	8.1
Manufactured Panels	2.6	---
Other Products	4.1	6.8
	100.0	100.0

Weyerhaeuser is in excellent financial condition. The sole capitalization is 31.0 million outstanding common shares. All major acquisitions of recent years have been made principally through cash or treasury stock, and on a limited basis, by issuance of additional stock. Working capital of about $117 million supports annual sales in the area of $540 million. Dividends have been paid each year since 1933, the current rate being $1.20 per share.

Reported earnings per share in 1962 were $1.29; adding depreciation and depletion of $1.53 per share brought cash flow to $2.82 per share last year.

While the most compelling argument for Weyerhaeuser is its unequaled timber reserve, its acquisitions since 1957 have put the company into product and marketing areas where it is no longer dependent on the swings of the building cycle. The company's management has put new emphasis on research, increased efficiency, broadened product lines, and aggressive marketing, both domestically and abroad. Fortunately for the company, the greatest U. S. population growth is expected to be in the West where Weyerhaeuser's main timberlands are located. In the balance of this decade, and in the '70's, construction of houses is expected to boom on the West Coast.

At about 32, Weyerhaeuser common (traded in the Over-the-Counter Market) is down 34% from its former high. It is a desirable inflation hedge of investment quality for the long-pull investor.

Chemical Industry Still Is a Growth Prospect

By Edward B. Maybeck,* *Vice-President, The Chase Manhattan Bank New York City*

The auspicious near term outlook for the chemical industry with operations at higher rates of capacity and somewhat firmer prices are believed likely to bring about an up-swing in earnings in certain segments of the industry which would warrant selective investments in chemical stocks. Though one of the fastest, sustainable growth industries, Mr. Maybeck notes that chemicals have had to withstand aggressive price competition with, fortunately, successful cost reduction and larger output-volume to maintain favorable pay out period on a net income basis. Returns on investments in 1962 were about 12½% compared to 12¼% for the ten years through 1962 with top and bottom scale ranging from 10% to 15%. Analysis also comments on the need to expand operations abroad, the research and price competitiveness leading to above average growth, and the entry of petroleum competition.

One of the most important segments of our economy is the Chemical Industry. In terms of assets, chemicals and allied products rank fourth and measured by sales are in fifth place among manufacturing industries. Such sales of $32.8 billion in 1962 were equivalent to about 8.2% of all industrial sales. This 8.2% relationship is up from 6½% ten years ago and based on forward estimates by the Manufacturing Chemists Association is expected to exceed 10% by the end of this decade. Our own estimate would be slightly more optimistic than this. After growing at a compounded rate of 7½% over the period 1957-62 and rising 10% in 1962 over the previous year, chemical and allied products are expected to increase by about 5% in 1963 to around $34½ billion. In the postwar period chemical sales have grown at a rate almost double that of our economy as a whole.

Edward B. Maybeck

From an investor's standpoint the aggregate value of the common stocks of the 105 domestic chemical companies listed on the New York Stock Exchange at the end of August 1963 amounted to $55.4 billion. This amount was exceeded only by the $85.7 billion value of 126 utility companies' shares and $58.6 billion of 45 petroleum and natural gas companies' shares so listed. The chemical stocks were equivalent to about 14% of the $386 billion value of all listed common shares. Measured on a little different basis—that of the FRB production index, we find that chemical and allied products have grown at a compounded rate of 6.7% in the ten years from 1953 to 1962 and and 7.9% for the period 1958 to 1962. If we start the period from a 1957-59 base to eliminate the statistical distortion of starting with the recession year 1958, we come up with a 6.3% annual growth rate.

I think you will agree that the Government's category of Chemical and Allied Products, because of the inclusion of paints and various miscellaneous items, is not entirely the best measurement of the chemical industry as such. Applying our yardstick to the production of industrial chemicals alone, we find compounded growth rates of 7.7% for ten years, 9.6% for five years (1958-62) and on a "purified" base of 1957-59 to 1962, an 8.0% rate.

With the faster rate of growth and the resulting increase in the weighting of the chemical industry relative to the whole economy, the chemical industry likewise is becoming increasingly cyclical. In looking ahead at the various factors, both favorable and adverse, it seems to us that we can reasonably look for a continuation of the historic growth in industry sales averaging about 7% per annum. In view of the cyclicality factor the rate will be higher than the average in periods of rising general business and lower during recessionary periods.

Representative Results

Using the 12 companies comprising the Standard and Poor's chemical composite [1] (which we admit has some weakness but nevertheless includes nine of our largest chemical companies), we can readily measure the results of a cross section of the industry. From a 1957-9 base to 1962 sales of these companies rose from $7.2 billion to $9.3 billion or by an average of 5.3% a year compounded, pretax income increased by 5½% per annum and net income improved by 5.3% annually. These sales results, it will be noted, are below the experience of the whole industry mentioned earlier. In the first six months of 1963 the Standard and Poor composite companies had sales 4.8% ahead of the same period in 1962. Pretax income only 1.5% due to a decline in margins from 21.3% of sales in the first half of 1962 to 20.6% in the comparable interval this year. Return on investment (net income and interest charges — total capitalization) for the 12 companies averaged 12½% in 1962 and ranged roughly between 10% and 15% over the last ten years with the peak reached in 1955 when the industry operated at a very high level of capacity and with a strong price structure and the low recorded in 1958, a recession year.

Price Reductions Spur Cost Cuts

A combination of factors tend to magnify the effects of the business cycle on the financial results of the chemical industry. The industry has historically built plant well in advance of actual requirements with operations on an annual basis usually in the area of 78% to 82% of capacity. Most chemical companies consider 85% to 90% more or less an ideal level at which to operate and at the 90% rate can achieve highly satisfactory earnings. A by-product of low level operations in relation to capacity is price competition. Over a long period of time the trend of chemical prices generally has been down. This has resulted not only from intercompany and interproduct competition but also from passing along the advantages of lower costs of production prices have also had the affect of arising out of research. Lower substantially broadening markets.

Here we have one of those "which came first—the chicken or the egg situations" but enforced price reductions have almost invariably spurred investigation as to how production costs could be lowered. A number of instances of lower production costs following price cuts could be cited but one illustration that is outstanding is polyethylene, the fastest growing plastic. Shortly after everyone and his counsin jumped into making this product and selling prices were in the neighborhod of 30c-35c per pound, the efficient producers spoke in terms of cost of manufacture of 15c-16c per pound (before selling and service expense). Now some people expect selling prices of the "common garden variety" of polyethylene to ultimately sell at 12c-14c per pound for first quality resin and we understand some producers could presently make money at this level. Not to labor the point but a few figures about polyethylene on the magnitude of competition, diversity of product and other aspects of a specialized area of the chemical industry may be of interest.

In 1960 total sales of low density polyethylene were equivalent to 75% of capacity of 1,375 million pounds and the price was 28c per pound in August of that year. In 1963 sales are estimated at 89% of an estimated 1.9 billion pounds of capacity and in August of this year the price had declined to 20½c or by 27% from two years earlier. High density polyethylene had a similar record, only more so. In 1960 sales amounted to 50% of an estimated 330 million pounds of capacity versus 60% of 750 million pounds of capacity estimated for this year. The sale price in August 1960 was 32½c per pound and by August 1963 had declined by 32% to 22c a pound. Thus while prices declined by the indicated amounts, the volume of sales rose by 65% in the case of low density material and high density resin sales climbed by 174%, albeit from a somewhat smaller base. Ane major producer today makes 303 variations of polyethylene each of which has a 50,000-100,000 pound market or more and has properties to meet a specific end use. In 1953 this same company made 107 different formulations of polyethylene.

The industry's pricing policies, while frequently penalizing unit profitability, have been a fundamental factor leading to the above average growth the industry has witnessed.

However, in periods of economic recession when operating rates get down into the seventies, the pressure on prices becomes intense. The heaviest price cutting has been witnessed in organic chemicals. Companies having a product mix heavily weighted in organics have witnessed about a 4% per annum erosion in such products over the last couple of years and in the first half 1963 prices were again off between 2% and 3% as compared with a decline of around 1% for inorganic chemicals.

We have made a survey of over 100 of the more commonly used basic and intermediate chemical and plastic materials and found that for the two-year period ending Dec. 31, 1962, substantial price changes occurred. A summary of this survey indicates that 25 items were adversely affected.

6 of them declined	1 to 10%
14 of them declined	11 to 20%
2 of them declined	21 to 30%
3 of them declined	31 to 40%

Among the chemicals suffering the larger declines were carbon disulphide (18%), styrene monomer (18%), acetone (19%), phthalic anhydride (24%), cyclohexane (34%), monosodium glutemate (35%), acrylonitrile (37%) and glycerine (38%). During the same period 11 items enjoyed price increases but these were restricted to 10% or less and four of these were subject to moderate price reductions in the first six months of 1963. In the six months through June 1963 an additional:

6 were reduced	1 to 10%
3 were reduced	11 to 20%
2 were reduced	21 to 30%

four were lifted in price in amounts up to 9½%. Of these four, three were among the items which had been cut during the earlier two-year period. Cyclohexane in the later six-month period was reduced a further 16% and phthalic anhydride suffered an additional 18% cut.

Price Increase Pressures

The upward trend in industrial production and operations at higher rates relative to capacity in recent weeks, together with the pressure on profit margins have caused producers of certain chemicals to consider increasing prices to recover at least part of the earlier reductions. Two of these actions have been a 3c per pound rise in the price of phthalic anhydride restoring it to its April 1963 level of 11½c in liquid form and 12c in flake and 2c per pound increase in the price of glycerine to 19¾c to 20½c, depending on grade. On an over-all basis, people in the industry see firming tendencies or at least a bottoming out of price reductions for the present. This does not mean, however, that the longer term downward trend in chemical prices has been reversed, but we believe a slower rate of attrition amounting to 1% to 2% per annum, instead of the recent 4% loss witnessed in organic chemicals, can reasonably be expected.

Entry of Oil Companies

A factor of more recent vintage than those already mentioned affecting prices has been the entry of petroleum companies into production of chemicals (primarily organic) and plastics. The wider profit margins of the chemical industry were intriguing to the oil companies but we dare say subsequent price erosion has made many of these operations substantially less attractive than they appeared on initial investigation or at the time the decision was made to enter the field. This has reflected itself in a material way by the change in trend of domestic capital expenditures by the petroleum industry for petrochemicals.

The Chase Manhattan Bank Petroleum Department has estimated that the petroleum industry has invested the following

[1] The 12 companies comprising Standard & Poor's chemical index are: Air Reduction; Allied Chemical; American Cyanamid; American Potash & Chemical; Chemetron; Commercial Solvents; Dow; DuPont; Hercules Powder; Mansanto; Olin Mathieson, and Union Carbide.

amounts in domestic chemical plants:

1959	$175 million
1960	200 million
1961	325 million
1962	310 million

The downtrend which began in 1962 was continued in 1963 with a further reduction on the order of 10% expected in such expenditures.

This is not to say that oil companies will continue to expand in certain areas. As we have seen, a number of fertilizer companies have recently or will shortly become subsidiaries or divisions of major oil companies.

Movement Abroad

Competition being what it is in the chemical industry, it is not surprising to see our domestic companies expanding their operations by going abroad with certain of their products. It has been estimated by McGraw Hill that United States chemical companies have invested over $1 billion overseas in the last five years and, that some $324 million will be so expended in 1963 versus $282 million in 1962. The chemical industry's foreign investment will approximate 9% of all United States industries capital expenditures abroad. One of the reasons behind recent trends, in addition to the bright prospects for growth abroad, is the likelihood that as foreign chemical companies' capacity to produce and satisfy local markets develops, and as tariffs between European countries declines, it will become more difficult to ship from the United States to those markets. We can see evidence of these trends in export and import figures for chemicals. In the five years through 1957, United States chemical exports increased 11.3% from $819 million to $1.4 billion and in the five years to 1962 increased only 5.7% from $1.4 billion to $1.8 billion. In the earlier period to 1957 chemical imports into the United States declined 1.2% from $293 million to $276 million and in the later period to 1962 increased 8.3% from $280 million to $417 million. During the short period 1959 to 1962 sales of United States chemical companies from plants abroad, rose from $2.9 billion to an estimated $4 billion or by 39%.

Research Competition

Competition in the chemical industry is also engendered by the research efforts of its various members. Research for new or better products and new and improved processes creates the intercompany and interproduct competition mentioned earlier and also provides the groundwork for reducing prices through passing along lower costs of production to the industry's customers. Estimates indicate that over 50% of the products made in the chemical industry today were unknown 15 years ago. Research expenditures amount to about 3% of the average chemical company's sales volume, and in 1962 were equivalent to some $1.1 billion for the industry. This would compare with $361 million only 10 years earlier. Research is also the basis for the high rate of obsolescence prevailing in the industry and for the resulting large expenditures for new plants.

Capital expenditures by the chemical industry in 1962 approximated $1.6 billion and totaled almost $7.5 billion over the last five years. However, depreciation charges have been growing in relation to capital expenditures, and in 1962, with the benefit of new depreciation guidelines, such charges were approximately equivalent to the industry's capital expenditures. By contrast, 10 years ago depreciation charges provided only 44% of the $1.4 billion spent by the industry for plant and equipment and as recent as 1961 depreciation charges fell about one quarter of a billion dollars short of capital expenditures. Accordingly, the industry as a whole is in excellent financial position and with less demands on net income for capital expansion, better situated companies should have a greater ability to increase dividend payout to their stockholders.

Pretax margins of the companies in the Standard and Poor composite have declined from the 20-22% range in the five years 1953 through 1957 to the level of 18-20% in the five years to 1962. This is not surprising in view of the squeeze that has developed between lower prices and increased labor and other costs. As mentioned earlier, however, efficiency of the use of money invested has held relatively steady with the return on investment in 1962 equivalent to 12½% compared to an average of 12¼% for the 10 years through 1962, and extremes of 10% and 15%. This has resulted primarily from the ability of the industry to approximately maintain its position against declining prices through the development of lower production costs and, in many instances recent austerity programs. Stated in another manner, the payout period on a net income basis has not changed materially. In addition, as pointed out earlier, depreciation charges have increased substantially over the same period of time.

Still A Growth Prospect

In summary, the chemical industry continues to have the vitality of an underlying growth trend, springing from new and improved products and processes, particularly in the broad areas of plastics, synthetic fibers and agricultural specialties.

Competition was a theme that ran through our comments. However, if you will look at the chemical industry in the cold light of day, it becomes apparent that competition is one of its most pronounced characteristics.

Competition and cyclicality combine to provide swings in earning power but, at the present stage of the business cycle and with the outlook favorable at least for the near term, operations at higher rates of capacity and somewhat firmer prices appear to be setting the stage for an up-swing in earnings of certain segments of the industry. On the basis of prospective earnings experience better than has been witnessed for several years, a more constructive attitude toward selected chemical stocks is warranted.

*An address by Mr. Maybeck before the Fifth Regional Conference of the New York Society of Security Analysts, New York City, Oct. 7, 1963.

Stout Named Pres. Of St. Luke's

A. Varick Stout, a partner in Dominick & Dominick, 14 Wall St., New York City, members of the New York Stock Exchange, has been elected President of St. Luke's Hospital. Mr. Stout has been a trustee of the hospital since 1936 and served formerly as treasurer and vice-president. He has been chairman of the drive to raise funds for new buildings for St. Luke's for two years.

A. Varick Stout

Other officers of St. Luke's are Jarvis Cromwell, Iselin-Jefferson Financial Company, chairman of the board; Mr. Cromwell was previously president. Henry B. Buthrie, a former vice-president, has been chosen chairman of the executive committee.

State St. Secs. In New York

State Street Securities Corp. has been formed with offices at 63 Wall Street, New York City, to act as underwriters and dealers in municipal and corporate securities. Officers are Thomas C. Plowden-Wardlaw, Chairman of the Board and Treasurer; Arthur G. Hageman, President; William B. King, and John C. Ledbetter, Vice-Presidents.

Mr. Plowden-Wardlaw was formerly a partner in William Morris & Co. Mr. Hageman was an officer of Childs Securities Corporation, with which Mr. Ledbetter was also associated; Mr. King was a partner in Byrd Brothers, King.

Dempsey-Tegeler Co. Philadelphia Office

PHILADELPHIA, Pa.—Dempsey-Tegeler & Co., Inc. has opened a branch office in the Philadelphia Savings Fund Building under the management of Jack C. Graham.

Higher Bond Yields of Minor Proportions Lie Ahead

By Roger F. Murray,* *S. Sloan Colt Professor of Banking and Finance, Graduate School of Business, Columbia University, New York City*

Higher rather than lower yields of modest proportions are to be expected in the bond market ranging, for example, up to 4⅝% for AA public utility bonds instead of 4⅜%. In making this prediction, Professor Murray is impressed with the favorableness of the economic outlook and envisions the catalytic impact a tax-cut could have in effectuating an extended, sustainable expansionary period ahead.

When the outlook for the bond market appears reasonably clear, experience shows that one should be wary of his convictions. Nevertheless, there appear to be some solid underpinnings to a belief that at least a modest rise in interest rates lies ahead.

Dr. Roger F. Murray

In the first place, the economic outlook appears good, especially if the long-awaited tax reduction becomes effective by early 1964. I have been unable to discover serious weaknesses in the general business outlook. Indeed, some signs of strength are evident. For example, corporate profit margins are not succumbing to the pressures usually prevalent at this stage of an extended business expansion. Good profits and even better cash generation should stimulate capital outlays in the months ahead. The combination of stable unit labor costs, firm industrial prices, and higher utilization of capacity gives a powerful impetus to business investment.

Tax-Cut as a Catalyst

Tax reduction could, therefore, be the catalyst in a rather extended period of expansion at a sustainable rate. Your analysis of the legislative process is probably better than mine, but it appears that it is only a question of time before the House version of a tax program, truncated as it may be, will come to fruition and to the aid of a sluggish economy. Even though tax reduction may have been oversold, it is bound to supplement other sources of strength and to make a modest contribution to a balanced, noninflationary rate of growth.

Secondly, we know that our balance of payments problem is not going to evaporate in the near future. With long-term interest rates relatively low in this country and capital market machinery more effective as compared with Western Europe, the upward pull on our rates is likely to persist. At the moment, we have turned one of our weaknesses into a source of strength. Our complete inability to deal with a complex economic problem in a reasonable period of time, as evidenced by the fate of the interest equalization tax, has served to slow the rate of capital exports very materially. I hope that the success of inaction as an instrument of economic policy will not lead to its widespread adoption in other situations. Nevertheless, it is plausible that a delay rather than a diminution of foreign demands on our capital markets is all that has occurred.

In any event, the role of financing investment abroad is a natural one for the United States and one which we should seek to develop further once the hysteria about our situation passes. In the meantime, monetary policy and Treasury debt management operations are likely to keep at least a floor under, and more probably upward pressure on, short-term rates. The recent refunding operations should be interpreted as a method of clearing the way for continued pressure on the money market from an abundant supply of short-term paper.

Finally, up to the present time the rise in short-term rates has not had any great impact on long-term interest rates. It is doubtful that the yield curve can be flattened further at this level of rates. The relaxation of Regulation Q and the intensification of rate competition for savings have induced asset shifts by financial institutions, some nonrecurring, most favorable to the success of "Operation Twist." Further reductions in liquidity may be at a much more modest rate. In that event, further increases in short-term rates will tend to push up long-term yields as well.

Higher Bond Yields

Under all these circumstances, higher rather than lower yields are to be expected in the bond market. Prices are unlikely to rise except temporarily and could weaken in the months ahead. The more difficult question is how much. Of course we might have a speculative raid on the dollar which would induce prompt action to make such transactions unprofitable to the speculator, including a clear demonstration of our readiness to defend the present fixed parity. But this is quite unlikely in view of the bilateral and multilateral agreements among the central banks of the world. As never before, the monetary authorities around the world are mobilized to act if the occasion should arise.

Ruling out the likelihood of any such disturbance, therefore, is a reasonable assumption in interpreting the outlook. If so, I am convinced that price weakness in the bond market is likely to be of very modest proportions. My principal reasons are three in number:

Three Principal Reasons

(1) The present demand for credit has been made effective only by a deterioration in lending standards. This is a difficult thing to measure in specific areas, but I am sure that it has taken place in all fields: commercial mortgages, residential mortgages, business loans, corporate long-term debt, tax-exempt securities, consumer credit, and the rest. This means that lenders, in the keen competition for savings, have maintained average interest rates at these levels by making loans to more marginal borrowers than in the past.

(2) The largest potential borrower, the U. S. Treasury, is not really free to enter the market directly. Through advance refundings, the supply of long-term debt can, and probably will, be augmented; but large offerings for cash by subscription or competitive bidding cannot be anticipated if the rate should exceed the 4¼% ceiling. Legal opinions notwithstanding, the offering of 4¼% bonds at a discount would make the Treasury's position with the Congress most uncomfortable, to say the least.

(3) Many or most of the factors suggesting higher interest rates and lower bond prices are well known in the capital markets. No doubt they have been rather fully discounted and present yields already reflect the general expectations of the marketplace. Borrowers are not holding back for lower rates and lenders are accepting prevailing yields despite the possibility of an increase later.

Thus I come to the conclusion that any weakness in bond prices is likely to be of minor proportions. If AA public utility bonds, for example, come to market at 4⅝% instead of 4⅜%, my expectations would be pretty well fulfilled. Underlying this conclusion is the impressive way in which our financial institutions are performing in gathering savings for the making of loans. The absence of visible inflationary tendencies has put new life in our deposit type financial institutions. The stock market, hot new issues, and mutual funds have not had their same drawing power despite the recovery in stock prices from the 1962 episode.

Savers' Conservatism

Perhaps this situation is just about to change. I do not have the answer to this question. I can only observe that the saving public has been reverting to type. Despite the postwar inflation and despite occasional infection with the speculative virus, savers over the years are quite conservative. Also, effective promotion and selling are powerful instruments in the hands of keenly competitive deposit and insurance institutions. The price decline of 1962 in the stock market and the series of studies dealing with virtually all aspects of equity investment by the uninitiated have done little to improve the image of what it means to be a partner in American industry. Perhaps the picture will change, but it will take time.

*An address by Dr. Murray at the Fifth Regional Convention of the New York Society of Security Analysts, New York City, Oct. 7, 1963.

Now Mutual Fund Brokers

SEATTLE, Wash.—The firm name of Business Brokers, Inc., 1141 Northwest Market St. has been changed to Mutual Fund Brokers, Inc.

Two With Carson Co.

OMAHA, Neb.—Dale Conner and Reinhold J. Schukei are representing Royal W. Carson & Co., Inc. of Oklahoma City, in Omaha.

Joins Prescott Staff

CLEVELAND, Ohio—Sevier Bonnie, Jr., has become affiliated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

COMING EVENTS

IN INVESTMENT FIELD

Nov. 6, 1963 (New York City)
Investment Association of New York 13th Annual Dinner at the Waldorf Astoria.

Nov. 13-15, 1963 (Chicago, Ill.)
American Bankers Association First National Automation Conference at the La Salle Hotel.

Nov. 16, 1963 Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner and dance at the Germantown Cricket Club.

Nov. 20, 1963 (New York City)
Association of Stock Exchange Firms Annual Meeting of members for election of new officers and governors; Governors' Dinner at the University Club.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

CHRONICLE's Special Pictorial Section April 30.

Apr. 22-23-24, 1964 (St. Louis, Mo.)
St. Louis Municipal Dealers spring party at the Chase Park Plaza Hotel and Glen Echo Country Club.

May 16-24, 1964 (New York City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Oct. 12-16, 1964 (Coronado Beach, Calif.)
National Security Traders Association Annual Convention at the Del Coronado Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.

May 17-18-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual meeting at the Washington Hilton Hotel.

May 16-17-18, 1966 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 46th Annual meeting at the BellevueStratford Hotel.

May 22-23-24, 1967 (Boston, Mass.)
National Association of Mutual Savings Banks 47th Annual meeting at the Hotel America.

Now Thornton, Farish

MONTGOMERY, Ala.—The firm name of Thornton, Mohr, Farish & Gauntt, Inc., First National Bank Building, has been changed to Thornton, Farish & Gauntt, Inc. The firm maintains a branch in Mobile, Alabama, also.

The Market . . . And You

BY WALLACE STREETE

Industrials continued to push ahead this week despite profit-taking and a reluctance on the part of rails and utilities to lend a hand. It was largely a case of reaching at any cost for the issues of the best known American companies, particularly if some good news around the year-end seemed likely.

Billion Dollar Class

General Motors was in action for a couple of sessions, including a five-point jump on one day alone. The gains in short order added several billions to the paper value of this giant's 286 million-share capitalization. It was mostly a case of stock split fever, following Chrysler's unprecedented move of voting a new stock split of shares that already were split once this year.

General Motors in only nine months of the year has already cleared a profit of a billion dollars, so the company is definitely a candidate for dividend liberalization.

Only General Motors and American Telephone have ever reported billion dollar profits for a year. GM was the first to reach that pinnacle back in 1955. A. T. & T. has been in the billion-profit category steadily since 1959; its title as the nation's biggest profit-maker since then will probably return to GM this year.

"Lines Are Busy"

A. T. & T. had its own day in the limelight when talk of a dividend increase flared up again, coupled with rumors that shareholders were to participate in valuable rights as the company's next financing move. The company repeatedly since World War II has resorted to rights offerings to raise its expansion capital but has not used that type of operation for some two and a half years now.

In any event, the talk was able to lift the price of Mother Bell's shares close to their all-time high of 1961. In that year the quotation missed by an eighth of reaching 140. In this week's popularity it worked above 135.

The excessive large gains in these normally staid issues kept the brokers busy eliminating them from their "buy" recommendations which inevitably spurred some of the profit-taking that followed the runups. So uphill progress by the industrial average was no runaway affair. It had, however, worked to an area where the statistical oddity was a doubling of the famed peak of 1929 that stood inviolate until late in November, 1954, when it was finally bettered. The 1929 peak was 381.17 for any closing reading.

There was only mild stirring among the secondary-grade issues except where the news concerning a company was in the sensational area. A case in point was Raytheon which had a more-or-less wild runup when it was disclosed that it was experimenting with lasers to destroy cancer cells. Once the initial runup was over, more sober reflections that this was still only an experimental idea promising nothing immediate to the company earnings status took hold. And in short order Raytheon was half a score of points under its year's high.

High Hopes

The sulphur issues were the quiet ones for about as long as any other group around. An obvious interest in fertilizer companies by several oil outfits failed to spark much in the market. Freeport Sulphur, one of the giants in the field, however, quietly worked its way to a new high for the year, presumably because it was a quality item with a dividend yield comparable to the bank rates.

Earnings for sulphur companies have been disappointing generally for half a dozen years. Freeport Sulphur's net has held between $1.65 and $1.78 a share with only one exception since 1955. That hardly warrants the growth label so eagerly sought by investors and traders.

But followers of the sulphur stocks have been finding mounting evidence of a growing need abroad for fertilizers to alleviate their crop shortages which, in time, it is felt, will work to the advantage of the industry generally. Meanwhile, Freeport offers a sheltered $1.20 annual dividend and a 4% yield.

Way Out in Front

Radio Corp. has been a wonder-worker in recent markets as the rest of the television industry suddenly started turning to color video which had been largely shunned by all but Radio Corp. for so long. In the process, RCA took over around half of the color television receiver market.

With memories of the ruthless price war that pinched profits after World War II when black and white television sets were gobbled up by the nation, there were still fears of a similar squabble in the color field. So the other makers of color sets weren't overly popular.

The plus in the case of RCA, apart from its pioneering work and dominant position in the field, was the fact that it sells the color picture tube to 30 other manufacturers. If, as expected, sales of color sets double each year for the next few years, RCA's picture tube business seems certain to prosper. At least until some other manufacturers can catch up and produce their own.

In addition, RCA's broadcasting subsidiary, National Broadcasting Co., is by far the dominant color telecaster. Against some 2,000 hours of color telecasting scheduled by NBC for this year, the other two competing networks are only dabbling with the medium.

Earnings Uptrend

In the chemical section, one long neglected issue was Olin Mathieson which is a chemical-aluminum-packaging-drug operation, as diverse as any other. The trouble with Olin, and a chronic one, has been no sign of a turn in its fortunes for the better. But with the $2.48 reported in 1961 and $2.64 last year, comparing with $2.10 for the first nine months of this year, the company could have made the long-awaited turn. Projections of its profit capacity next year run over the $3 mark.

Olin was forced, when it went into the aluminum venture at a time when the entire industry was depressed, to halve its former $2 dividend. The supposition is that the company will not move any too quickly to alter its dividend policy after the disagreeable cut it was forced to make. But the $1 present payment certainly is well sheltered and due to be increased some time in the future.

Drug shares had an uncertain time of it, apart from some pinpoint attention to Johnson & Johnson when it earned approval of its oral contraceptive pill, and the inevitable fanfare in Syntex which supplies ingredients for other varieties to other companies, including Johnson & Johnson.

Pfizer had some heavy offerings of stock to absorb, including one block of nearly 50,000 shares. It kept the price of the issue restrained despite the buoyancy elsewhere in the list. The earnings picture would seem to warrant better regard in the marketplace since its profit and sales for the first half of the year set new records. New products on which Pfizer is awaiting approval are still being delayed so its progress with its old-line ones is impressive. As a matter of fact, its consecutive-earnings gain now stretches over eight years. Its dividend yield, as with other drugs, is low but the company has been nudging its payments higher, with 11 increases recorded in the last 12 years.

[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.]

Bell & Farrell Branch

JAMESVILLE, Wis.—Bell & Farrell Inc. has opened a branch in the Corn Exchange Bldg. under the management of Donald L. McCarthy.

Dempsey-Tegeler Branch

GROSSE ILE, Mich. — Dempsey-Tegeler & Co., Inc. has opened a branch office at 8970 Macomb St. under the direction of Alexander Dempster.

Janney, Battles Office

LANCASTER, Pa. — Janney Battles & E. W. Clark, Inc. has opened a branch office at 22 East Orange Street, under the management of Reece A. Nolan.

Brilliant Outlook for Bank Stock Investments

By Frank L. Elliott,* Research Department, Paine, Webber, Jackson & Curtis, New York City

Wall Street bank analyst foresees, promising new era of brilliant prospects for the entire banking industry. He finds bank stock values of most major banks attractive to the point where they almost defy informed discrimination, but does favor large New York City banks as a whole with a selective nod to six others located elsewhere which he names. Recent developments removing the retarding shackles under which commercial banks were forced to operate, and the growth of versatile certificates of deposits, are seen conducting commercial banking into one of the greatest periods of growth and development in its long history. The analyst looks forward to lower capital financing cost as a result of the Controller of the Currency's decision to permit banks to issue preferreds and capital debentures. He predicts moderate increase in interest rates in the near future including an increase in the prime loan rate.

I firmly believe that the commercial banking industry in this country is entering on one of the greatest periods of growth and development in its long history. Like any great change, it may occur rapidly at times and slowly at times, but there can be no doubt, in my opinion, of its ultimate great extent and significance.

Frank L. Elliott

"Money makes the mare go." Expansion and development of our economy must be substantially financed by the commercial banking industry. All other business and industry depends on the banking industry, and the banking business may be expected to grow at a faster rate than the general economy. But I am counting on considerably more than this generally accepted potential of the banking business when I predict a period of great growth and development of the banking industry.

Retardation Period Is Over

The commercial banking industry has for a great many years suffered from certain retarding forces which inhibited its profitability and development. In fact, the renaissance of bank earnings and our great bank stock market date from the Federal Reserve Treasury accord of March, 1951, which finally terminated fixed interest rates. The termination of fixed interest rates was of the utmost importance because it removed the artificial ceiling on bank earnings. But other severely retarding factors remained which have only recently been alleviated. I refer to the inability of commercial banks to compete for savings and time deposits and the high cost of bank capital.

All Federal Reserve member banks as a group paid $638 million more interest on savings and time deposits in 1962 than they paid in 1961. This increase in interest payments was more than 20% of the pre-tax earnings of these banks in 1961 of $3,143,145,000. In good part, because of the increase in interest payments, pre-tax earnings of all Federal Reserve member banks declined slightly in 1962 to $3,112,219,000 in spite of a $937 million or 10% increase in gross income.

Improved Competitive Position

The $638 million increase in interest payments in 1962 reflected the effect of the increase from 3% to 4% at year end 1961 in the maximum permissive rate of savings and time deposits of Federal Reserve member banks. This was a lot of money for any industry to pay for anything but in this case it bought a bargain. Ability to pay a 4% rate on savings and time deposits greatly improved the competitive position of the member banks. It enabled them to begin to correct two of their greatest and most unavoidable mistakes namely, (1) driving large depositors into the bill market rather than pay the Federal Deposit Insurance assessment on their deposits when interest rates were artificially low and there was little demand for money, and (2) conceding the savings deposit business to other types of banking or semi-banking institutions almost without a struggle. Payment on a 4% rate on savings and time deposits should under present and foreseeable conditions enable the member banks to compete for their proper share of increasing savings deposits, to regain part of the huge volume of deposits lost years ago to the government bill market, and to attract a large volume of foreign funds which might otherwise leave or shun the country.

In my opinion, the ability of commercial banks to compete for savings and time deposits is one of the most important banking developments since the Federal Reserve Treasury accord, which we have previously mentioned. Now the commercial banks are in a position to compete for all types of deposit business and can grow with all classes of deposits. Granted, savings and time deposits are high cost deposits, but it is certainly better for a bank to derive good growth and larger aggregate earnings from all kinds of deposits, including some high cost deposits, than to derive less aggregate earnings and growth from a smaller total volume of low cost demand deposits alone.

Bank Earnings Climb

The cost of an improved competitive position for savings and time deposits was substantially paid last year, and bank earnings have gone ahead again this year as bank income has continued to increase. Current and future additions to savings and time deposits should not only provide needed deposit growth to supplement a lesser rate of growth of demand deposits but also make a positive contribution to current earnings as well, particularly, with any improvement in interest rates. Savings and time deposits carry with them investment and lending advantages. Seventy per cent of savings and time deposits can be invested in conventional mortgages, without counting government guaranteed mortgages, and these deposits can, in general, be represented by less liquid or longer term and higher yielding loans and investments.

Furthermore, required reserves on savings and time deposits are only 4% compared with required reserves of 16½% for demand deposits in reserve city banks and can be reduced to 3% under present law. Also there is strong general support for a change in the law to eliminate required reserves on savings and time deposits entirely.

Recapturing Savings Volume

It is very important for commercial banks to be able to attract and hold their share of the increase in savings deposits. The great growth of the savings and loan companies is a measure of the large volume of passbook savings business which has been available in the past and which has fled the banking system, probably permanently. The commercial banks can no longer afford to concede this source of deposit growth entirely to others, and their ability to pay a 4% rate should enable them to compete with higher rates available elsewhere.

Normally, based on the convenience factor and other intangibles, commercial banks can get and keep savings deposits in competition with higher rates so long as the differential is not unreasonably large. The large volume of savings deposits in the California commercial banks should prove that, if proof is needed.

Certificates of Deposit

It is most important for the commercial banks to be able to attract and hold their share of the increase in savings deposits. However, certificates of deposit are what I count on when I predict a great growth for commercial banks.

Certificates of deposit can be negotiable or non-negotiable. They may have any maturity from 30 days out and can be issued without maturity by being made payable simply on 30 days' notice. Under present regulation the maximum permitted rate for 30-90 day certificates of deposit is 1%, and for longer maturities the rate can go up to 4%. The variety of uses for certificates of deposit appears unlimited. As an illustration of their versatility, I understand that Chase Manhattan Bank issued long-term non-negotiable certificates of deposit to retire the senior money in its building corporation when the corporation was eliminated and the Bank took direct title to its main office premises.

Negotiable certificates of deposit are a new competitive weapon of almost limitless application which was originated by First National City Bank in February, 1961, along with the idea of developing a secondary market for them. Many banks throughout the country followed the lead of the First National City Bank, and most government securities dealers now make a market in all "prime" certificates of deposit.

Efficient Competitive Weapon

Negotiable certificates of deposit are the potential means of recovery by the commercial banks of the billions of dollars of corporate and foreign funds now lurking in the bill market. They may even be a partial solution to our balance of payments problem. They can constitute a continuous "tap" issue on the money market and become a means of forcing deposit growth. With negotiable certificates of deposit, the banks can go into the money market and "bid" for deposits up to the highest rate permitted by the present regulations. The Federal Reserve has twice modified its regulations (Regulation Q) to enable the certificates to remain competitive, and it is entirely possible that the Federal's authority to regulate interest rates on time deposits may eventually be terminated.

Negotiable certificates of deposit have proved a very efficient and effective competitive weapon for the commercial banks. The total amount of negotiable time certificates of deposit issued by nine large New York banks and outstanding as of Wednesday, Oct. 2, 1963, amounted to $2,634,100,000. It was officially estimated at the end of June that the total outstanding for all banks throughout the country was about $8 billion. This is remarkable growth for an infant born in February, 1961.

Certificates of deposit have marked advantages to the issuing bank over savings deposits. The rate on savings deposits tends to be relatively inflexible, and so does the amount of savings deposits. The rate on certificates can be varied at will and tends to be less than the rate on savings deposits. The cost of handling certificates which are issued in large denominations ($500,000 to $1,000,000 in New York) is also less than the cost of handling the same amount spread out over a large number of savings deposit accounts. The amount of certificates of deposit issued and outstanding is almost entirely subject to the volition of the issuing bank because the amount will vary with the rate and the rate can be increased up to the maximum limit or reduced.

Overcoming High Cost of Bank Capital

I referred earlier to the high cost of bank capital as a retarding factor on the banking business. By this I meant that banks have been almost entirely restricted to common stock financing since the flurry of senior security financing in the early thirties, which people associated with the distress of the banking holiday which it immediately followed. Bank supervisory authorities thereafter refused to permit the use of senior securities for bank financing. It was felt that anything but common stock should be reserved for clear-cut emergencies when it might be difficult or impossible to sell common stock.

In my opinion, the desirability of preferred stock financing is severely reduced by the fact that preferred dividends, just like common dividends, come out of post-tax earnings. The great loss for the banking industry has been that banks have not been permitted to sell debentures because bond interest comes out of pre-tax earnings. Assuming payment of Federal income taxes on earnings at the maximum 52% rate means that the net cost of bond interest to the issuing corporation is only 48% of the coupon rate.

In other words, the banks have been deprived of the cheapest access to the capital market although this economical means of financing has been freely available to practically every other type of business organization. Also complete reliance by the banking industry on sale of common stock for its capital needs has resulted at times in a large increase in the supply of bank stocks when the market was in poor shape to handle it, and bank stocks have at times in the past been sold at prices which diluted the equity position of shareholders as well as reduced their pro rata share of earnings.

Wheel Has Turned Full Circle

Now the wheel has turned full circle. The Controller of the Currency approved both preferred stock and capital debentures for the Franklin National Bank, and the United California Bank has also sold capital debentures. It appears probable that senior securities, particularly capital debentures, will become a large and increasingly important part of the banking capital structure to the great benefit of bank earnings.

Now the banks can procure additional capital in the form best suited to their needs including capital debentures, which have a very important tax advantage that reduces the cost of capital. The banks have in negotiable cerificates the means of rapidly increasing deposits without nearby limit and with capital debentures have a means of increasing their capital at the lowest possible cost.

Present operating conditions of the banks are ideal. Bank earnings are in an uptrend which should be continued and amplified. Bank loans and investments are running about 7% above last year, and short-term interest rates have been increasing, chiefly since the increase in the discount rate from 3% to 3½% on July 17. Because the increase in the discount rate came in the third quarter of this year, it is fair to say that the banks met their increased expenses last year and accomplished most of the improvement in earnings this year without help from increase in official interest rates. The moderate increase in sensitive money rates which has recently occurred is chiefly a forward-looking factor pointing along with a continuing increase in interest rates toward further increase in bank earnings in the future. And certainly reduction of free reserves in the October 2 statement week to an average of only $4 million definitely points to further firming in interest rates.

Pressure on Prime Loan Rate

I do not expect that there will be a substantial increase in interest rates in the near future, but circumstances clearly call for additional moderate improvement probably including an increase in the prime loan rate. A continued moderate improvement in interest rates will gradually be brought to bear in an increasing volume of bank loans and investments because the proper credit needs of an expanding economy must, and will, be met. The conjunction of both a moderate increase in rate and a moderate increase in volume to which the rate applies should bring about a substantial increase in bank income. A moderate increase in both income factors makes it unnecessary to have a large increase in either factor to accomplish a substantial increase in bank earnings.

All types of bank income are increasing so the full amount of the increase in every income factor is reflected in a similar increase in total income. Total income of the nine large New York banks as a group increased $88,566,000, or 7.8% in the first nine months of this year, compared with the same period last year. The increase in total income reflected an increase of $69,764,000, or 10.1% in interest on loans, a $16,001,000, or 6.7% increase in interest and dividends on securities, and a $2,801,000, or 1.3% increase in other operating income. The net operating earnings of the nine large New York banks as a group increased $8,751,000, or 3.5% from $247,284,000 in the first nine months of 1962 to $256,035,000 in the first nine months of 1963. All of these banks showed an increase in net operating earnings except Chemical and Morgan Guaranty, which showed such nominal declines for the period that they may well show an increase on the calendar year.

Precise determination of bank stock values is always complicated by the fact that most major banks are of uniform high quality and there are so many major banks. At the present time the billiant outlook for the entire banking industry makes informed discrimination even more difficult.

A Guide to Bank Stocks

There are 13,503 commercial banks in this country including 6,072 member banks. For purposes of this discussion, I intend to confine myself to the four large Massachusetts banks and the banks outside Massachusetts whose stocks are legal investments for Massachusetts savings banks. I also will refer to a study entitled, "Bank Stocks Legal for Massachusetts Savings Banks," dated Sept. 13, 1963.

In order for the stock of a bank outside Massachusetts to be eligible for investment by savings banks in that State, the bank must be a member of the Federal Reserve System; its capital, surplus, and undivided profits must total at least $40,000,000 and equal 6% of its deposits at the preceding year-end; it must have paid cash dividends in each of the ten preceding years of at least 4% on the par value of its stock, and it cannot have any preferred stock outstanding.

It is significant that the bank can have capital notes outstanding and have its stock qualify. In fact, Manufacturers and Traders Trust Company of Buffalo has capital notes outstanding, and its stock is a legal investment for Massachusetts savings banks.

As a practical matter, the chief limiting factor governing qualification for Massachusetts legality is the $40 million requirement for total capital, surplus, and undivided profits. In fact, the 65 banks listed in the table for "Bank Stocks Legal for Massachusetts Savings Banks" include all of the 100 largest banks in the country at year-end 1962 except 12 banks which are wholly-owned by holding companies and 22 banks in the second 50 of the 100 largest banks, which have less than $40 million capital, surplus, and undivided profits, and one bank which is apparently disqualified for several reasons even though it has the required $40 million capital, surplus, and undivided profits.

Recommends Legal List

Massachusetts legality has a particular significance for me because I work for a Boston house. I would not expect it to mean anything to anyone in a legal sense, but I recommend the list of bank stocks which are legal in Massachusetts because it contains the bank stocks most likely to be found in investment portfolios and is an accepted gauge of quality outside of Massachusetts.

In 1962 when the earnings of some banks outside of New York City, particularly in Michigan and California, declined appreciably, the earnings of the New York City banks were well maintained with the nine large New York banks as a group showing about a 1% increase in earnings, compared with 1961. As might have been expected, the banks which showed the widest declines in earnings last year have made excellent recoveries this year. The 3.5% increase in earnings of the large New York City banks as a group in the first nine months of this year compared with the same period last year will no doubt be exceeded by the average increase of banks in interior and western cities when available.

Favors New York Banks

The same will probably be true for calendar 1963, but looking forward into next year, I think that conditions favor the New York banks because they are lower cost producers and their operations are more closely related to the prime loan rate and money market interest rates, which have moved and should increase further. The greater relative benefit which the New York banks will derive from increase in basic interest rates should give them a considerable operating advantage over the near-term at least. I therefore would give greatest dollar representation in investment accounts to New York City banks in general.

I do not concede outstanding advantage to any one New York bank, but for accounts which have room for only one bank stock, I recommend First National City bank stock because of its current excellent earnings performance and because First National City Bank has unusually complete coverage of the entire banking field, both domestic and foreign. For large accounts at present comparative prices, I recommend Chase Manhattan and First National City Bank about equally.

In viewing Chemical Bank New York Trust's current moderate earnings eclipse, I am mindful of its favorable earnings performance last year and the admitted excellence of its management. At present comparative prices I recommend this stock as well as Manufacturers Hanover, which at present prices appears to fairly discount its current problems. I do not mean to exclusively favor these stocks. I recommend all the large New York City banks, and I mean all.

Outside of New York Banks

Moving out of town as additional funds are available, I recommend First National Bank of Atlanta, National City Bank of Cleveland, National Bank of Detroit, Security First National Bank of Los Angeles, Bank of California National Association of San Francisco; and for a standout statistical value with substantially increasing earnings and a very attractive yield, I recommend Pittsburgh National Bank.

I started my presentation by saying, "I firmly believe that the commercial banking industry in this country is entering on one of the greatest periods of growth and development in its long history." I can think of no better way of concluding than by repeating this statement.

*An address by Mr. Elliott to the Bank and Insurance Forum at the Fifth Regional Convention of the New York Society of Security Analysts, New York City, Oct. 7, 1963.

Istel Fund Elects

James M. Phelan, Chicago business leader, has been elected a member of the Board of Directors of Istel Fund, Inc., New York City.

James M. Phelan

Mr. Phelan's election occurred at a meeting of the Fund's board earlier this month but has just been made public by Paul A. Lepercq, Fund President.

Mr. Phelan is Board Chairman of Nuclear-Chicago Corp., the leading firm in nuclear instrumentation, and a director of several other corporations. Professionally, he is managing partner in A. T. Kearney & Co., management consultants.

An active member of the Chamber of Commerce of the United States, Mr. Phelan serves on that organization's Committee for Development of Peaceful Uses of Atomic Energy.

Saunders, Stiver Adds

CLEVELAND, Ohio — Harold B. Bregman has been added to the staff of Saunders, Stiver & Co., 1 Terminal Tower, members of the Midwest Stock Exchange.

Form Professional Planning

DENVER, Colo. — Professional Planning Corporation has been formed with offices at 10395 West Colfax to engage in a securities business. Joseph M. Lemley is a principal of the firm.

The State of TRADE and INDUSTRY

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

General state of satisfaction regarding the economy's state of health was recently voiced by the expert clinicians at the Morgan Guaranty Trust Co. of New York who predicted continuing gains in this last quarter of the year.

According to the current monthly *Morgan Guaranty Survey*, published by the Bank, "Business is hitting a smart autumn stride, paced by a sharp acceleration in the output of new-model automobiles. After gearing down to a low 156,000 units in the model-change month of August, auto manufacturers pushed production to 504,000 units in September and are aiming at the unprecedented monthly total of 810,000 units in October.

"This thrust, besides its direct effect on employment and payrolls in auto centers, has strengthened the operations of suppliers. Indeed, the total ramifications almost certainly have brought about a resumed uptrend in total industrial production, which had slipped a bit in August. Moreover, the boom in auto assemblies shows promise of continuing prettly much over the remainder of the year: dealer inventories are generally low, and initial sales experience with the new models has been encouraging. This points to a continuing gain in gross national product in the fourth quarter, since elsewhere in the economy trends remain generally strong. Residential construction is the only major component of final demand presently showing hesitancy, and even that pause is not definitely confirmed as yet.

Continued Strength

"The continued strength in business activity has been accompanied in recent months by a selective upward probing of price levels in a number of industries. These have come after a long period during which the industrial price structure was distinctly soft. Markups on aluminum, lead, and some kinds of steel have received most attention, but increases have also been posted for quite a number of other items, ranging in diversity from terry cloth to axles for railway cars.

"Appearance of rather broadly scattered price rises at this time, when there is still a reserve of unutilized manpower and industrial capacity, cannot be considered a sure sign of a new inflationary spiral. In many industries—notably including steel and lead—profit margins have suffered a steady erosion over a number of years, and sustained strength in business volume has encouraged a testing of the market with price increases designed to recover some of the ground that was lost earlier.

No Price Breakout

"The touching-up has not yet assumed proportions likely to have significant effect on general price indices. The present state of market forces augurs against any large-scale breakout of price increases. Enough upticks have occurred, however, to caution that a more generalized price pressure may be lurking rather close to the surface of the economy. This lends added urgency to the growing insistence that reduction of Federal income tax rates be accompanied by a new restraint in government spending. To cut taxes at a time of rising business activity is a daring stroke — one that is well warranted by the prospective long-range benefit to the country's domestic economic health and to the balance of payments, but nevertheless one that carries definite risks. Careful monetary policy can help deal with those risks, but a closer rein on Federal spending will also be needed.

"The impact that balance-of-payments consciousness has created in the public mind has been strikingly illustrated in recent weeks by the general willingness to see surplus United States wheat sold to the Soviet Union and other Communist-bloc countries. The prospect of adding some $250 million to U. S. exports over the next six months or so, and in the process working down the burdensome wheat surplus, outweighed — at least in most public comment—misgivings over granting so useful an accommodation to cold war opponents."

Bank Clearings Rise Slightly Above 1962 Week's Volume

Bank clearings in the latest statement rose fractionally above the year-ago week. They were, however, 8.8% below last week's total of $35,156,392,861. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Oct. 19 clearings for all cities of the United States for which it is possible to obtain weekly clearings were down 0.8% from those of the corresponding week last year.

Our preliminary totals were $32,043,807,674 against $31,679,672,678 for the same week in 1962.

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

Week End. Oct. 26—	—(000s Omitted)— 1963	1962	%
New York	$18,193,916	$17,785,543	+ 2.3
Chicago	1,342,526	1,308,937	+ 2.6
Philadelphia	1,181,000	1,097,000	+ 7.7
Boston	960,172	905,919	+ 6.0
Kansas City	606,255	535,899	+13.1

Steel Output 8.3% Ahead of Year Ago Week and Fractionally Above Last Week for Eighth Week Out of Past Nine, Leaving Year's Cumulative Output 11.3% Above 1962 Period's

According to data compiled by the American Iron and Steel Institute, production for the week ended Oct. 26 was 1,915,000 tons (*102.8%) as against 1,908,000 tons (*102.4%) in the Oct. 19 ending week.

This fractional rise in output was the eighth non-spectacular weekly advance in the past nine weeks. This steady output, if it continues, is still expected to garner a 110 million ton year — highest since the 112.7 million tons in 1957. The 1963 low of 1,742,000 tons 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 equalled 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. Then followed eight weekly advances in output, marking an 8.7% rise for those weeks, until the two weeks-ago slip in production. 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 2.8 percentage points above the 1957-59 base period's average weekly output and was approximately 9.9% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 8.3% 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 91,058,000 net tons (*113.7%) which is 11.3% above the Jan. 1-Oct. 26, 1962 production of 81,781,000 net tons. In the comparison with last week's cumulative index total of 113.9%, this week's tally faltered at 113.7% (1957-59=100).

District—	*Index of Ingot Production for Week Ending Oct. 26	Oct. 19
North East Coast	102	107
Buffalo	99	92
Pittsburgh	93	93
Youngstown	88	85
Cleveland	101	103
Detroit	152	136
Chicago	108	108
Cincinnati	93	93
St. Louis	112	121
Southern	101	101
Western	107	106
Total industry	102.8	102.4

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

Steelmaking Reaches Plateau

Steelmaking has reached a plateau near 62% of unofficial capacity and is expected to rise only fractionally the next few weeks, *Steel* magazine said.

Ingot production this week is expected to be slightly higher than the 1,915,000 tons that the industry poured last Oct. 26-ending week.

October's production of 8.4 million tons boosted the total for the first ten months of this year to 92 million ingot tons. That's nearly 12% above production in the same period last year (82.4 million tons).

Despite higher steelmaking operations, *Steel's* price composite on No. 1 heavy melting grade of scrap held at $27 a gross ton for the ninth straight week.

Steelmakers are cautiously predicting November shipments will equal or exceed October's. In the last two weeks, there has been a definite uptrend in orders. Some mills have seen daily orders accelerate to a level 10 to 15% above that of late September. Here's why:

Automakers are stepping up production in response to record sales. They're planning to build 6% more cars this quarter than in the same quarter, 1962. Though the largest companies may not complete inventory adjustment until yearend, they're placing monthly orders equivalent to 85% of their requirements.

Appliance manufacturers are riding a sales boom and buying huge quantities of flat rolled steel. Many have completed inventory adjustments.

Construction activity is still good.

Miscellaneous users are accelerating their orders and pressing for quick deliveries—a sure sign they've stopped cutting inventories.

Shrinking Stockpiles

Although inventory liquidation by small consumers is tapering off, bigger users are expected to continue cutting stocks for at least the net two months.

Steel said there has been relatively little liquidation since inventories topped out at a level four million tons above that of Jan. 1. Even if supplies drop by 1.5 million tons this quarter—and that's about as much as anyone expects—they'll still be 1.5 million to 2 million tons higher at yearend than they were at the start of the year.

There'll be little liquidation in the first quarter of 1964 if the economic outlook remains favorable. If users are optimistic, they will want fairly sizable inventories.

Imports of steel mill products in 1963 will far surpass the 1959 record of 4.4 million tons if the present trend continues. Latest figures show we imported 3.5 million tons valued at $411.5 million and exported 1.37 million tons worth $297 million in the first eight months. Foreign trade deficit: $114.5 million (vs. $50.5 million in same period, 1962).

Steel reported August statistics are particularly ominous to U. S. steel sheet makers: Sheet and strip imports totaled 97,000 tons (vs. only 37,000 tons in August, 1962). Strike hedging may have accounted for part of this year's increase.

Steel Market on a Plateau, But 110 Million Ton Year in Sight

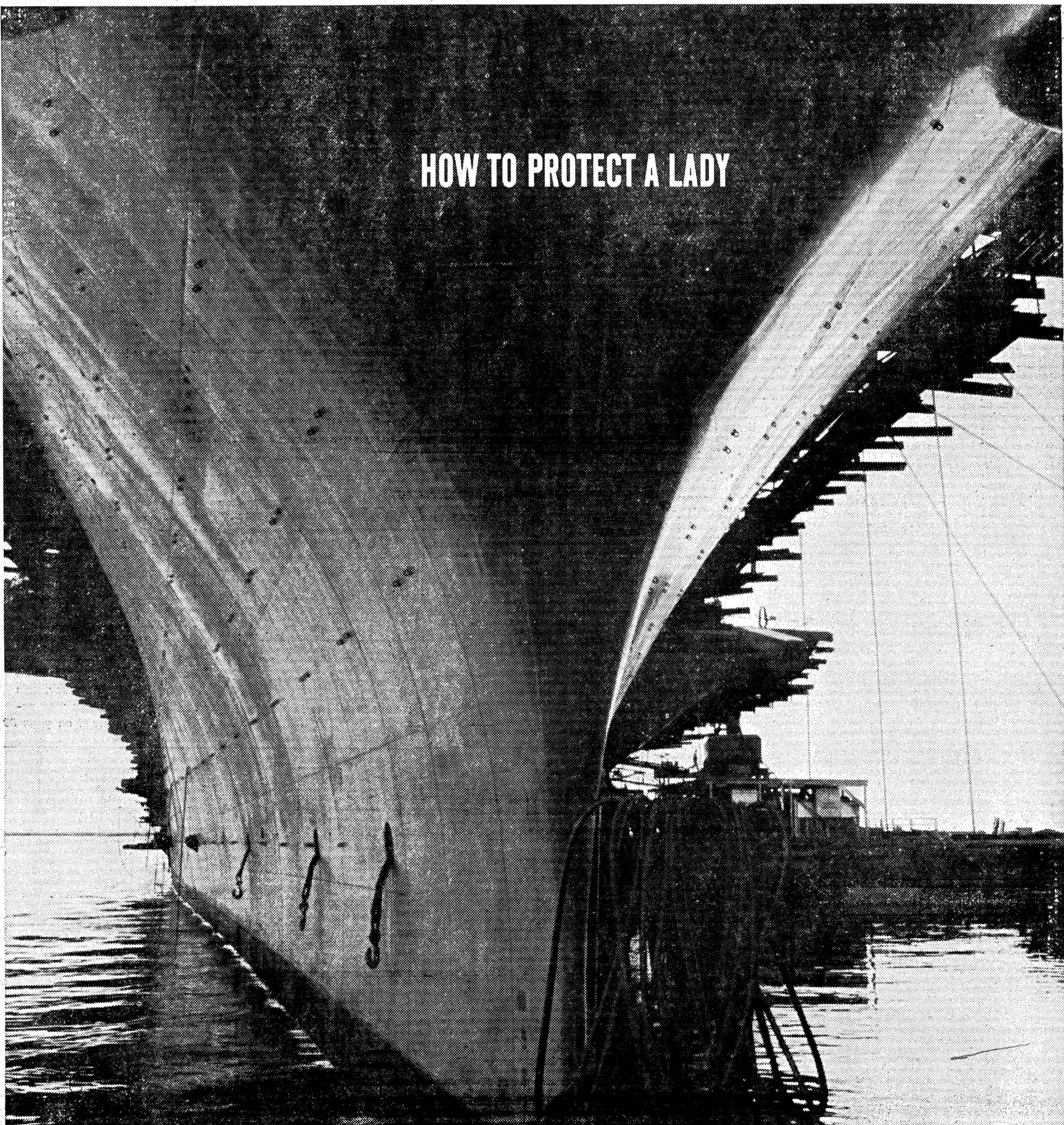
The steel market has reached a plateau, *Iron Age* magazine reported. Seasonal factors contributing to a downtrend in some products are offsetting a continued uptrend in automotive steel buying.

Actually, here has been no sharp upward movement for some time. The weekly production rate has moved up only about 2% in the past month and no sharp deviation is seen in the current order picture.

But *Iron Age* also pointed out that if the current production rate is maintained, steel output for the year would top 110 million tons. This would exceed what even the most optimistic predicted earlier in the year. Only recently has 110 million tons been mentioned as within reach.

The steel industry is currently

Continued on page 36



The shapely beauty of the USS ENTERPRISE masks her true character. She's tough and in a scrap she can protect herself. Her hull contains thousands of tons of USS Armor Plate Steel—STS in her decks and bulkheads and HY-80 in her sponsons and deep down in her torpedo protection system. These steels, born of U. S. Steel's long service to the Navy and understanding of its needs, give the ENTERPRISE much of her physical toughness. Her moral toughness is an American heritage. ☐ Tough, dependable USS Armor Plate Steels like STS and HY-80 are available in a wide range of strength and toughness. These properties, tailored to the individual protective application requirement, combined with the inherent fabricability and weldability of USS Armor Plate Steels, make steel the natural choice for naval vessels, and the economical and sound choice for armored vehicles.

STS and HY-80 are only two of the many special-purpose USS Steels that end up in countless applications contributing to security, convenience and comfort. America grows with steel—and U. S. Steel is first in steel.

Steel . . . MAXIMUM STRENGTH, TOUGHNESS, RELIABILITY

United States Steel USS TRADEMARK

Banks Should Seek Long-Run Profitability Steps

By Gaylord A. Freeman, Jr.,* *Vice-Chairman of the Board, First National Bank of Chicago, Chicago, Ill.*

Chicago banker challenges the banking industry to reject, of the two choices facing it, a declining place in the economy with somewhat higher short-run profits and respond, instead, fully to the broad changes taking place and competitively brought about which assure long-run growth and a profitable course of action. Mr. Freeman refers specifically to the successful inroads banks have made since 1962 in averting a declining status as a financial intermediary, by attracting savings and time deposits, and to the shifts in portfolios. He points out that the higher interest rate and expense should pay for itself, and contemplates impact of such possible far-reaching changes as elimination of savings/time deposits reserve requirements and of differing taxation procedures for competing institutions.

Response to change in the needs of the public has been, and will continue to be, the highest expression of the art of commercial banking. The experience of 1962-63 makes it clear that change is now taking place.

G. A. Freeman, Jr.

Until 1957, and to a somewhat lesser extent until 1962, two basic trends in commercial banking were evident. Time and savings deposits were becoming increasingly important to commercial banks — and, simultaneously, the banking system was becoming a less important factor in the savings market. In the face of forces beyond the control of the banking system, tending to minimize demand deposit growth on the one hand, and to restrict the competitive ability of banks in the savings market on the other, it seemed there was little the commercial banker could do to reverse these trends. The implication of these trends is now clear. The commercial banking system was becoming an ever less important force in the American economy. However, the process was gradual. Banks continued to perform their classic function — commercial finance—and, in absolute terms, almost doubled in size between 1945 and 1961. Thus, the implications of the changes which were taking place for the commercial banking system were at the time difficult to perceive.

Impact of Changed Regulations

This situation ended in 1962. With the modification of the regulatory framework, commercial bankers made it clear to other intermediaries, to the regulatory and legislative authorities, to the public, and perhaps most importantly to themselves, that they could compete and compete successfully in the savings market.

At the same time, the substantially increased outlays required by this competition raised the question of whether the banking system actually wanted to compete, whether it could do so profitably — and, more broadly, what the role of the commercial banking system should be in our economy. Around these issues, a whole host of questions, once considered academic, have assumed great practical importance. Among these are such questions as whether savings deposits represent an incremental source of funds for commercial banks or merely replace demand deposits; whether savings deposits are, in fact, more stable than demand deposits in both good times and bad; whether an asset allocation system can be a useful management tool; and whether the velocity of money can continue to rise fast enough largely to eliminate the need for an expanding money supply in a growing economy.

It is vital that immediate attention be devoted to answering these questions—although it must certainly be admitted that many cannot be truly "answered." Changes are taking place, both in the needs of the public and in the legislative and regulatory framework surrounding commercial banking. If one were to attempt to generalize as to the two most important lessons of history, they would undoubtedly be as follows: First, the legitimate (and in some cases illegitimate) demands of the public on the financial intermediary structure will be met, either by existing or newly created institutions. Secondly, the commercial banking system *will*, either consciously or unconsciously, play a major role in determining its own destiny—not by its efforts to influence legislation (although the importance of such activity should not be minimized), but rather by the competitive posture it adopts and service areas it chooses to pursue.

Accommodating to Changing Times

Arising to fulfill a societal need, the evolution of commercial banking has centered around changes in the requirements and desires of the public. Initially operated for the benefit of the wealthy, commercial banks have become the primary repositories for the savings of the general public. These savers are motivated by a variety of factors, including rate of interest, convenience, safety and special services made available. In providing a package attractive to the general public, commercial banks have played an important role in the development of the nation. Savings have provided, and will continue to provide, the funds for the technological development and increased capacity necessary for economic growth — necessary, in turn, for an increasing material standard of living, as well as the means with which to protect it. Additionally, by educating and encouraging individuals to hold back a portion of current earnings to provide for future contingencies rather than rely on government doles, commercial banks, together with other savings institutions, have made a significant contribution to the development and maintenance of our democratic system.

However, the most important aspect of the public interest in commercial bank savings activity does not lie in the system's role in encouraging savings but rather in its unique position in the financial intermediary structure. The commercial bank is the only institution capable of channeling savings funds into any and all areas of the economy. While credit demand, in general, varies in accordance with population growth, the business cycle, trends in the stock and money markets, and a great many factors, the various sectors of the economy are affected quite differently. Further, savers are only indirectly influenced in their choice of a particular type of savings institution by the fact that demand for one particular type of credit or another is strong. Thus, the banking system, possessing the legal sanction and skill necessary to provide virtually all types of credit, operates far more efficiently to allocate savings funds to those areas in which they can be most productively and profitably used than would an intermediary system, composed mainly of specialized institutions.

It would seem that the public interest would lie in increased commercial bank activity in the field of savings. However, it is clear that the task of the commercial banker is not simply responding to the *expressed* demands of the public. Rather, he must interpret the needs of the public, considering both the long- and short-run implications, in order to be assured that the fulfillment of such needs is truly in the public interest. The free enterprise system is designed to function on the basis of profits, not altruism; and, in the long run, the assumption of an unprofitable activity by the commercial banking system could not be in the public interest. The record of bank earnings over the last year and one-half has raised serious questions as to whether bank activity in the savings market on the present basis can be profitable.

Shift to Less Liquid Assets

Increases in time and savings deposits, at least in large part, represent incremental funds obtained by the commercial banking system. Therefore, in evaluating the profitability of its savings operations, the individual bank should regard these increases as allowing it to acquire assets which it otherwise would not have been able to. This, in conjunction with the fact that the stability of these deposits justifies their investment in less liquid, higher yielding assets, should enable most banks to cover the higher effective rate paid. This is evidenced by the generally increased bank earnings in the first half of 1963.

While accepting the proposition that time and savings deposit increases represent, to a large extent, incremental funds which can justifiably be invested in sufficiently higher-yielding assets to cover expense, and which tend to generate sales of other bank services, many would contend that the savings business at present interest rate levels is nonetheless unprofitable. The argument on which they rely constitutes probably the strongest which can be mounted, and runs as follows:

Asset Shift Prevented Loss

The commercial banking system, as a whole, gained some $15 billion in time and savings deposits during 1962. To accomplish this, the effective rate of interest paid on such deposits was increased by about one-half of 1%. This new rate applied to deposits already on the books, as well as those newly attracted, involving roughly $400 million in increased expenses on existing deposits. Further, time and savings deposits had been increasing in previous years—by $10 billion in 1961, and by an average of $6 billion a year since 1957. There is no reason to think that this increase would not have continued in 1962 had rates not been raised. Therefore, the gain in deposits attributable to the new rates was at best something on the order of $9 billion. To break even, the banking system would have had to earn on this $9 billion a return of 3½% (the effective interest rate), plus the expenses involved in handling the accounts and investing the funds obtained, plus the $400 million of additional expenses incurred as a result of the rate increase on existing deposits. This means that the new funds attracted would have had to be invested in assets whose average yield was in excess of 8%. Given the existing rate structure, it is clear that the banking system, as a whole, lost money by raising interest rates (although certain individual banks may well have benefited), and will continue to do so for some time. Seemingly, this contention conflicts with the facts. Net earnings for the banking system remained stable in 1962. However, this stability in earnings was ac-

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Dual Banking Imperiled By Controller's Decisions

By David Rockefeller, President, Chase Manhattan Bank, New York City*

Head of the country's largest State-chartered bank sharply criticizes U. S. Currency Controller for disdainfully pushing national bank expansion and rebuts the Controller's view that no serious harm to dual banking is involved. Mr. Rockefeller says Mr. Saxon's position leaves States with no choice except to conform regardless of whether it would be in the best interest of banking. Mr. Saxon is urged to cease acting unilaterally and, instead, to exercise patience and restraint in coordinating with the States on this and other matters. In turn, States are advised to stop doing nothing. The banker refers to present embarrassment and confusion resulting from conflicting interpretations over revenue bond underwriting, Federal funds and, worst of all, standards governing mergers and branches. With regard to the latter, he urges Congress to once again define those principles, and he suggests the establishment of a Central Board to make decisions on a Federal level with as much decentralization as feasible and practical.

When philosopher William James remarked that there were two topics — religion and education — which immediately directed all eyes to the speaker, he was probably not thinking primarily of the banking fraternity. If he had been, I suspect he might have included a third topic: Government Regulation.

David Rockefeller

Yet perhaps in a subtle, philosophical way, he might have been mindful of our own situation. For certainly we have known some bankers to discuss regulation with an almost religious fervor. And who among us can say that, especially in the past few years, we have not had a thorough education in the subject?

First, the Commission on Money and Credit made a searching examination of regulation along with other aspects of banking. Then the Controller's Advisory Committee on Banking studied the issue. More recently the President's Committee on Financial Institutions — better known as the Heller Committee—surveyed the field. Last spring Congressional hearings showed a wide measure of agreement on the existence of regulatory duplication and overlapping, as well as on the difficulty of defining and coordinating common banking policies.

Confusing As Mark Twain's Weather Forecast

While each of these studies made a constructive contribution to the sum total of our knowledge, the vast proliferation of recommendations—plus recent decisions by the regulatory agencies—have left some of us as confused as are readers of Mark Twain's wry forecast of New England weather conditions. The forecast, you may remember, went like this: "Probable northeast to southwest winds, varying to the southward and westward and eastward and points between; high and low barometer sweeping around from place to place; probable areas of rain, snow, hail and drought, succeeded or preceded by earthquakes with thunder and lightning!"

Today, on the theory that all of us can benefit from a little reflective calm, I should like to offer a personal appraisal of the regulatory climate in banking, of the dangers growing out of this climate, and of the prospects for the future.

All of us here can readily testify that the forces of change are at work in banking as profoundly and pervasively as they are in other key areas of business and industry. To resist these forces blindly would, I believe, be a serious mistake because they are fundamental and deep-rooted. Our task, as I see it, is to take steps to assure that change — when it does come—will not erode those strengths and advantages that have made American banking unique and have enabled it to contribute so creatively to our nation's growth and development. What is required is an adjustment of our institutional and organizational patterns to bring them more fully into harmony with certain underlying trends reshaping our society.

Forces Changing Banking

One such trend is the growth of urbanization and along with it the rise in individual incomes, creating an enormous demand for retail banking services. Another is the spread of large national firms, with units located in all sections of the country. Still another is the buoyant vitality of small business with its special needs for financial counseling and assistance. On the international scene, we see the long jump by American business into every country of the Free World, and the consequent interconnections among financial markets. Finally, there is the revolutionary impact of electronic devices on many routine operating functions within our own banks—the processing of checks, the payment of bills, and other accounting operations.

In the face of developments like these, is it any surprise that banking is confronted with a period of adjustment? Yet one of the great strengths of our banking structure has been its ability to absorb—and even to encourage — change without sacrificing its basic virtues. No other country has such a diversity of banking facilities. Few can match, even proportionately, the 14,000 banks or the 25,000 banking offices which service the people and the businesses of the United States.

One of the hallmarks of our banking structure over the past century has been its dual character: the existence side by side of banks with national charters and banks with state charters. This dual system was born out of the special circumstances that shaped America—the need for much of our banking to be local in character, financing the growth of industry and trade in every section of a vast continent.

In recent years, with the speed-up in communications, this system has been criticized increasingly. We hear charges that it is inefficient, that it provides duplicating layers of supervision which not only are wasteful but lead to varying sets of standards.

Death Knell to Dual Banking

It is the contention of the present able and aggressive Controller of the Currency, James J. Saxon, that banking is not fully meeting its problems, or at least is not doing so uniformly and effectively. He would respond by having national banks become a group apart, free from state-imposed restrictions and under no obligation to coordinate their expansion with the states. While from one point of view this may appear an attractive course for Mr. Saxon, in my opinion in the end it would inevitably sound the death kneel for dual banking. Thus, I believe it would be a dangerous and undesirable policy to pursue.

Even if we concede that some criticism of the dual banking system is justified, it is a system which has one overriding merit that seems to me to outweigh all its shortcomings. It sets up checks and balances between regulatory authorities that provide an indispensable bulwark against overcentralization of public control—centralization which, in the wrong hands, could become a potent tool for government management of the economy.

In evaluating this issue, therefore, it is essential to understand what a dual banking system really is, what it is about it that is most necessary to preserve, and where change and compromise are warranted. Here it is useful to distinguish between two aspects of banking regulation and supervision.

First, there are those laws and regulations that relate to the day-to-day *operations* of a bank and are directed toward maintaining its fiscal soundness as a banking institution.

Second, there are those laws and regulations which govern the *structure* of banking—new charters, branching, mergers, holding company affiliations and the like.

Perhaps most basic to the duality of our banking system is the power of both national and state authorities to make laws and issue regulations that govern a bank's *operations*. Both may set limits on the size of loans, determine the adequacy of capital, and provide assurance that the bank is operating soundly. A necessary corollary is the power of each governing agency, state and national respectively, to examine banks under its jurisdiction to determine that its laws and regulations are being adhered to. Independence of regulatory authority and of examination, therefore, appear to go together as underpinnings for our dual banking system.

Of course, we do not have 100% duality even in the laws and regulations that relate to our day-to-day operations. The Federal Reserve lays down certain regulations applying to all member banks, whether they are state or national. Even so, the bulk of the laws and regulations affecting the soundness of these member banks are administered either by the separate states or by the Controller. The essence of our banking system lies in this duality of regulation and examination.

National Bank Branching

It is when we turn to matters concerning the *structure* of banking that we run into difficulty. Here the duality of banking has become greatly eroded in recent years. Prior to the mid-Fifties, there was very little effective Federal legislation that applied to such matters as mergers between state banks or affiliations with a bank holding company. Then, in 1956, Congress passed the Bank Holding Company Act, placing control over the formation and expansion of all bank holding companies in the hands of the Federal Reserve Board. This was followed in 1960 by the Bank Merger Act, which again placed final approval of all bank mergers in the hands of Federal authorities—the Federal Reserve for state member banks, the FDIC for state nonmember banks, and the Controller for national banks. Finally, this year, the Supreme Court has made the Clayton Act applicable to bank mergers through the decision handed down in the Philadelphia National-Girard Corn Exchange case.

Thus now on only two important structural questions do the states continue to exercise a definitive voice. One relates to the chartering of new state banks. The other involves the extent to which branching is permitted within a state. On this latter score, Congress historically has left the decision to the states. Now Mr. Saxon advocates that Congress revise its policy and permit national banks to establish branches regardless of state laws. He has made it clear that if he had his way, national banks in every state would enjoy the privilege of statewide branching. He argues that this would not seriously harm dual banking, for the individual states would have the option of adjusting their laws to conform with those applying to national banks. But is this true freedom of action if the states, in order to hold banks in the state system, are forced to follow the action of the Controller regardless of whether they consider it to be in the best interest of banking?

One might justifiably ask whether banking conditions in the various states are actually so backward as to merit this kind of Federal intervention. Admittedly, the activities of many banks cut across state lines, and banking has nationwide significance. In view of this, I do not believe one can oppose Federal action merely by standing on states' rights. At the same time, it seems clear to me that present conditions do not require drastic action by Congress. In this I am in fundamental disagreement with Mr. Saxon, who implies that the structure of banking in the United States has been an important factor in retarding the nation's progress and rate of economic growth. If anything, I believe the facts point to the contrary. Our banking system has given great stimulation to growth.

States Must Act

Yet I feel it would be inexcusably shortsighted for the states to stand pat and refuse to undertake a realistic examination of their banking laws. The Controller's aggressive efforts should not be taken lightly or interpreted as a simple bid for power as some have been disposed to do. They repre-

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Enlarged Initiative for Banks Should Not Be Feared

By Hon. James J. Saxon,* *Comptroller of the Currency, United States Treasury, Washington, D. C.*

Mr. Saxon endorses efforts to loosen somewhat the restrictions governing banks. He declares "it is not a counsel of irresponsibility to suggest that banks should be entrusted with greater discretion in the performance of their lending and investment functions." In this way, he adds, banking can similarly, as other endeavors, make use of its untapped resources of vision and enterprise which can contribute greatly to our future progress. Mr. Saxon finds it unmerited to deny banks the same trust and responsibility afforded other private risk activities. In particular, he defends enlarging banks underwriting function in denying that it would lessen competition—or that there is no need for this service. He flays spurious reference made to "past excesses" or to the possibility that bankers would allow, or be allowed, irresponsible actions hazardous to solvency and liquidity.

This, the 100th Year of the National Banking System, has been a year of searching self-examination and reappraisal. The publication of "National Banks and the Future," a year ago, inaugurated this process. That study defined the issues confronting the System and laid the basis for decisions. Through public discussions the opposing views have now been clarified. On one side, there are aligned those who believe that the powers of commercial banks should reasonably be broadened so as to enable them to perform more effectively their functions in the economy; and on the other side, there are aligned those who oppose further powers for commercial banks in the fear that the commercial banker cannot be trusted to exercise expanded powers without serious abuse.

James J. Saxon

A clear perspective of the issues requires an understanding of the true nature and purpose of public regulation in the field of banking, and of the role which should be preserved for private initiative in this industry. We live under a private enterprise system which has as its cardinal principle a presumption in favor of individual initiative and responsibility. The role of government under that system should be confined to circumstances in which there are clear and evident public purposes to be served.

Our commercial banking system has been singled out for a unique form of public control. So that bank solvency and liquidity may be maintained and public confidence in the banking system sustained, entry into banking has been regulated, and the operating policies and practices of banks have in many respects been placed under public supervision. Public regulation of banking has not, however, gone so far as the controls imposed in the public utility industries. There is no public authority to require that banking facilities and services must be provided, and rate regulation has been applied only partially to the industry of banking. A measure of discretion is thus left to the directors and managers of banks.

A Critical Issue

The critical issue today is how broad the area of discretion for private initiative should be in the banking industry. Banks occupy a central role in economic progress. They represent the chief means through which the Nation's savings are gathered and apportioned among the variety of their productive uses, and they provide the principal payments instrument for much of our industry and commerce. Any deficiency in the commercial banking system is felt throughout the economy.

The task we face is to fashion a commercial banking system which is sensitively adapted to changing needs and new opportunities. One course would be, as new situations arise, to proliferate further the already detailed and complex rules and regulations which are applied to banking. The other course would be to rest greater discretionary authority with the banks while proscribing only those activities which are clearly hazardous to the solvency and liquidity of the banking system. The former course would lead to increasing reliance upon decisions by the public authorities; the latter course would entrust greater responsibility to the initiative and enterprise of private bankers.

There is an evident thrust today to loosen somewhat the tight reins of public regulation in banking. No one is wise enough to draft rules and regulations which are suitable for all time, and the cumbersome procedures of public control are not always readily adaptable to change. We have learned from our experience in other sectors of the economy how productive and fruitful private initiative can be, if it is allowed to function. In banking, as elsewhere, there are untapped resources of vision and enterprise which can contribute greatly to our future progress.

Can Be Trusted

In an industry which long has been accustomed to enforced rules of conduct in virtually every aspect of its operation, it is understandable that greater freedom to compete has been greeted by some with expressions of concern. There is no way, however, of escaping the necessity of exercise judgment and discretion in lending and investing. Nor can the element of risk be obliterated from banking without great damage to our economic progress. It is not a counsel of irresponsibility to suggest that banks should be entrusted with greater discretion in the performance of their lending and investment functions. Rather, it is an expression of confidence in the capacity of banks to respond to these new tasks with an even greater sense of obligation to carry out the prudent conduct of affairs which has become traditional in this industry. To be prudent is not to be unmindful of new opportunities. Today's risks are often tomorrow's secure investments, and today's secure investments are often tomorrow's risks. Vision, as well as care, is needed, if the responsibilities of banks are to be properly exercised.

The opposition which has developed to the proposals now before the Congress to enlarge the powers of National Banks affords clear illustration of the principles which are at stake. The opponents of these measures call up visions of "past excesses," question whether this is the time to "relax credit standards," argue the effects on competing financial institutions, raise doubts about the "need" for these added powers, challenge the prudence and probity of the banking fraternity, and seek to inspire the fears of depression.

Increased Competition

The most revealing arguments are those which have been advanced in opposition to enlarged underwriting powers for commercial banks. We are presented with the curious contention that entry into this field by commercial banks would actually lessen competition and bring about undue concentration of power in commercial banks. The implication seems to be that the best way to maintain competition is to prevent it, and that we will get the most effective competition by forming privileged cartels which are sheltered from rivalry. This is an ancient view which has long held sway in those countries which have never known the benefits of a vibrant competitive economy.

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sent, I am convinced, an honest attempt to provide added flexibility in our banking structure—flexibility that could upgrade the efficiency of banking. And for this, the entire banking system owes Mr. Saxon a debt of gratitude.

I do not propose to recite a brief for branch banking, although I come from a state which permits it to a limited degree. Nevertheless, I think it is significant that each group which has studied banking problems recently has recommended branch banking in some degree as being in the public interest. The Commission on Money and Credit felt that, ideally, banks should be permitted to branch throughout their trade area. To implement such a policy would, of course, pose many problems, since trade areas often cross state lines. Because of this, the Controller's Advisory Committee on Banking came up with a more modest proposal that a national bank be authorized to branch within 25 miles of its principal office but only within its own state. The President's Committee on Financial Institutions concluded "that extreme limitations on branching . . . may impede the provision of banking services and effective competition," and it urged that both Federal and State Governments review present restrictions on branching with a view to developing a more rational pattern.

It seems to me these recommendations can only be interpreted as strong evidence that the individual states cannot adopt a do-nothing attitude on bank legislation. Otherwise, sooner or later, the dam will break. And if it does, without the states having taken constructive action, the dual banking system as we have known it may well be washed away.

I, personally, feel some states that do not have branch banking at all would be better off with it, at least to a limited extent. Banking authorities at the Federal level, if they agree, have every right to use moral suasion in attempting to induce these states to bring about the necessary change. But it would be a bad mistake, in my judgment, if the Federal Government were to force such change by permitting national banks to branch regardless of state laws. Without question, such a use of force would constitute a serious setback to dual banking. The good for which the dual banking system stands—as a guarantor of continued freedom and independence of banking—would be harmfully compromised in the process. And the final cost to banking could far outweigh any benefits that might come in the form of greater efficiency.

Controller's Lack of Cooperation

I believe the Controller would be well advised to show greater restraint in exercising the immense power he now posesses. It would be a dubious honor for him to go down in history as the man who undermined the dual banking system. Yet some of his policies and actions appear to be heading, perhaps unwittingly, in precisely that direction.

I have in mind, for example, his refusal to coordinate many of his activities with those of other regulatory agencies, both at the State and Federal levels. This is a new departure. Previous Controllers have been willing to undertake coordination, and the exchange of information that is necessary for it.

It requires little imagination to see that our dual banking system cannot operate effectively without coordination, any more than could our dual baseball system. Suppose the American and National Leagues refused to coordinate the umpiring of the World Series. When the Dodgers' Sandy Koufax threw his high, hard one to the Yanks' Mickey Mantle, the National League umpire might call it a "strike," the American League arbiter a "ball." When Roger Maris clouted one down the right-field line, the American Leaguer might rule it a home run, the National Leaguer a foul ball. When Maury Wills tried to steal second base, the National League umpire might call him "safe," the American League umpire "out." Such obviously unsettling developments would be enough to render even Leo (The Lip) Durocher speechless!

In recent months, the noncoordination policy in banking has led to embarrassment and confusion. There have been conflicting interpretations over the underwriting of revenue bonds; conflicting interpretations over regulations governing Federal funds; and, worst of all, conflicting interpretations over the standards governing branches and mergers. No wonder *The Wall Street Journal*, in commenting on some of these problems, titled its editorial: "Lo, the Poor Banker!"

Advises Patience to Saxon

For state banks in particular, the lack of coordination on policy has damaging consequences, especially in an area like mergers where there are no adequate benchmarks, no uniform standards, and an attitude of competitiveness on the part of the Controller. I would respectfully urge Mr. Saxon to review and revise his policy of noncoordination, to substitute patience and persuasion for the use of outright power.

Fortunately, the problem of coordination at the Federal level has finally begun to command some of the attention it deserves. During the past year, there has been considerable discussion about the relative merits of centralizing under one roof all the supervisory powers which the Federal Government exercises over banking. You will recall that the Commission on Money and Credit had grappled with this problem earlier, finally concluding that such an agency should be created, and that it should be embodied in the Federal Reserve. The proposal was to transfer all the powers and functions of the Controller and the FDIC to the Federal Reserve.

So far the idea has failed to evoke much enthusiasm from members of the Reserve Board or from the two agencies it would absorb!

One of the governors of the Board—J. L. Robertson—has come up with an alternative plan which is now before Congress. This calls for the creation of a Federal Banking Commission which would assume all the supervisory and examining powers of the Federal Reserve, as well as the functions of the Controller and the FDIC. Under Governor Robertson's plan, the Federal Reserve would concentrate exclusively on its vital role of determining and administering monetary policy.

Need to Coordinate Merger Policy

Personally, I am convinced that some action to bring order out of the hodgepodge at the Federal level is essential. The need for such action has been accelerated by the Supreme Court decision in the Philadelphia case. I agree with dissenting Justice Harlan on that decision for it seems to fly in the face of principles Congress had firmly enunciated when it passed the Bank Merger Act of 1960.

I would hope, therefore, that Congress would soon take action to define those principles again. I would hope the legislators would make it unmistakably clear that in a regulated industry like banking, such considerations as safety, soundness, and the needs and convenience of the community, should be given proper weight along with the competitive factor in judging mergers and other structural changes.

To accomplish this, I would urge Congress to revamp the Merger and Holding Company Acts, placing in the hands of a Central Banking Board the exclusive power to approve mergers, branches, new national banks, and holding company acquisitions at the Federal level. Such legislation should spell out the various criteria that are to be applied, including the maintenance of competition. It should be made clear, moreover, that because of this special procedure and the safeguards to the public interest that are provided, the anti-trust laws as such are not to apply to banks.

Proposes Central Merger Board

The Central Banking Board I have in mind is similar to that recently suggested by Howard Cross of the Federal Reserve Bank of New York. This Board would differ greatly from the one advocated by Governor Robertson. It would not be an agency absorbing all the functions of the Controller and the FDIC. Rather, its authority would be limited to certain structural questions such as approval of mergers, branches, charters of new national banks and holding company acquisitions. Serving on it would be representatives of each of the three Federal banking agencies—the Federal Reserve Board, the Controller of the Currency, and the FDIC. I would add two additional representatives of the general public. Such a Board would automatically provide complete coordination at the Federal level on most of the decisions relating to structural questions. It would eliminate the extraneous and unnecessary role of the Department of Justice.

I have come to have great doubts about the desirability of shifting all bank supervisory functions to a single agency. The transfer of the Controller's office to the Federal Reserve, for example, would create an overly powerful agency at the Federal level and serve to weaken the duality of our banking system.

Permit Decentralized Decisions

At the same time, I believe there is great merit in a proposal first voiced by Alfred Hayes, President of the Federal Reserve Bank of New York, that decisions on branches, mergers and the like be decentralized to the greatest extent possible. This would be entirely feasible with the kind of Central Board I have mentioned. Regional boards might, in time, be established in each Federal Reserve District. Howard Cross, following up on Mr. Hayes' idea, has suggested that such regional bodies might consist of the District Chief National Bank Examiner, the Supervising Examiner of the Federal Deposit Insurance Corporation, and the Vice-President in charge of bank supervision of the Federal Reserve Bank. Again two additional members representing the general public might be added to the Regional Boards. These regional bodies could handle all routine cases and their decision would be final unless it were appealed to the Central Board. The latter would, in effect, constitute a high court on all questions brought to the Federal level on the structure of banking.

None of this, of course, would jeopardize the right of the individual states to make their own independent decisions with respect to charters, branches, mergers, and holding company affiliations involving state banks. For unless those rights can be exercised by the states, the term "dual banking system" would lose its true meaning.

Such an arrangement, in my view, is well worth exploring as we attempt to cope with the challenge of change without dealing a death blow to dual banking.

We in the banking fraternity must recognize and accept the fact that some modifications of our institutional patterns are inevitable. It would be foolish and futile to ignore this and to barricade ourselves in tiny enclaves of nostalgia.

You and I have a vital stake in the issue of which modifications should be made. More than this, we have a solemn responsibility to speak out on this issue and not leave the determination solely to the Government. In a time of reassessment like the present, both the banking industry and the Government regulatory agencies can benefit far more from constructive critical interest in one another's proposals than they can from biased attack or hostile neglect.

For my part, I am confident that adjustments can be worked out in the banking structure which will reflect both a sense of the past and an awareness of the future.

For your part, I earnestly hope you will join in the effort to bring this about.

For our part, I believe we must see that those elements which are basic to the dual banking system are not sacrificed but rather are strengthened in the process of change.

*An address by Mr. Rockefeller before the State Bank Division of the 89th Annual Convention of the American Bankers Association, Washington, D. C., Oct. 7, 1963.

Merger of Blair & Granbery, Marache

On Nov. 1, Blair & Co. Incorporated, 20 Broad Street, New York City, and Granbery, Marache & Co., Incorporated, 67 Wall Street, New York City will merge their businesses and continue under the name of Blair & Co., Granbery, Marache Incorporated. Both firms are members of the New York Stock Exchange.

Enlarged Initiative for Banks Should Not Be Feared

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It has no place in our society. If it is the danger of monopoly with which we are concerned, the safeguards should be addressed to the maintenance of competition and not to the preservation of private enclaves.

This argument appears in another form under the guise of a determination of "need." We are told that there is no need for added services from commercial banks, since the services which they are not now allowed to provide are available from other financial intermediaries. The test of public convenience and necessity is properly applied, however, only to bank formation and bank expansion through branching and merger. No public purpose can be served by restricting the range of financial services offered by banks, unless the performance of the service threatens bank solvency and liquidity. Within that limitation, the consumer in a free market should make these choices —they should not be determined by governmental edict.

Perhaps the most mischievous basis of opposition to a broadening of the powers of commercial banks is the argument that the present, when our economy is doing so well, is not the time to relax credit standards. This view reflects two varieties of confusion. Broader investment and lending powers merely enlarge the choices open to banks. Unless it is assumed that bankers are imprudent and the regulatory authorities are lax, this wider horizon of opportunity should permit greater diversification of risk and a better allocation of resources. Activities clearly hazardous to bank solvency and liquidity should, of course, not be sanctioned.

Monetary Policy Not Involved

The matter of timing, moreover, is not an issue here. Enlarged powers for banks are not sought as a means of influencing the course of the business cycle, to be applied at a particular time when the stimulation of business activity is required. This is a function of monetary policy, and not of private banks. If greater or lesser monetary ease is needed, this should be accomplished by influencing the aggregate lending and investment resources of banks, and not by attempting through selective controls to direct the precise forms in which banks lend or invest.

The reference to "past excesses" as an argument against broader powers for banks raises a spurious issue. It has been stated that the bills now before the Congress to enlarge the powers of National Banks would relax limitations that were designed to safeguard banks and the public from dangers such as we have known in the past. But we surely have learned more from our experience than the mere fact that power can be abused. We have also learned how to employ and to regulate power with discretion. Three decades of experience since the last basic revision of our banking laws have revealed the heavy hand of public regulation. Limitations enacted in the despair of failure have proven incapable of adaptation to change. To immobilize our banks because of past abuses is no proper way to deal with this problem.

We cannot sustain a vital commercial banking system, sensitive to our national needs and alert to the new opportunities which emerge, if our attention is centered on harsher and harsher rules of enforced conduct. The initiative and enterprise which are so essential to economic progress cannot be cultivated and cannot flourish in such an environment. Public controls in banking should be confined to those which are clearly needed to preserve bank solvency and liquidity. Our mature banking system should be allowed to act maturely, heedful of its past experience, but not invalided because of the ills it has known.

No Fear

As our population grows, as our technologies advance, and as we take our place in a widening range of world affairs — we shall require, more than ever, a commercial banking system fully capable of performing the many new tasks we shall confront. If the positive role of commercial banks in economic growth and development is to be fulfilled, greater scope for private initiative will have to be allowed in banking. This is a responsibility to be sought with confident assurance. It is not one to be feared.

Reply to Rockefeller

That concludes my remarks. I would like to now make a brief comment on the statement of Mr. David Rockefeller. That statement appears to me to be a repetition of questions raised last spring before the Patman Committee. The questions were answered at that time to the satisfaction of that committee. I see no reason why I should make any further comments.

*An address by Mr. Saxon before the National Bank Division at the 89th Annual Convention of the American Bankers Association, Washington, D. C., Oct. 7, 1963.

Minn. Group of IBA Elects

ST. PAUL, Minn.—The Minnesotat Group of the Investment Bankers Association has elected Benjamin M. Storey, Jr., Kalman & Company, Inc., Chairman. Other officers elected were Willis P. Jones, Allison-Wiilliams Co. (Minneapolis), Vice-Chairman; and Walter R. Hanson, Caldwell-Phillips, Inc., Secretary-Treasurer.

Elected to the Executive Committee were Fred R. Gamble, Bache & Co. (Minneapolis); Lawrence E. Shaughnessy, Jr., Shaughnessy & Co., and Preston B. Shute, Shearson, Hammill & Co. (Minneapolis).

Celanese Corp. Rights Offering To Stockholders

Celanese Corp. of America has announced that it is offering holders of its common stock the right to subscribe at $45 per share for 964,390 additional shares in the ratio of one new share for each 8 held of record Oct. 25, 1963. The offer, which is being underwritten by a group headed by The First Boston Corp., New York, will expire Nov. 12, 1963.

Net proceeds from the sale of the additional shares will be added to the general funds of the company and will be used primarily to finance expansion of domestic production facilities including those of subsidiaries and related companies.

Incorporated in Delaware in 1918, the company, together with its related domestic and foreign companies, manufactures and sells a diversified line of petrochemicals, pulps, fibers, polymers and plastics. Domestically, Celanese and its U. S. subsidiaries manufacture and sell more than 150 different products which are distributed in 30 broad market classifications for use by other manufacturers. In addition, unconsolidated foreign subsidiaries and related companies conduct substantial operations abroad.

New Bache Office

PHOENIX, Ariz.—Bache & Co. has opened a branch office at 727 North Central Avenue under the management of James C. Borst.

What Corporate Treasurers Look for in Banks

By H. Woodruff Tatlock, Vice-President and Treasurer, The Prudential Insurance Company of America, Newark, N. J.*

Bankers are apprised as to services corporate treasurers would like to, and should, receive from banks. They range from being kept informed on important matters to handling efficiently such routine items as deposits and other accounts. He cautions bankers not to construe C. D.'s as bank balances, notes that bankers are increasingly aware of the service nature of their business, and refers to extensive use made of "lock box" services.

I approach the subject of what corporate treasurers look for in banks with some trepidation. I know of no corporate assignment in which the functions vary so widely from company to company; and the job of treasurer of a large mutual life insurance company, I expect, is further off the expected pattern than almost any other.

H. Woodruff Tatlock

The biggest difference between my job and that of most corporation treasurers is the fact that with rare exceptions we are not borrowers, and therefore have little interest in this major service of banks. It follows that we do not have the problem of maintaining compensating balances for that purpose.

I can think of no service which we can expect with which bankers are not thoroughly familiar. Bankers know better than I the applications of their various technical routine banking services to their customers' businesses. Beyond these, what corporate treasurers look for is friendly, prompt and intelligent cooperation in a number of ways.

Keep Treasurer Informed

In my view, the most effective banking institutions are those which maintain close, frequent contact with their depositors to ascertain how they may be of service, to keep them advised of new developments in the techniques of banking and informed of economic conditions in their marketing areas.

The one thing I am sure corporate treasurers deplore above all others is the time consumed by some bank visitors who, although pleasant and courteous, have nothing to offer. All too often, I have had the experience of lengthy calls by bank representatives who had no knowledge of such fundamentals as their trend of deposits, the state of their loan demand or their current policy with respect to various lending situations.

This is not to say that we want to discourage visits from our banks. On the contrary, we welcome every opportunity to further our personal contacts with them. In fact, we follow the practice of frequent personal visits to our banks in their own quarters so that we may know them better.

In our treasurer's department we have four main areas of responsibility: the forecasting and handling of the cash flow, the administration of our banking arrangements, the investment of temporary excess cash and the custody of the company's assets.

We maintain accounts with over 1,600 banks in the United States and Canada and have two keystones in our philosophy with respect to them. First, we attempt to spread our balances geographically, in line with the importance of our business in the various areas of the country. Put another way, we strive to do our banking where we do our business. Second, we endeavor to maintain balances in all situations which are not only adequate to compensate the banks for services rendered, but also to allow a reasonable margin of profit.

We operate through the United States and Canada with 1,580 field, sales and investment offices, practically all of which require some banking service. These field offices are operated under the supervision of eight regional home offices. Our banking, therefore, is divided into two broad categories covering field collections and operations, and home office concentration and disbursement accounts. Some of the things that we look to banks to provide are peculiar to one or the other category, but many overlap.

Under the heading of routine banking service, our requirements are relatively simple. Obviously, we expect our banks to accept our deposits and to handle our accounts speedily and accurately. Where it appears to be advantageous, we are using recently developed, specialized services such as, for example, account reconciliation. We are adapting as rapidly as possible to the development of electronic data processing in banking.

Lock Box Services

We make extensive use of lock box services. We presently have established lock boxes in various locations for the receipt of mortgage loan principal and interest payments, payments of principal, interest and dividends on securities investments, group insurance premiums and group annuity payments. We have found this device both very useful and highly profitable. Under today's conditions, the prompt utilization of funds is an important source of income, and lock boxes are invaluable in achieving maximum availability.

Since both our collections and disbursements are very widely spread, we make constant use of the services of banks in the movement of funds from point to point.

Our investment activities alone produce average disbursements of about $9 million per working day, so that you can see the need we have for fast collection and transfer. Many corporations use the custody services of banks for the safekeeping of securities, as well as the collection of principal and coupons on bonds. Our short-term investment operation is greatly facilitated by the custodial arrangements we have with certain banks.

Since, like most corporations, the bulk of our business is at the community level, we expect tangible help where possible and proper for both our field and home offices in many areas involving both insurance sales and service and investments. A large proportion of the banks with which we do business are sources of both mortgage loan and term loan referrals. Since we are, by nature, long-term investors as contrasted with commercial banks, this is a fruitful area of cooperation between the banks and ourselves. Very frequently, loans to businesses are made in partnership with banks—they taking the short maturities, and we the long.

As is common, we constantly look to our banks for credit information on customers, suppliers and borrowers. Also we rely heavily on some of the larger banks for guidance in the selection of additional field office depositories. Like all corporate treasurers, we turn to our banks for advice and assistance in many areas and expect objective and dispassionate guidance on how best to meet our needs.

Because banks are important centers of influence in their communities, we rely on their help in many other ways such as introducing new field management personnel to the local business community, including civic organizations. On behalf of our field management, we often seek advice in connection with finding office space and housing, and in personnel recruitment.

C.D.'s Are Not Bank Balances

The increasingly popular certificates of deposit account for a significant part of our short-term portfolio, and our wide acquaintance with banks across the country has been of significant value in this connection. Incidentally, we make it manifestly clear to our banks that we regard certificates of deposit not as bank balances, but as marketable short-term paper. We do not ask and do not want preferential treatment with respect to term or rate because of any other relationships which we maintain with the banks.

From time to time, I hear somewhat derogatory remarks from bankers about corporation treasurers. These are usually in a somewhat jocular tone, but nevertheless reflect, I am sure, some resentments on their part. This has been more markedly true in recent years, since corporations have become more avid in the employment of funds in the short-term paper markets.

It is, however, my observation that as the sophistication of corporate treasurers in this field has increased, so also has their awareness of the value of their banking connections and understanding of the banking process. In my company, we place a very high value on our banking relationships.

Certainly there is clear evidence that bankers are increasingly aware of the service nature of their business, and I believe that they are meeting with growing success in bringing these services to the attention of the public.

*From a talk by Mr. Tatlock at the 89th Annual Convention of the American Bankers Association, Washington, D. C., Oct. 8, 1963.

Western Pa. IBA Group Elects

PITTSBURGH, Pa.—At the Annual Meeting of the Western Pennsylvania Group of the Investment Bankers Association of America, held Thursday, Oct. 24, 1963, the following Officers and members of the Executive Committee were elected:

William G. Simpson

Frank H. Hunter

Chairman — Frank H. Hunter, McKelvey & Company.

Vice-Chairman — Thomas J. Lynch, III, Moore, Leonard & Lynch.

Secretary-Treasurer — William G. Simpson, Simpson, Emery & Company, Inc.

Executive Committee: William J. Wallace, Mellon National Bank & Trust Co.; Robert C. Schmertz, Cunningham, Schmertz & Co., Inc.; and R. Burton Parker, Kay, Richards & Co.

Watkins Named to Post

Harry Watkins, Senior Vice-President at Bankers Trust Company, has been elected Treasurer of the American Cancer Society, New York City Division, Inc.

Mr. Watkins is a Director of John Robert Powers Products Co. Inc., American Surety Co. of New York and Neptune Meter Co.

McConnel Rejoining Singer, Deane

PITTSBURGH, Pa. — W. Bruce McConnel, Jr. on Nov. 1 will become a partner in Singer, Deane & Scribner, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges. Mr. McConnel is a partner in Lazard Freres & Co. In the past he was a partner in Singer, Deane & Scribner.

W. B. McConnel, Jr.

Old Florida Rum Rights Offering To Stockholders

Old Florida Rum Co. (Miami) is offering holders of its common stock the right to subscribe to 225,836 untis, consisting of one share of additional common stock and one stock warrant, at $1.75 per unit on the basis of one unit for each three shares of common stock held of record Oct. 25, 1963.

The subscription offer will expire on Nov. 14, 1963, and the unsubscribed portion of the shares and the warrants will be underwritten by a group managed by Consolidated Securities Corp., Pompano Beach, Fla.

Although offered as a unit the common stock and stock warrants are immediately separable and transferable. Each stock warrant entitles the holder to purchase one share of common stock at $3 a share at any time on or before Oct. 25, 1965.

Net proceeds from the sale of the units, estimated at approximately $320,000, will be added to working capital and used for general corporate purposes including retirement of sundry indebtedness in the amount of approximately $100,000, to finance inventories $100,000, for advertising $25,000, to purchase equipment $30,000 and about $65,000 to pay current obligations past due.

Old Florida Rum was organized in February 1962 to produce and market such alcoholic beverages as rum, gin, vodka and cordials from Florida agricultural products.

Pacific Gas & Electric Co. Bonds Offered

Halsey, Stuart & Co. Inc., Chicago, heads a group of underwriters which is offering $70,000,000 Pacific Gas & Electric Co. 4½% first and refunding mortgage bonds, Series JJ, due June 1, 1996 at 101.72% and accrued interest. The group was awarded the bonds Oct. 29 on its bid of 101.09%.

Proceeds from the sale of the bonds initially will become part of the treasury funds of the company and will be applied toward the cost of additions to its properties.

The Series JJ bonds will be redeemable at the option of the company and for sinking fund at prices ranging from 106.72% to 100%. However, none of these bonds may be redeemed prior to June 1, 1968 from the proceeds of debt incurred at an interest cost to the company of less than the effective interest cost to the company of these bonds.

Pacific Gas & Electric is engaged principally in furnishing electricity and natural gas throughout most of northern and central California. The territory has an estimated population of approximately 7,350,000 and includes the City of San Francisco.

To Be Partners in Tucker, Anthony

Effective Nov. 7 John Uzielli, member of the New York Stock Exchange, will become a general partner, and Giorgio Uzielli, who will acquire an exchange membership, will become a limited partner in Tucker, Anthony & R. L. Day, 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Both are partners in Giorgio Uzielli & Co.

Coggeshall & Hicks Branch

Coggeshall & Hicks have opened an office at 2 Rue du Rhone, Geneva, Switzerland, with Heinrich Imholz, Representative in charge.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

MONUMENTAL LIFE INSURANCE COMPANY

Monumental Life Insurance Company of Baltimore, Maryland, was incorporated under the laws of Maryland in 1858, became a stock company in 1928 and adopted its present title in 1935. The company is presently one of the nation's largest life underwriters with life insurance in force of $1.3 billion as of year-end 1962.

Monumental Life writes life, term and endowment policies in both ordinary and industrial classes and annuity policies on a non-participating basis. Group life and accident and health are also written. Individual accident and health policies are written through its general agencies and an industrial accident policy is written through its district offices. With the addition of Florida last year, the company now operates in 17 states and the District of Columbia. Both district offices and general agencies are utilized for production purposes on a differing compensation basis. There are an estimated 60 district offices and 35 general agencies serving over 50 cities within the company's operating area. The district offices write weekly and monthly debit business as well as regular ordinary insurance, while the general agencies, which exclusively represent Monumental, write ordinary business only. The states of Maryland of Ohio represent nearly one-half of the company's premium volume, followed in importance by Illinois, Indiana, Michigan, Missouri, and Pennsylvania.

During 1962 the company's volume of individual policy sales continued to climb. The amount of ordinary insurance written was 9% higher than writings in 1961, while production of weekly premium volume was moderately lower. These results are quite similar to those of the past five years, which have witnessed a rapid expansion of ordinary life volume and little if any increase in industrial business. These trends are in line with the general industry experience. Ordinary life insurance in force at year-end 1962 represented 59.3% of the company's total and has doubled in size over the past decade. In contrast, industrial life insurance in force has increased less than 10% since 1956 and has been virtually static over the past four years.

Monumental Life did not enter the group life insurance business until 1956. While group volume still is relatively insignificant to the company, overall, it has shown rapid expansion in line with management's earlier projections. Group sales in 1962 amounted to $23.8 million, nearly 14% of the company's total. In addition, the company's group accident and health business, which was initiated in 1960, doubled its premium income.

Monumental has traditionally followed a conservative policy in its investment operations with emphasis on mortgages and bonds which represented 45.8% and 42.1%, respectively, of total assets of $271 million at year end. The net investment yield for 1962 rose to 4.21% before taxes and 3.63% after applicable Federal income taxes. During the year, the company concentrated its new investments in the mortgage field. Over $17.3 million was invested in commercial and residential mortgages at an average yield of 5.62%. Bond investments were limited to industrials ($4.1 million) and tax-exempt revenue bonds ($2.3 million).

Overall, 1962 was another excellent year for the company in line with the record of the past decade of steady and moderate gains in annual earnings. Approximately $400,000 ($0.40 per share) in 1962, $550,000 in 1961 and $650,000 in 1960 of the total net earnings resulted from changes in the method of computing policy reserves and tax savings. Additional gains from this change are expected in future years, but not to the extent of recent years.

In order to meet the growing competitive pressures prevalent in the life insurance industry, Monumental instituted several policy line improvements in 1962. More have been added this year.

During the first half of 1963 substantial growth in group operations was experienced, the general agency division continued its planned expansion, and the company initiated its Premium Growth concept of bonus compensation in its district offices. This new compensation concept is based upon premium income rather than the face amount of insurance sold, and thus rewards the agent for the conservation of existing business as well as the production of new business. This new program was enthusiastically accepted by the agent in 70% of the company's districts. However, in Ohio and Missouri, the new contract was not accepted by many agents who are represented by a union and a strike ensued. The strike was settled on June 26 and the new concept of remuneration was accepted by the union. While the strike will undoubtedly have an effect on earnings for the year, a small increase in line with the recent trend is expected.

The one million outstanding shares of common stock of Monumental Life are currently quoted at $127 bid in the over-the-counter market, near the top of its $132-83 price range to date in 1963. At the present price the common stock is selling at 22.1 times estimated adjusted earnings for 1963 and at a premium of approximately 100% over currently estimated liquidating value. A dividend of $1.10 per share has been paid on an annual basis to stockholders since a 25% stock dividend of 1961.

STATISTICAL SUMMARY

(000,000)

Dec. 31:	Admitted Assets	Life Insurance in Force: Ordinary	Group	Industrial	Total	Total Prem. Income	Capital Funds
1958	$218	$578	$16	$451	$1,045	$29.8	$26.8
1959	231	612	17	641	1,090	30.7	29.0
1960	244	656	32	463	1,151	31.2	31.8
1961	258	713	47	461	1,221	31,9	34.6
1962	271	775	69	462	1,306	32.8	37.9

PER SHARE DATA

Year:	Excess Net Invest. Income	Total Earnings	Total Adjusted* Earnings	Dividends Paid	Book Value	Price Range
1958	$1.07	$3.56	$4.05	$0.87	$26.79	$58 - 42
1959	1.38	3.72	4.44	0.96	29.01	62 - 46
1960	1.68	4.58	5.15	0.96	31.83	48 - 39
1961	2.03	4.51	5.29	1.00	34.64	113 - 46
1962	2.39	4.77	5.67	1.10	37.91	120 - 66

*Adjusted for increase in life insurance in force.

Wisconsin Bank Opens Mun. Dept.

MILWAUKEE, Wisc.—The First Wisconsin National Bank is establishing a Municipal Bond Department it has been announced by William G. Brumder, Chairman, and Joseph W. Simpson, Jr., President. The department will deal in municipal bonds, participating in both underwriting and the secondary market. The new department will be under the direction of Edwin J. Wigdale, Senior Vice-President and head of the Investment division of the First Wisconsin.

Mr. Simpson pointed out that the addition of the Municipal Bond Department to the Investment Division will round out the First Wisconsin's financial and advisory services to its correspondent banks and other customers. Though the department will handle bonds from all parts of the country, it will be of particular service to Wisconsin by providing a stronger market for Wisconsin municipals.

It is expected the new department will be in complete operation by the end of the year. Though the First Wisconsin has bought municipal bonds for its own portfolio it has not been a municipal bond underwriter previously. Mr. Wigdale said, "With the addition of this new Bond Department to our Investment Division, there will be less need for Wisconsin banks to go out of the state for their investment requirements."

Walter E. Heller Private Note Sale

Walter E. Heller & Co. has announced that it had borrowed $15,000,000 from institutional investors, comprising $9,000,000 of subordinated notes and $6,000,000 of junior subordinated notes, both due Oct. 1, 1978. The direct placement was negotiated by New York Securities Co., New York City, and Dean Witter & Co., San Francisco.

Headquartered at 342 Madison Ave., New York, the company is engaged in industrial financing and factoring. It will use the proceeds from the note sale for general corporate purposes.

Ira Haupt to Admit

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, will admit William Newman to limited partnership Nov. 1.

Natural Gas Regulation Problems, Old and New

By Joseph C. Swidler,* *Chairman, Federal Power Commission, Washington, D.C.*

Federal utility commission head warns the gas industry not to jeopardize its favorable competitive position by raising its rates. He warns that upward spiraling prices do not hold the key to the industry's future growth or financial success in view of resistance to price hikes and competitive moves by the coal and electric industries. Mr. Swidler charts a program for the gas industry's future growth which stresses R/D; reviews the FPC's performance in clearing up the backlog of cases; and pulls no punches in pointing out, notwithstanding the merits of not passing on refunds to the ultimate consumer, that the FPC is charged with having all refunds made.

It is one of the great disillusionments of life in Washington, and perhaps in Pittsburgh and Houston, that nothing moves as fast as it should, except time itself, which moves much faster. I am sure it would greatly enhance the interest of my present remarks if I were able to say that all the problems I discussed at the convention last year had been completely liquidated, and that now I would deal entirely with new problems and opportunities. Admittedly, progress has been slower than the Commission would have liked, and perhaps less than the industry hoped and expected, but it would be chimerical to expect easy, ready-made, broadly acceptable solutions to all of the basic regulatory problems of the industry. Some of the problems with which we deal are so intractable as to lend themselves only to a step-by-step solution. On others we have a good deal to show for our efforts. On the whole I take pride in our record.

Hon. J. C. Swidler

One Commission program which has produced exceptional results is the program to clear up the backlog of pipeline rate cases. In the course of the last year the Commission disposed of 49 cases and ordered refunds aggregating $259 million, including interest. I believe that such a record for a regulatory agency is one which is not likely to be topped very soon. Including the 41 cases on which I reported last year, we have disposed of 90 pipeline rate cases either by settlement or adjudication since the present Commissioners have been in office. These cases represent $1.2 billion of accumulated rates collected subject to refund, in which the Commission has ordered $424 million to be refunded, including interest but excluding the duplications by reason of cross-refunds by one pipeline system to another. What is left pending before the Commission with one exception is perhaps no more than a normal working inventory of cases which are proceeding towards final disposition under the new procedures designed to dispose of these cases in a reasonable amount of time.

To my mind the Commission's pipeline rate case supplement program is a demonstration of the administrative process at its best. It is only an administrative agency such as the Federal Power Commission, with an able staff fully qualified to participate in the settlement negotiations and assure that the consumer interest is protected, which can utilize the settlement procedure with confidence that the results are protective of the public interest.

Improved Pipeline Rate Structure

The city-gate price of natural gas by pipeline companies today reflects the beneficial impact of our settlement program. The rates of most pipeline companies are lower than they were two years ago—the aggregate annual amount of the rate reductions is $65 million, offset only by $5 million in new increases which have been filed during the period and are still pending subject to possible refund. Moreover many of the settlements included moratoriums on future rate increases for a specified period, which has built into the pipeline rate structure an additional degree of stability for the future.

Perhaps this is the place to interject a word as to our experience under our new rules of procedure for pipeline rate cases. As you know, pipelines are now required to submit a *prima-facie* showing in support of the new rates at the time they are filed. In addition we have effected new procedural improvements designed to move the cases along faster, including the abolition of the field audits which were the single biggest obstacle to denting the backlog of pipeline rate cases. For the field audit we have substituted audits by the pipelines themselves, certified by public accountants, and supplemented by periodic check-and-test audits by the Commission's own staff. We have incorporated into our hearing rules every procedural device which ingenuity could suggest and which seemed likely to improve or expedite the adjudication process. Perhaps more important than any of these is the sense of urgency which dominates the efforts of the Commission and which I am sure has characterized the efforts of staff at all levels.

With all this we are now in the final stages of disposing of the first of the major cases filed under the new rules. I think it is fair to say that no time has been wasted and that the case has been moving as expeditiously as could reasonably be expected considering the number and complexity of the issues and the interests of the numerous parties. I offer my judgment on the basis of this experience that a reasonable and realistic target for disposing of an important and strenuously contested pipeline rate case is a year and a half. This means that we must expect that even under the most vigilant and aggressive processing of these cases the increased rates will be in effect for approximately a year beyond the five-month period for which they may be suspended by the Commission. This is a vast improvement over the record of the past when such cases were lodged indefinitely in the crypts and caverns of the Commission.

The treatment to be accorded in a rate case to the gas produced by the pipeline itself is one of the subjects I discussed with you last year which is still very much alive. The Commission has wrestled with this problem throughout the year and I must confess that we are far from having mastered it. The only conclusion we have reached thus far is that the Commission does not have sufficient facts about pipeline production to formulate a general policy that would be fair to all pipelines and the consumers they serve. It may very well be that the problem is not susceptible of a general solution and each pipeline company presents a special case.

Rate Increases Must Be Justified

In the individual cases that have come before us we have attempted to indicate the facts which we consider important in determining whether a return above that allowable on other pipeline property is warranted for the production investment of the pipeline. I can assure you that the question is still very much an open one. As our decisions have made clear, requests for rate incentives to encourage pipeline production should be supported by a factual showing that such production will be beneficial to the ultimate consumer either by lowering the cost of gas, providing added assurance of supply, or other advantages, and that the incentives will contribute to securing such advantages. If the parties will demonstrate that there is good reason for consumers to pay an extra return on pipeline production property, the Commission would allow it, if I read the Commission's opinions correctly.

Stabilized Producers' Prices

Another bright spot has been the Commission's program, which I announced in my talk last year, to give greater emphasis to settlement of producer cases. This program has shown good progress. The number of cases which we disposed of by settlement has grown from 200 to 722 and the amount of refunds ordered has increased from $19 million to $38 million as of Oct. 1, 1963. But these statistics do not reveal the full measure of benefit of these settlements. A large gain from the producer settlement program, in addition to the dollars of refunds and the rate reductions, is the extended moratoriums on future rate increases. The settlements provide for specified moratoriums on rate increase filings subject only to change as a result of the conclusion of the applicable area rate proceeding. The combination of rate reductions plus assurance of rate stability in these settlements has been a long step in the direction of general stabilization of producer prices which in turn is having a healthy impact on the operations of the pipelines and the distributing companies and on the ultimate consumers.

Perhaps the best example of the kind of problem that can't be hurried to solution and is likely to be around for years is the development of a permanent system of regulating producer rates. I needn't tell you that this problem has not been solved since I last addressed you, but I am happy to report that we have made progress in a number of directions.

First in importance has been the Supreme Court decision in the *Phillips* case in which the Court indicated a sympathetic attitude toward the area rate approach. The Court in noting that the Commission's area rate program was a departure from the traditional individual company cost of service approach said:

". . . If we believed that such a departure from present concepts had little, if any, chance of being sustained, we would be hard pressed to say that the Commission had not abused its discretion. . .

* * *

"But to declare that a particular method of rate regulation is so sanctified as to make it highly unlikely that any other method could be sustained would be wholly out of keeping with this Court's consistent and clearly articulated approach to the question of the Commission's power to regulate rates. It has repeatedly been stated that no single method must be followed by the Commission in considering the justness and reasonableness of rates. . .

"We recognize the unusual difficulties inherent in regulating the price of a commodity such as natural gas. We respect the Commission's considered judgment, backed by sound and persuasive reasoning, that the individual company cost-of-service method is not a feasible or suitable one for regulating the rates of independent producers. We share the Commission's hopes that the area approach may prove to be the ultimate solution."

Permian Basin Case

The hearing in the lead case involving the Permian Basin was finally concluded in September after amassing a record of 30,230 pages over a period of 23 months. On various occasions I have predicted a rather early conclusion of this proceeding. It is apparent that we missed the target by a good many months, and I have retired from the soothsaying business. However, we have finally reached the stage where the case is in the examiner's hands for decision and we have every reason to expect that he will move as quickly as the vast record in the case permits. It is apparent, therefore, that we are marching steadily towards the final disposition of this historic proceeding which we expect will set the ground rules for future regulation of producer prices.

The Southern Louisiana proceeding is now moving with mounting expedition. The Commission has ordered that all parties file their case-in-chief this December and the remaining steps in the case have also been put on an accelerated schedule. With the experience gained in Permian, I have every reason to believe—but, mind you, I am not predicting—that the hearing in the Southern Louisiana case will be completed within the coming year.

The Commission has been giving close attention to the areas for which no producer rate proceedings have yet been started. We shall probably be able to an-

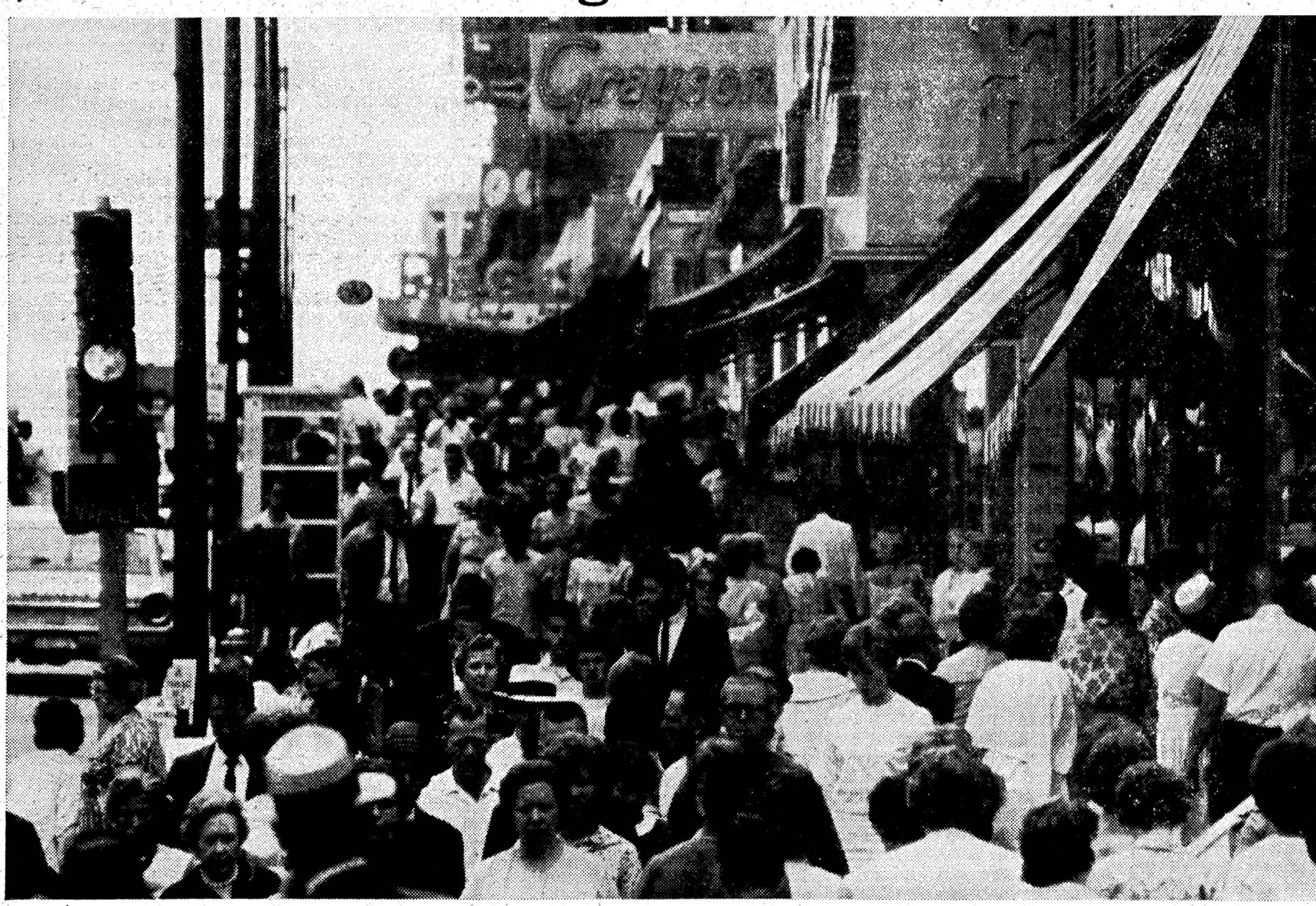
Continued on page 28

Major metropolitan areas in the seven-state Northern Plains region have scored population gains well above the national average in the past decade. This is the area served by the pipelines of the Northern Natural Gas Company. ■ Population increases include 29% by Minneapolis and St. Paul . . . 26% by the three cities of Lincoln, Omaha and Council Bluffs . . . 22% by Sioux Falls, South Dakota . . . 22% by Waterloo, Iowa . . . 18% by Des Moines. ■ The population movement from the farms to the cities and suburbs continues. This urban growth is sparked by the increase of manufacturing in the Northern Plains. And the growth of these major markets is attracting even more industry to the area. ■ Northern Natural Gas is serving the growing fuel needs of home and factory in the Northern Plains. And Northern continues to grow with the area it serves.

NORTHERN NATURAL GAS COMPANY
GENERAL OFFICES: OMAHA, NEBRASKA

SUBSTANTIAL MAJOR MARKETS WITH GROWTH POTENTIAL

(make the future look good for NNG)



Northern Natural Gas Company
Omaha, Nebraska

NNG PAID SEPT. '63 119th CONSECUTIVE DIVIDEND TO 27,000 STOCKHOLDERS

Natural Gas Regulation Problems, Old and New

Continued from page 26

nounce the next steps within a few weeks.

Tracing Natural Gas Refunds

I hope the bonds of my friendship with the distributors will not be strained if I now bring up the subject of the ultimate disposition of the natural gas refunds. The aggregate of refunds ordered by the Commission, both producer and pipeline, now approaches $500,000,000. I must confess that I for one assumed at first that most of these refunds, if not all of them, would be passed along to the ultimate consumer. In an effort to confirm this impression, and spurred to a considerable degree, I must admit, by inquiries received from members of Congress, newspapers and individual consumers, the Commission during the last year has been attempting to trace the refunds by the pipelines and the producers to their ultimate destination.

The Commission began its refund survey in December, 1962, to cover the refunds which had theretofore been made to distributors pursuant to FPC orders. The survey was made in cooperation with the National Association of Railroad and Utilities Commissioners. The state commissions were participants in the survey and shared with the Commission the information which we obtained. The Commission prepared the questionnaire which was used and transmitted copies to the state commissions which in turn sent the questionnaires to the distributors in the respective states. In those states in which there is no state regulation of retail gas rates the Commission mailed the questionnaires directly to the distributors. The completed questionnaires were returned by the distributors to their state commission. Copies were sent to the FPC, which tabulated and announced the results.

The summary figures for this first phase of the survey bear repeating. During the 18-month period between July of 1961 and November of 1962, local gas distributors in 36 states and the District of Columbia received approximately $126,000,000. The survey showed that of this amount there were refunded to ultimate consumers $73,500,000, or approximately 58%. Seven states reported that more than 90% of the refunds were passed along to consumers, while in two states the distributors retained all the refunds they received, and in three others the amount refunded was less than 20%.

We are continuing our refund survey for later periods. In late December of 1962 there was a large refund made as a result of the disposition of the rate cases of a major pipeline company and our survey reveals that of the $29,000,000 refunded directly to distributors, 58% was passed along to ultimate consumers in 13 states. The variations between individual states was just as pronounced as in the first survey. We intend to continue the survey to cover later periods.

40% of Refunds Denied Consumers

In brief, our survey shows that about 40% of the refunds ordered by this Commission never reach the ultimate consumer.

Even in the flow of refunds among companies subject to our own jurisdiction it has become apparent that we cannot take for granted that the refunds will be passed along so that ultimately the consumer will wind up with the money. We have found cases where refunds paid by one pipeline have simply lodged with another. In most cases the terms of rate settlements have required that refunds be passed along, and this requirement covered the major part of the refunds paid by the pipelines to each other. For the remainder, the Commission is now developing procedures for holding refunds in escrow pending assurance that either the pipeline company to which the refunds would otherwise be paid is entitled to retain it or is prepared to pass it along. This procedure is of particular importance with respect to producers refunds which may have to filter through several pipeline systems on their way to the distributing company.

Of course I am aware of the fact that in many cases there may be good reason for a distributor or a pipeline to retain the refund. A common explanation is that the distributor or pipeline purchaser absorbed all or part of the increased gas cost during the period that the increased rates were being paid subject to refund and therefore is entitled to the recovery. Sometimes this explanation is coupled with the justification that the purchaser's rate of return during the period in which it paid excessive rates subject to refund was below that to which it was entitled and the company did not increase its rate in this period because of its confidence that ultimately it would receive a refund. In other cases competition is claimed to have precluded raising rates to the level which would have been justified on a fair return basis reflecting increased gas costs. Some or all of these justifications are being claimed in most of the cases in which the refunds have been retained by the distributors. These claims, although I am sure are made in good faith, involve a wide scope for differences of opinion. At any rate, it is not for us to pass judgment on the adequacy or excessiveness of the earnings of the distributors. The Federal Power Commission has a full-time job in carrying out its own responsibilities at the national level. However, under the Natural Gas Act, which the Supreme Court in the *CATCO* case said was enacted "to afford consumers a complete, permanent and effective bond of protection from excessive rates and charges," the Commission is necessarily concerned with the ultimate disposition of the refunds we order. So far as the distributors are concerned, we have only obtained and reported the facts. This we shall continue to do.

Pipelines' Excellent Economic Health

The refund survey has not given us any conclusive picture of how well the distributors are faring, but I can tell you that the state of health of the natural gas pipelines as a group is excellent. The Commission would like to think that this is due as much to the warmth of the regulatory climate as to last winter's cold weather. At any rate our review of the 1962 annual reports of the pipeline companies has revealed that quite a number may be earning more than is justified for a regulated company. The Commission has accordingly initiated some proceedings under Section 5(a) in which it is taking the initiative to determine whether rates and earnings exceed reasonable levels, and to order reductions for the future if warranted.

This program under Section 5(a) has evoked some expressions of pain and suffering which I do not believe were entirely feigned. I hope that the pipelines, in their distress, do not ignore completely a small silver lining. The industry is aware that every rate reduction, while a limitation on this year's profits improves its competitive position and helps it to protect and enlarge its market and thus make possible a broader and sounder basis for future market penetration and future earnings. I believe that the long-term interest of the natural gas industry is entirely consistent with the Commission's responsibility to protect consumers against excessive rates.

The gas industry in my judgment will be making a serious mistake if it believes that a continuation of the pattern of spiraling gas prices which has occurred in the past decade holds the key to the future growth or financial success of the industry. Since 1950 the average retail price of natural gas has increased 33% overall and 44% for heating. The price of gas sold to the electric power industry, which represents almost a fifth of all the gas sold, has doubled in the past decade. In the last two decades gas has been taking on new markets where its inherent advantages were so marked that there was no close price competition, and increasing prices were not a substantial deterrent. Now it has reached a point of resistance in which the rate of growth is closely linked to relative pricing.

Coal Competition

In reviewing the developments in the energy field in the last decade, it seems to me that one of great significance for the natural gas industry is the reemergence of coal competition for house-heating loads, not by direct sale to householders, but by prior conversion to electricity.

Most of you are aware that the electric power industry is setting its sights on capturing an increasing share of the house-heating market in the future. The power industry's projections call for 25% of the house-heating market by 1980 compared with the present level of only 2 or 3%. If the projections of the electric power industry and the gas industry are combined, I believe you will find that in the future a good many homes in this country are to be heated by both gas and electricity. One or the other of the two industries is destined to be proved overly optimistic, and perhaps both. The progressive companies in the electric power industry recognize that in order to achieve their goal they must not only reduce their follow-on rates for house-heating but must also make available a lower scale of rates for all-electric service including cooking and water-heating.

Perhaps a few statistics will help in understanding how coal and electric power industries in combination expect to capture a share of the house-heating market throughout the nation. In the last decade the average productivity of coal miners has increased from 7.5 tons per man-day in 1952 to 14.7 tons per man-day in 1962. Despite increases in transportation costs and inflation the average delivered cost of steam-coal has declined in that period from $6.50 to $6.20 per ton. At the same time the conversion efficiency of the electric power industry has shown an enormous improvement. In 1952 it took 13,360 Btu on the average in the United States to generate one kilowatt hour. This was reduced in 1962 to 10,500 Btu per kilowatt hour and the most efficient systems required only 9,400 Btu per kilowatt hour.

Reduced Rail Shipment Costs

We must add to this picture the emerging pattern of rate reductions on rail shipments of coal to electric power plants made possible by developing trainload movements using new and better coal cars and other improved equipment and operating on turnaround schedules designed to reduce costs. The development of EHV transmission lines will also enable the electric power industry to reduce its costs. The Commission through its National Power Survey is encouraging the various electric power systems to integrate their operations by stronger EHV interties to improve their load factors and utilize all of the economies of fully coordinated operations. These are all elements in the sharpening competition which the electric power industry is presenting to the natural gas industry. It is probably no secret to you that the Commission is seeking to stimulate rate reductions which will accelerate this effort by the power companies to compete for the domestic market. We also encourage the natural gas industry to retain and to extend its own market penetration.

The Commission holds no brief for either the electric power industry or the natural gas industry in their competition with each other. Both have prospered through the years and divided the market as economics and consumer preferences dictated. They will continue to do so. The consumers and the general public interest have only benefits to reap from a continuation of the aggressive efforts of both to provide more, better and cheaper service for the public. They are both vibrant and progressive industries, and mainstays of the American economy.

These two industries, which together accounted for 13% of the nation's energy consumption in 1920, took care of half the United States energy needs in 1960. I believe the shares of each will continue to grow, and to the extent of the boiler fuel market, the growth of one automatically spurs the growth of the other. I may say for myself that it is an exhilarating experience to be able to work with both as a member of the Federal Power Commission.

Encouraging Basic Position

It is helpful to a sense of perspective to stand off from the details of our business and take stock of our basic position. For the natural gas industry any such stock-taking should be heartening. If prices do not get out of hand the industry is excellently poised for competition. Your product is one of the most convenient and useful of all the forms of energy. The natural gas transmission pipeline is one of the cheapest means yet devised by man for moving energy over long distances. The pipeline network has reached almost all corners of the nation, even though utilization equipment for many potentially large uses is still to be perfected and the available market is truly enormous. In the field, natural gas is in good supply and wholesale prices have been stabilized. Technological improvements in the production, transmission and distribution of natural gas show promise of reducing unit costs and are almost certain to do so if research programs are strengthened. I might add as a part of this picture that the Federal Power Commission proposes to continue its efforts to maintain wholesale prices at levels which can be justified on a regulated basis. The years ahead open to you an expanding share of the energy market, and from my knowledge of the leaders of the industry, the opportunities for industry growth are not likely to be neglected.

Urges More Research

In recent months I have recommended an enlarged research and development program for the electric power industry. The natural gas industry has an equal need for expansion of its research efforts. The main focus of a greater research effort should be to find ways to extend the gas industry's market penetration. Unlike the electric power industry, the gas industry already has an excellent organization to coordinate the industry's research efforts and all that is needed is stronger support to make possible broader and more intensive progress.

I make this plea for a stronger effort to perfect and mass produce the products that will enlarge the market for gas because I believe that the opportunities for market expansion are very large indeed. There is a vast opportunity in the air conditioning market, in particular, for balancing the winter heating loads and increasing the economy of the operations of both the pipelines and the distributors. Increasing amounts of underground storage are needed in assuring the ability to meet winter needs, but it bears emphasis that storage is no substitute for the promotion of profitable domestic loads which will fill a part of the summer valleys in demand.

All segments of the natural gas industry have a large stake in supporting a stronger research and marketing effort. The interest of all segments of the industry in the sale of more gas by the distributors should be obvious. We must remind ourselves that gas does not sell itself. On the contrary, it will require a concerted effort to continue the pace of growth of the industry in the face of stiffening competition. The producers and the pipelines have a strong interest in the success of that effort and should therefore support the research which will be required if natural gas is to realize its potential in the energy market.

In the past, the gas industry has been restricted in its quests for new markets by a prevailing attitude that gas was in such short supply that it use should not be overly encouraged. Certainly it is too valuable to waste, but the march of science has relieved us of our anxiety as to the depletion of fossil fuel resources. The harnessing of atomic energy in itself has assured us of energy resources not only for centuries but for millennia to come.

The natural gas industry can look to the future with confidence based on a solid record of achievement. The industry should concentrate on technological and marketing advances which will make the blessings of this inherently low cost form of energy available as widely and cheaply as possible. Such a program will contribute to a lower-cost energy base for this nation's economy, and in my judgment at no sacrifice to future generations whose needs will be met by the continuous advances in the science and technology of converting our enormous energy resources to usable form at reasonable prices.

*An address by Mr. Swidler before the 45th Annual Convention of the American Gas Association, Los Angeles, Calif., Oct. 14, 1963.

Aldrich to Direct Chemical N. Y.'s Inter. Business

In recognition of the continuing growth and importance of its role in world trade financing, Chemical Bank New York Trust Co. is

Hulbert S. Aldrich Donald E. Coyle

realigning the management of its large International Division, Chairman Harold H. Helm has announced.

At a meeting of the Board of Directors, Vice-Chairman Hulbert S. Aldrich was designated to assume responsibilities for the direction and development of the bank's world-wide International business. Also at the meeting, Donald E. Coyle, who has been Vice-President in charge of the bank's business in Europe, was elected Senior Vice-President and Chief Administrative Officer of the division.

Chemical New York, which was founded in 1824, has long been regarded as a leading international bank with close ties in more than 70 countries through correspondent banks maintaining over 50,000 offices and branches covering all important trading areas of the free world. It has a branch office in London and representative offices in Paris and Mexico City. Chemical New York has a large metropolitan banking system with a head office at 20 Pine Street and 116 branch offices throughout the New York City area. The bank's resources total $5.3 billion.

Mr. Aldrich was President of The New York Trust Co. which had a large international business, particularly in Europe, prior to its merger into Chemical New York in 1959. He has traveled extensively abroad and serves on the boards of numerous international corporations. He is Chairman of the Investment Committee of Royal-Globe Insurance Companies. He is a director and member of the executive committees of IBM World Trade Corp., The Kerite Co., National Distillers and Chemical Corp., The National Sugar Refining Co., New Britain Machine Co., and Penn-Dixie Cement Corp. He is a director also of Ametek, Inc., and Chemical International Finance, Ltd.

Mr. Aldrich began his banking career with The New York Trust Co. in 1930, rising to President of that institution in 1952 and becoming Vice-Chairman of Chemical Bank New York Trust Co. in 1959. In 1961 he became Chairman of the bank's Trust Committee.

Mr. Coyle joined New York Trust Co. in 1926 and became Assistant Treasurer in 1945, Assistant Vice-President in 1948 and Vice-President in 1952. He became head of New York Trust's International Division in 1956, holding that post until the merger in 1959. Since then, he has concentrated on Chemical New York's European business.

To Be V.-P. of Lieberbaum Co.

Effective Nov. 7, Harold Vann will become a Vice-President of Lieberbaum & Co., Incorporated, 50 Broadway, New York City, members of the New York Stock Exchange.

Fluor Corp., Ltd. Note Sold Privately

The Fluor Corp., Ltd., of Los Angeles, has announced that it placed directly with The Prudential Insurance Co. of America an $8,000,000 5⅝% promissory note, due on Nov. 1, 1978. Francis I. duPont, A. C. Allyn, Inc., New York, assisted in negotiations leading to the placement.

Fluor Corp., a leading company in engineering and construction in the U. S. and abroad, will use the proceeds to retire certain long-term debt and to increase working capital.

Moors & Cabot Office

HARTFORD, Conn.—Moors & Cabot have opened an office at 222 Girard Avenue, with John C. FitzGerald Resident Representative in charge.

Suburban Shore Agency

BRICKTOWN, N. J.—Suburban Shore Agency, Inc. is conducting a securities business from offices at 440 Sedge Place. Officers are Edward M. Zakanych, President; William J. Hoare, Vice-President; Anne E. Hoare, Secretary, and Paula D. Zakanych, Treasurer.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Slippery Oils

Since stocks, as a general proposition, move on news, investors could hardly be blamed last week for expecting oil stocks to move ahead. After all, the earnings reports of the leading oil companies told of rising, and sometimes record, net profits. But the group was far from buoyant.

The reason was not hard to find: it was the old story of the mutual funds and other institutional investors losing their enthusiasm for the group.

In recent days, there has been a report in a leading business daily labelled "Retreat from the Oils" and a Wall Street house close to the funds said that the oils were being sold "on balance" for the first time since 1961. While sophisticated investors and brokers around the country keep close tabs on what the funds are doing, even gearing their own actions to the institutions, the Financial District was far from agreement on the new dim view taken of the oil group.

In some quarters it was argued that the oil companies had escaped punitive tax reform, a sizable threat several months ago. Others cited the earnings uptrend. Still others noted the easing of foreign tensions, a not inconsiderable factor in an industry that has vital stakes around the world.

Nobody seemed concerned about oil's vast reserves and inventories. In another generation, coal lived constantly with the same problem. Oil companies, aside from time of war, have managed to cope with the supply situation and literally thrive.

Why, then, were institutions selling oil stocks on balance? Summing up the replies from a spot check, the answer was: "Taking profits in stocks that have had a hefty run-up and no longer are on the bargain counter."

One fundman, who is fond of looking at the record, made some comparisons. He noted that back in 1961 Gulf Oil sold below 33 and had topped 50 this year. "The stock is up around 50%," he said. "Incidentally, Gulf is one of the few oils that are still popular."

His attention next was focused on Socony Mobil. This issue had moved up from under 39 in 1961 to 75. "That's a rise of nearly 100%," he said with some excitement. "And it was happening while holders of Polaroid and IBM were seeing their stocks decline."

In the first nine months of this year, Socony netted $4.12 a share, up from the $3.64 shown in the like 1962 period and the $3.33 in nine months of 1961. "That's highly respectable growth," said the fundman, "but a 100% jump in the stock over the same period would seem to have discounted a good deal."

Mighty Standard of Jersey, it was pointed out, had done almost as well in the marketplace. Soaring from around 40 in 1961 to as high as 73 this year. And so it went, every comparison showing that oils, very much in disfavor after the Suez Canal war in 1956 and remaining in the doghouse for five years, had rebounded with the vigor of glamour stocks.

One fundman was sure that there was a sales aid in all of this. Said he:

"Sure, stocks move on news. A lot of little investors, who think they are geared to the market because they are avid readers of financial news, often overlook the fact that the news has been discounted. You might even say that we are in the news-discount business. Our research people are supposed to be able to spot trends and gauge future developments."

Another fundman, nodding agreement, remarked: "We were buying into railroads when all other folks could see was an industry with a flock of problems and negligible earnings — sometimes none at all."

This fund leader insisted that during the past two years a fellow could have done nearly as well in rails as in oils.

Of course, it's been a period of rising markets. But any study will show that many issues have done little or nothing, no matter what the stock averages say. The problem, as always, is to select the stocks with the greatest promise. Fundmen figure that their intensive analysis and research of companies and management give them a big edge on the individual trying to guess whether the stock market is going up or on the way down.

The Funds Report

Carriers & General Corp. reports that at Sept. 30 total net assets were $19,867,925, or $35.42 a share of common stock. At the end of June it was $34.42 a share.

* * *

Delaware Fund announces it "has completed a position" in Union Oil of California.

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Total net assets of **Dividend Shares** increased by over $64 million in the 12 months ended Sept. 30, according to Hugh Bullock, President. Total net assets were $336,337,000 on Sept. 30, compared with $272,165,000 a year earlier. Net asset value per share was $3.50, against $2.89 on Sept. 30, 1962.

* * *

Eaton & Howard Balanced Fund announced assets of $219,988,850 as of Sept. 30, up from $208,420,705 since the beginning of the year. Asset value per share was $12.75, up from $11.93 on Jan. 1 and $11.26 a year earlier.

* * *

Eaton & Howard Stock Fund third quarter report shows total net assets of $202,045,593, up from $183,748,622 since the beginning of the year. Asset value was $14.16 a share, up from $12.71 on Jan. 1 and $11.54 a year earlier.

* * *

Financial Industrial Income Fund reports that at Sept. 30 net assets totaled $5,079,056, or $9.93 a share. This compares with assets of $4,429,913, equal to $9.82 a share, at the close of the prior quarter.

* * *

Net assets of **Madison Fund** rose during the quarter ended Sept. 30 to $157,497,420, or $19.14 a share, compared with $153,351,390, or $18.67 a share, for the period ended June 30.

* * *

Oppenheimer Fund reports that at Sept. 30 net assets totaled $17,031,605, or $15.95 a share, against $16,329,367, or $15.35 a share, at June 30 and $13,109,708 and $12.24 a share at Sept. 30, 1962.

* * *

The Putnam Income Fund reports that at Aug. 31, end of its first quarterly period, an increase in total net assets to $2,902,000. Asset value per share was $9.89 and there were 600 shareholders. The fund started operating on July 3 with an original investment of $227,000, supplied principally by trustees and members of **The Putnam Management Co.**

To Admit to Firm

On Nov. 1, Gerald F. Baroff will become a limited partner in Hertz, Neumark & Warner, 2 Broadway, New York City, members of the New York Stock Exchange.

N. Y. Secs. to Admit

New York Securities Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on Nov. 1 will admit Richard C. Patterson, Jr. to limited partnership in the firm.

Gas Industry Is Meeting The Challenge of Growth

Continued from page 3

conditioning rates, the increase in installations has been more than gratifying.

The unusual aspect of the air conditioning market is that it is developing exactly the reverse of the heating market. Our first installations of air conditioning were spectacularly large, while with heating we began in the private home and worked up. We were equipped to compete for the massive cooling jobs before we could tackle the home-size installations. Now, both the public and the gas industry have an interest in air conditioning for every size building.

Trend Toward Concentrated Customers

The trend toward Concentrated Customers is a second new factor. There have been two major changes in the housing field which may present a special challenge. First, the trend toward multi-family housing has been steady since 1955. In the first half of 1963, for example, 37% of new housing starts represented dwelling units for two or more families.

The second interesting fact is that the greatest part of this housing is in hi-rise apartments, and that this trend toward large apartment projects has extended beyond urban areas into the suburbs.

Not only is there a tendency for residential customers to be bunched together, but shopping centers have also made it necessary for us to consider commercial customers in groups. Within cities, area development projects result in many office and government buildings rising simultaneously in a selected area. In addition, industry has found the industrial park idea to be increasingly attractive.

The fact that customers of all kinds can be accommodated in groups offers opportunities for providing them with a service instead of a fuel. The construction by utilities of central plants similar to the one in Hartford or Pacific Lighting's new installation at Douglas Aircraft may open a vast new market that is already being studied by many companies.

But don't make the mistake of thinking we'll move further into these areas without a tough fight from our competition. We're getting plenty of fierce competition right now—on every hand and in every market.

Oil's Efforts to Survive

For example, local oil dealers are being backed in their advertising by a substantial fund appropriated by oil producers through the National Oil Fuel Institute. Whereas electricity is trying to break into our markets, oil is fighting desperately to survive....

Coal has tried to turn to national legislation for help. In the past year we have seen this effort set back, although not finally disposed of. The report of the National Fuels and Energy Study Group, which was named by a Senate committee, now stands as one of the best documents available on the gas industry.

Coal certainly would like to get back the markets it has lost to interruptible gas sales. But in view of the results of the Senate study, we doubt that the Federal Government will ever enact a national fuels policy that would dictate the end use of any fuel.

Government Subsidized Competition

Since strange things do occasionally happen on Capitol Hill, however, we are not making any blanket assumptions. Among the strange things coming from Washington is a formidable kind of competition spurred by Federal Government encouragement of municipally-owned gas systems. Government-owned gas utilities now total 700. They supply about 7% of all gas customers in the United States.

The opportunities, moreover, for further government encroachment are tremendous. Funds authorized under Title II of the Housing Act and the Area Development Act add up to almost a billion dollars which can be used to establish and develop government-owned utilities and other local facilities.

It's incredible that any part of the government should operate on the peculiar principle of investing taxpayer funds in projects that will decrease the potential tax income, but it's happening. And government - owned or government-financed utilities are going to be stronger competitors than ever before.

If anyone is tempted to underestimate the impact of further government intrusion, I would point to the REA's modest start in 1935 and the threat it now poses to our colleagues in the investor-owned electric industry.

The Rural Electrification Administration began from scratch with about $100 million in Federal work relief funds. Today, REA serves five million customers through some 990 local electric cooperatives. REA finances these co-ops with more than $4 billion in Federal funds.

Joining Electricity to Fight Government Inroads

Since government encroachment thus represents a threat to all investor-owned utilities, it is obvious that we should join the electric industry in fighting further inroads into our free enterprise economy. You'll be interested to know, then, that we are in the process of forming a gas and electric industry committee on government encroachment. Members will include presidents of straight gas utilities, straight electric companies and combination companies.

We have competition from other sources, of course, but at least our other competition has the ring of legitimacy.

The electric industry is spending in national advertising media nearly six times what we are. Of particular interest is the fact that most of this advertising is placed by manufacturers, primarily out of profits from the sale of generation equipment.

The most important aspect of this promotion is the electric industry's intention to heat six to seven million homes with hot wires by 1970. Our own growth in the past decade has been primarily in the heating market, and as we continue this growth we will face fiercer and greater competition.

Unfair Electric Advertising

The electric industry's "flameless" campaign, with its safety implication, is no more honest than a campaign on our part might be to warn consumers against radiation from their sockets when electricity is produced by atomic energy.

The gas industry certainly is not taking any markets for granted. I believe our advertising is clean and wholesome by comparison and, most important, it is effective.

Through the PAR Program, we have a national umbrella over the promotions of each of our local companies. Through the combined contributions of our member companies, we will be on national television this year with 106 commercials. Gas will be sold on the "Ozzie and Harriet" show, the American League Pro Football Games and the "Wide World of Sports." In addition, we will be spending $1.5 million in national magazine advertising.

The PAR advertising program accounts for nearly three-quarters of all national advertising for gas. As a back-up to this extensive program, another $433,000 has been budgeted for industry-wide promotional activities.

Research

PAR also is a prime mover in gas industry research. About $3.5 million has been allocated for PAR research in 1963. Nearly $12.4 million also is being spent on research by gas utilities and appliance manufacturers. Research expenditures have been increasing steadily year by year and, in cooperation with the A.G.A. laboratories, the Institute of Gas Technology, and other research agencies, PAR has accounted for some remarkable gains during the past year.

But the steadily rising costs of research, the breakthroughs into new areas requiring development, and the pressure of competition have called for a fresh examination of our efforts.

Just over a year ago, a Special Committee on Research—given the significant name of "SCORE"—was appointed to evaluate our activities and make new recommendations. The study by this committee has been completed. It is now being implemented and should increase the effectiveness of gas research in the years ahead.

Another A.G.A. committee deserves special mention since it has been singled out by Federal Power Commission Chairman Joseph C. Swidler. Eight of the nine recommendations of our Special Committee of Executives on Regulatory Affairs have been put into effect in whole or in part by the FPC. Chairman Swidler found SCERA's report especially helpful and, although we can't claim it resulted in the changes made by the FPC, at least we arrived at similar conclusions.

While we're talking about regulatory affairs, we're pleased that a substantial reduction in the backlog of cases under consideration by the FPC has removed considerable uncertainty from all sections of the gas industry.

The area pricing concept, which has been the major tool, does not appeal to everyone, but it has broken an almost impenetrable log-jam of producer rate cases. It is certain that the Commission will continue to use area pricing as a guideline unless it should be successfully challenged in the courts. In view of this and the more rapid handling of pipeline rate cases, the gas industry is assured a greater measure of rate stability.

Another group in which A.G.A. has great interest is the gas industry's Better Understanding Task Force. This committee is responsible for a new booklet, entitled "Natural Gas—A Study in Industry Pioneering," which became available just a few weeks ago.

The committee's formation in 1959 followed a number of ill-fated attempts to get natural gas legislation passed after the Supreme Court's famous Phillips Decision. These failures have been attributed in part to a lack of understanding among gas producers, pipeliners and distributors. The task force has met several times a year for the past four years. Although we may not always agree, at least we now understand each other better.

*From an address by Mr. Heyke before the 45th Annual Convention of the American Gas Association, Los Angeles, Calif., Oct. 16, 1963.

Stewart Joins Jas. H. Oliphant

George D. Stewart has joined the New York Stock Exchange member firm of Jas. H. Oliphant & Co., 61 Broadway, New York City, members of the New York Stock Exchange, it has been announced.

George D. Stewart

Mr. Stewart joined Oliphant & Co. as Director of institutional Research after specializing for 12 years as an analyst in the electronics, electrical equipment and office equipment fields.

He is a member of the board of directors of the New York Society of Security Analysts, and was one of the founders and is a member of the Electrical and Electronics Analyst Group. In addition, he is an instructor in security analysis at the New York Institute of Finance.

During recent years Mr. Stewart has written articles for trade journals and has been a speaker before various groups addressing them on the subjects of electronics, business machines and security analysis.

First Michigan Elects Officers

First of Michigan Corporation, members of the New York Stock Exchange, announced the election of Robert A. McAdam and Francis I. Stafford as Vice-Presidents, both in the firm's Chicago office, 135 South La Salle Street.

At the same time, William W. Boynton in the New York office, 2 Wall Street, and William H. Moeller in the Flint, Mich. office, Atwood Building Arcade were elected Assistant Vice-Presidents.

Form Webb & Co.

HADDON HEIGHTS, N. J.—Frank C. Webb is engaging in a securities business from offices at 101 Highland Avenue under the firm name of Webb & Co.

With Olmstead, Allen

BEVERLY HILLS, Calif.—Ted Mossman has become associated with Olmstead, Allen & Company, 113 North San Vicente Boulevard, as an Account Executive.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The pattern of the money and capital markets is still in the direction of modest firmness, in the opinions of many financial experts. In spite of the beliefs that progress is being made in solving our balance of payments problem, there is not likely to be any let-up in the pressure to keep short-term rates on the firm side for the foreseeable future. With near-term interest rates still in an upward trend the question is asked as to what is going to be the future pattern of long-term rates?

Despite the need to keep short-term interest rates in a modest uptrend, many opinions are that the more distant level of interest rates is not going to change too much unless there is a worsening of the balance of payments problem or the fear of inflation comes to the forefront again.

Pressure on Excess Reserves

Excess reserves of the member banks of the Federal Reserve system appear to be coming down, with the monetary authorities again following a pattern which has been used in the past. It is evident that the authorities are not going to bring free reserves down all of a sudden, but they are going to swing them up and down, with the downtrend becoming more noticeable as the powers that be put greater pressure on interest rates and the availability of credit.

It is believed that the need for money and credit will continue to increase as we go into the waning days of the year. This is the usual thing to look for at this time of the year because the economy, in order to meet the stepped up demand from business, has to borrow from the banks. And unless the Central Banks supply the reserves to the member institutions there will be a tightening of credit and interest rates will go up.

Change in Interest Rates in the Offing?

There is in the existing pattern in the money and capital markets many of the symptoms which in the past have brought about moderately higher interest rates. There is a gradual downward trend in excess reserves of the banking system and this, along with the previous upping of the Central Bank rate, have been in the past quite definite signs that the availability of credit and interest rates are going to be changed. It is being expressed now in an increase in short-term interest rates, with the uptrend in the bill rate which recently hit a three year high being watched very closely by most money market specialists because these near-term rates will most likely give the clues as to how much interest rates as a whole are going to go up.

In spite of the higher short-term rates which have been in use, mainly because of the balance of payments problem, there has not been very much of an increase in long-term interest rates yet. In the past six months the bill rate has risen about 60 basis points (0.60%) while the yield on long-term bonds has risen just under 10 basis points (0.10%). This also means that the yield spread between short-term rates and long-term rates has also been narrowed.

Present Long Rate Status

The very large amount of money available for investment in long-term interest bearing obligations, along with support of the intermediate and long-term sectors of the bond market by the monetary authorities, are responsible in no small measure for the very minor increase so far in yields of capital market issues. This brings up the question now as to where do we go from here as far as the yield on long-term bonds is concerned.

In the opinion of some money market specialists the continued betterment in the economy, along with a reduction in taxes, will be accompanied by low to negative reserves for the banking system which would tend to move short-term rates modestly higher. This might bring about a minor increase in long-term rates, in the opinion of some capital market specialists.

On the other hand, the sizable funds available for the purchase of long bonds, together with probable open market operations in this area, could keep long-term interest rates pretty much on a stable basis.

More Short-Term Issues

The Treasury is taking care of the Nov. 15 maturities of the $3\frac{1}{8}\%$ certificates and the $4\frac{7}{8}\%$ notes with a near-term obligation, namely, an 18 month $3\frac{7}{8}\%$ note due May 15, 1965. This shows how the Government in its debt management policy is doing its best to keep the yield on short-term issues up in order to help our balance of payments problem.

Carter, Berlind To Admit Levitt

Carter, Berlind & Weill, 60 Broad Street, New York City, members of the New York Stock Exchange, on Nov. 11 will admit Arthur Levitt, Jr. to partnership.

As We See It

Continued from page 1

original meaning has through the decades been undergoing erosion. At times it has been quite impossible to tell from a man's philosophy whether he was either one or the other —or either for that matter—if the original connotation were permitted to hold. The truth is, though, that the rise and rule of Franklin Roosevelt completed a full reversal of the meaning of the words. What used to be termed liberalism has become very definitely conservatism and what used to be conservatism is now liberalism. Of course, a close examination of the philosophies or the programs of the various public figures soon shows that it is well nigh impossible to classify them with assurance into either groups, so mixed and often so similar are positions on basic questions. This is in large degree true even of the so-called moderates.

It would be a good thing, though, if the rank and file would get a more realistic idea of what such terms "liberal" and "conservative" used to mean and what they ought to mean now. The founding fathers were, on the whole, genuine liberals and so were our national policies for a long period of years. They were liberal in the sense that they were followers of the great father of liberal ideas in the field of economics and of his counterparts in the field of political affairs. The liberal political philosophers used to say that that government was best which governed least, and Adam Smith who in a sense led the battle against mercantilism and associated evils of his era was and is still regarded as the great "liberal" of his day.

No Liberals To Be Found

Now the truth is that it is quite impossible to find in the programs or the philosophies of any of the leading figures or parties in this country—or in any other so far as we can ascertain — very much that resembles the teachings of Adam Smith or any of his once revered opposite numbers in the field of political philosophy. Possibly the most famous of Smith's passages is familiar: "All systems, either of preference or restraint . . . being . . . completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as soon as he does not violate the laws of justice, is left perfectly free to pursue his own interests in his own way, and to bring both his industry and his capital into competition with those of any other man or order of men."

It is interesting to observe the situation into which such ideas as these were injected. Let the late Professor E. R. A. Seligman describe them: "The (mercantile) system had become, during the eighteenth century, outworn and antiquated, and emphasis had been gradually put upon restrictive rather than constructive measures, so that it culminated in a most elaborate policy of national exclusiveness. Inquisitorial customs houses and tariff wars were multiplied. Industry was fairly throttled by minute regulations of details, and in some countries volumes were filled with complicated, unintelligible, and contradictory regulations of manufactures." And much more of the same sort. "What wonder," Professor Seligman continues, "then that a sect of men should arise who sought refuge from this intolerable pandemonium of perpetual interference. . . ." And further: "The conditions of English life also were fast outgrowing the swaddling clothes of official omniscience and governmental sciolism."

New Deal Not "Liberal"

One examines in vain the outgivings of the New Frontiersmen, the platforms of both parties and the oratory of any and all the aspirants for office to find any clear disavowal of very much the sort of programs that the learned professor describes, and certainly a complete absence of any clear call to the people to rally again to the basic principles upon which this nation was founded and in compliance with which it grew to be the industrial envy of all the world. Where are the most loudly self-proclaimed liberals of this day and generation? They are to be found, of course, among those who would control and direct or limit industry and trade and in almost endless ways interfere with men who would pursue their own ends in their own way always, of course, without conflict with the "laws of justice."

And the conservatives? If they are to be found in positions opposite to those of the "liberals" of this day and generation, they must be followers of natural liberty and *laissez faire*. But where are they? To be sure, there are voices raised constantly against a good deal that is included in the New Frontier program, and at least some of that which makes up the New Deal and the Fair Deal. But where are the leaders who would voice clear and unequivocal calls for repeal of obnoxious laws or the enactment of legislation which would make a real change in the situation? When it comes to specifics there is a great deal too great a tendency to wince and relent and refrain. Yet someone must take the lead and arouse the rank and file to the fact that they have been led into a wilderness by the founders of the New Deal and its lineal descendants. Such leaders should be true liberals of the day. But where are they?

Our thinking has advanced since 1776, so they tell us. The fact seems to be that we are so advanced in our thinking that we now embrace the long discredited notions of a couple of centuries ago.

Banks Should Seek Long-Run Profitability Steps

Continued from page 18

complished by shifting *existing* funds into higher-yielding assets, which if appropriate at all, could have been done regardless of the interest rate increase.

Thus, the banking system was in error when it was determined that interest rates should be increased. Impelled by the manner in which the authorities raised the rate ceilings, and by the necessity to remain competitive with each other, commercial banks raised interest rates beyond their capacity to invest profitably the funds thus attracted. As a result, in meeting the desires of savers, commercial bankers were acting to the detriment of their stockholders; and, as was stated at the outset, such a policy cannot be in the public interest in a free enterprise society.

The course of action indicated is clear. Commercial banks should move back to the old rate levels, eliminating a large part of their fixed cost structure. Admittedly, reducing rates so soon after raising them may well have significantly different implications than if rates had not been increased in the first place. Likewise, in the absence of action by the regulatory authorities, it is extremely unlikely that the system will move in unison; and thus the leaders are likely to fare badly. However, the sheer magnitude of the interest costs involved warrants the assumption of these risks.

While the above argument has power, it is essentially concerned with the short run — with this year's earnings and this year's deposit movements.

During the post-war period, the commercial banking system saw its position in the financial intermediary system decline. In 1962, after the rates paid on time and savings deposits were raised, this trend was reversed. Banks increased in importance, and this increase has continued into 1963. Further, there is every reason to believe that this increase may accelerate in the near future. Competing institutions have, in many instances, been forced to reduce their rates—in most cases to within one-half of 1% of the commercial bank rates.

Choice Facing Banks

Such, then, was the real choice faced by the commercial banking system in January of 1962; and it remains the choice it faces today —either to accept a declining place in the economy with somewhat higher short-run profits, or to respond fully to the broad changes which have been taking place for some time in the belief that over the long run this constituted the more profitable course of action.

The questions raised by the alternatives posed are momentous. Is it profitable for any industry to allow itself to decline in importance in the economy as a whole? Particularly, for the commercial banking system, what are the implications of allowing such trends to continue? In general terms the answers seem clear. Any industry which does not use all of the means at its disposal to maintain or increase its general importance in the economy runs a grave risk. The trend may be gradual, for a time being concealed by increasing absolute size; however, the longer it is allowed to continue, the more rapid it is likely to become, and the more difficult to reverse. Further, the services provided by commercial banks are essential to the successful functioning of our economy. Thus, should the banking system elect to play a diminishing role, the services will not be eliminated. Rather, as has happened in the past, they will be provided by others. Competing institutions, which originally arose to meet needs which banks could not or would not fulfill, increasingly took over or duplicated aspects of the basic intermediary function provided by commercial banks. Having gained a dominant position in the home mortgage field, competing intermediaries are now anxious to move into other areas—and if the commercial banking system were to continue to see its share of institutional funds decline, there is little doubt that these competitors would so move.

Before taking a second look at the expenses incurred in raising interest rates, it would be well to assess whether so doing was the only alternative open to the commercial banking system. In this connection, many people have pointed out that demand deposit growth is very likely to gain speed in the future. Turnover has recently approached the all-time-high levels of the late 1920's, and it would seem that corporate treasurers must reach a point of diminishing returns in their efforts to minimize cash balances. This may well be so, but two points should be borne in mind. First, the pressure to conserve cash is here to stay—it is basically profit maximization. Secondly, it seems highly unlikely that plateaus have been reached in technological progress in the areas of transportation, communication and automation. Further, the economic goals and policies of at least the present Administration do not lend much support to the notion that restrictive monetary policy will be employed less frequently in the future than in the past. In any event, growth in demand deposits will remain largely beyond the control of the commercial banking system, and thus to place major reliance on this source of funds is in a sense to place the future of the banking system largely in the hands of others. In short, increases in demand deposits, to the extent that they occur, will be helpful in maintaining economic importance; but it does not seem that commercial banks can depend fully on this factor.

Expenses Justified

Thus, the interest rate seems to have been necessary, and to date seems to have been and to continue to be effective. In this context, the increased expense appears in a somewhat different light. Other industries, faced with increasing competition, spend vast sums to make their product more attractive, more salable. However, these expenses are classified as research and development costs, and as such are written off over a period of years. Are not the increased interest costs now being borne by commercial banks in the nature of capital expenditures? Necessary to preserve and expand the economic role of the commercial banking system, these costs will not be fully recovered out of the earnings on induced deposit increases for several years. Are they then so different from an expenditure for a computer designed to improve customer service and effect cost reductions over a period of several years? Certainly, this line of reasoning is not directed toward encouraging the amortization of increased interest expense. Rather it is designed to point up the fact that the benefits of the rate increase will not be fully accrued until some time in the future, and that for decision-making purposes the increased costs should be viewed in this manner.

The interest rate increase of 1962 symbolizes an intense competitive effort on the part of the banking system to expand its share of the savings market and by virtue thereof its position in the economy as a whole. As such, it has implications which go far beyond resultant deposit and asset increases. The direction in which commercial banks choose to move, within the context of existing legislation and regulation, will have a distinct and discernible impact on the framework itself. This has been the experience of the banking system since its inception, and if further proof were needed, it was provided in 1962 with the increase in the Regulation Q ceilings in the first place, followed by the exemption of foreign time deposits from the Regulation Q limits, decreased mortgage lending restrictions, decreased reserve requirements on time and savings deposits, and increased taxation of competitors.

Possible Far-Reaching Changes

Of greater importance than the legislation which has been enacted is that which has been proposed. Far-reaching changes are now being contemplated; and, significantly, this is one of the few periods not characterized by war or panic when such has been the case. A great many of these are directly related to commercial bank activity in the savings market and, if passed, would greatly enhance such activity. For example, consider the results which would occur if reserve requirements on time and savings deposits were eliminated, if the Regulation Q ceilings were placed on a standby basis, and if the competitive inequalities between commercial banks and certain other institutions stemming from differing taxation procedures were eliminated: In this situation, shifts from checking to savings accounts would not necessarily result in any reduction in demand deposit totals; and savings deposits could be regarded as being completely stable. The enactment of these proposals is not at all beyond the realm of immediate possibility, given the current competitive posture of the commercial banking system. The public interest, as has already been brought out, lies in increased commercial bank activity in the field of savings. So long as it appears that banks are actively attempting to fulfill this need, the chances for facilitating legislation are bright indeed.

Thus, 1962 clearly marks a transition. The commercial banking system successfully reversed the trends which were reducing its over-all importance within the economy. The share of the savings market — regardless of how that market is defined—increased, thereby increasing the importance of the banking system within the economy as a whole. This was not accomplished without expense, but competition is not designed to be easy. Further, it is extremely doubtful that competitive pressure could be avoided under any alternative. The expenses involved in obtaining demand deposits are less explicit than the stated interest rate on time and savings deposits. However, every banker knows that demand deposit costs have been rapidly increasing; and, should the banking system attempt to rely more heavily on such balances, one can well imagine the results of the competition which would ensue. Therefore, while in the short run bank earnings have been relatively reduced by the higher interest costs involved, the long-run profitability of this competitive step seems assured.

*From a talk by Mr. Freeman to the Savings Division at the 89th Annual Convention of the American Bankers Association, Washington, D. C., Oct. 7, 1963.

Chicago Analysts to Hear

CHICAGO, Ill.—R. O. Hunt, President of the Crown Zellerbach Corporation, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago being held today Oct. 31, in the Maximilian Room of the Bismarck Hotel.

A. H. Robbins Co. will be the subject of the Nov. 7 meeting, and Rexall Drug & Chemical Co., of the Nov. 14 meeting.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Empire District Electric Company

Empire District Electric, with annual revenues of $16 million, serves electricity to 105 communities with a population of 300,000 in the "Empire District" which includes the corners of four states —Missouri, Kansas, Oklahoma and Arkansas; Joplin, Missouri, is the principal city served. A major industry in the area used to be lead and zinc mining, but this deteriorated over the years; currently there seems to be some increase in activity reflected by a series of price increases in the metals. More important industries include: oil pipe-line pumping; food processing; aircraft and automotive equipment; foundries and machine shops; nitrate and phosphate fertilizers; and clothing and shoe manufacturing. In addition to a substantial farm economy, the famous Ozark Playgrounds attract a tourist trade of $80 million a year.

The company's revenues are obtained as follows: residential and rural 37%; commercial 23%; oil pipe-line pumping 5%; other industries 26%; wholesale 7% and miscellaneous 2%. Lead and zinc mining now contribute only about 2% of revenues.

The area is served by seven railroads, numerous large truck-lines and several airlines and has important national and state highways. Thus there is direct and ample service to key markets in all parts of the country, with overnight delivery to established markets in the middle west and to the new and developing markets of the southwest, where per capita income is increasing 20% faster than the national average.

System generating capability is about 169,000 kw of which 18,000 kw is hydro. The company purchases about 12% of requirements. No new generating facilities have been built for some time, but a 15,000 kw gas turbine generator will be installed at Riverton (for use in conjunction with the steam generator) which will reduce purchased power costs in 1964 and future years. Also, the company under a new agreement will obtain up to about 20,000 kw of peaking power beginning 1965 from Government hydro projects. The company extended its power pooling arrangements with neighboring utilities in 1962, and in 1965 will obtain access to TVA power during the summer, under the general agreement between the Authority and ten electric utilities.

As no important generating plants have been built, construction expenditures last year were only $2.8 million, and are estimated at $3,300,000 this year. No new financing was necessary in 1962, principal expenditures being provided by cash flow. It seems unlikely that equity financing will be required before 1965 or later. The company has an equity ratio around 35%.

Considerable progress was made last year in developing new business. While the volume of residential construction was lower than in 1961, builders installed more electric living features in the homes they constructed. Over 1,000 dusk-to-dawn lighting units were installed. An estimated $10 million was spent by industry in the area for expansion. This program included expansion by four chemical companies, three shoe manufacturing customers and three food and processing plants.

The company is regulated by the commissions of four states; the Missouri Commission, as the result of recent court decisions, now recognizes a fair value rate base. Return on year-end net plant in 1962 was 6.9%, having increased from 4.9% in 1954. A promotional rate cut approximating $300,000 a year for major electric appliances and heating was recently put into effect. The company's accounting policy is conservative, tax savings from the use of accelerated depreciation being normalized. The 3% investment tax credit and new depreciation guidelines are not as yet reflected in income statements.

The company had a good year in 1962, with earnings per share increasing to $2.38 vs. $2.15 in 1961. Revenues increased 10% with favorable business conditions and increased air conditioning sales. Over one-quarter of the increase was accounted for by two large new chemical industry customers. Revenues from oil pipe-line pumping gained 14%, due in part to a downward rate adjustment. Also, revenues from zinc and lead mines, while still small, jumped 50% over 1961 as the result of increased activity in the industry.

In the first half of 1963 gains continued, with residential and commercial revenues up 5% and industrial up 9%. The industrial load expanded around the middle of the year with the initial operation of a large new electric coal-mining shovel, together with expansion in other industrial facilities.

While the company's earnings per share showed little gain during 1953-57—from $1.41 to $1.49—they have increased rapidly since 1957, being estimated at $2.50 this year. The average annual rate of gain for the years 1958-63 thus works out at 9% compounded, an excellent showing. There may be some question however as to whether this rate of gain can be maintained in future years. Selling around 50 and paying $1.80 (the rate was raised recently from $1.64) the stock yields 3.6%. A 3-for-2 split was also declared recently, effective Dec. 13 if approved by state authorities. The stock is selling at 20 times estimated 1963 earnings.

P. R. Counsel for Lehman Brothers

Lehman Brothers, 1 William St., New York City, members of the New York Stock Exchange, have retained the firm of Fred Rosen Associates, Inc. as public relations counsel.

The oldest continuing partnership in American investment banking, Lehman Brothers performs a variety of banking and financial services including the management of The Lehman Corporation, a closed-end investment company, and The One William Street Fund, Inc., a mutual fund.

Pressures Mount on Transporation

Transportation expert says existing transportation modes must inevitably succumb to innovational changes in the face of unrelenting pressures crying for improvement.

Increasing pressures of social and economic change demand transportation innovations on a far greater scale than has yet been achieved, William C. Flaherty, new Director of the Transportation Center at Northwestern University, recently declared.

Addressing the final seminar of the Center's first National Transportation Institute for college undergraduates, Mr. Flaherty said:

"Our nation faces a period of growing population with changing urban and suburban patterns of living and economic activity. The dimensions of suburban growth that are now clearly fixed for the future, the decentralization of many types of economic activity, of which employment is only one, are promising to make new demands for greater efficiencies in all modes of transportation. These demands will call for innovations in transportation on a far greater scale than has to date been accomplished."

Mr. Flaherty told the Institute students from 13 colleges and universities, including representatives from Brazil, Japan, and the United Arab Republic, that "specialized knowledge and skills of many disciplines will have to be brought to bear on transportation planning and development."

"It is difficult to think of another type of basic economic and social activity so challenging in its demands on technology and policy development as is transportation."

His meeting with the Institute group marked Mr. Flaherty's first official appearance as the Center's Director. Formerly Director of business research at Chrysler Corp., Mr. Flaherty succeeded Franklin M. Kreml, founder and first Director of the Transportation Center, who last September was named Vice-President of Northwestern for planning and development.

Form Corporation

MONTEREY, Calif.—Andrews Investment Consultants, Inc. is now conducting its securities business from offices at 499 Van Buren Street. Officers are Jack E. Andrews, President; Frederick K. Hughes, Vice-President, and I. L. Andrews, Secretary and Treasurer. Mr. Andrews was formerly sole proprietor of the firm which was located in Pebble Beach.

Ware & Keelips to Admit

On Nov. 1, Ware & Keelips, 61 Broadway, New York City, members of the New York Stock Exchange, will admit Imogene S. Keelips to limited partnership.

The Dollar's Soundness; Liquidity; Payments Deficit

Continued from page 1

country, saw a contraction in these activities of United States banks from their high levels during the Twenties. Today, the dollar is the leading international currency. The United States is the world's largest exporter and importer of goods, services, and capital. United States banks and financial institutions have played a major role in achieving this result, and can continue to play such a role in the future.

A nation that has a key currency and is a world banker must have a sound monetary system, adequate credt facilities, and prudent fiscal and monetary policies. Other wise, other nations are not going to be willing to hold its currency as part of their reserves or carry on trade and investment through its use. Our willingness to buy or sell gold at $35 per ounce is a key element of our monetary system. Also, we have the credit facilities. We have broad money and capital markets, a substantial and free foreign exchange market, and private financial institutions with worldwide correspondents, financial know-how, and the ability to move funds in large amounts from nation to nation quickly and cheaply.

This vast machinery for promoting economically sound growth of private world trade and investment is a powerful instrument to foster a free enterprise and market system throughout the world. American financial and business know-how is a great revolutionary force promoting peaceful world technological change; as such, it is part of the great historic American revolution of freedom. To foster increased freedom of movement in world trade and investment is and should continue as a long-range goal of national policy. In the seamless web of freedom, an open world market in goods and capital, no less than in ideas, promotes the historic values for which this country was founded and has always fought.

A nation that is a world banker must also maintain sound monetary and fiscal policies. Otherwise, foreign private and official holders of its currency—in other words, its creditors on short term—will anticipate inflationary declines in its values, exchange restrictions, or devaluation; will lose confidence; and will be less willing to hold it. This is where the United States faces a dilemma. A balance of payments deficit such as ours means either a loss of gold or a rise in holdings by foreigners of our currency. So the deficit adds to the pressure for sound monetary and fiscal policies. Now, the classic solution to a payments deficit is to tighten credit, reduce government spending, and thus assure stability in the currency. But the dilemma in today's wage and tax environment is that such policies may also tend to dampen economic production and increase unemployment, and that seems to many to be too high a price to pay.

Future Prospects

Before commenting on the Administration's payments policies, I should say a word or two about future prospects. There are many signs that world trade and investment can be entering an era of enhanced freedom that may match or outdo the "golden era" of mid-nineteenth-century Britain. First, there is the European Common Market and the 1958 return to free convertibility of European currencies. The Common Market has moved faster than expected toward European unity, not only in tariff policy but in mobility of workers, capital, supply of services, and business location. Since 1957 export trade between the Common Market countries and third countries has expanded faster than world trade. Second, the Trade Expansion Act of 1962 allows the President to agree with other countries to reciprocal tariff cuts on broad classes of goods. The "Kennedy Round" of such negotiations, set for the spring of 1964, may see both tariff and nontariff trade barriers reduced, despite the current "chicken battle" over tariffs on United States poultry exports to Europe. Finally, world trade and investment will be increased if only part of the ambitious plans of less developed nations to grow faster are realized.

The threat to higher world trade and investment totals, with all they could mean for enhanced living standards and the spread of free institutions, is the possibility that nations might retreat to the restrictive trade and exchange practices of the Thirties. Splits between NATO allies, the attempt by a single European nation to turn the Common Market to its own aggrandizement, further inroads by the Communists, or marked failures of United States foreign policy could possibly trigger such a movement.

Failure to solve our payments problem, or a shortage of international liquidity that promotes instability or inhibits trade, would also increase that threat. In 1932 it was the failure of the Kredit Anstalt in Austria, producing excessive demands for sterling in London, that brought down the gold exchange standard and brought on the world's most severe depression in modern times. Such an event today, if unchecked, would also play havoc with the postwar European move to unity, the increased community of interests among Atlantic nations, and other constructive historical tendencies now at work. And it would play into the hands of our Communist enemies.

Today's gold exchange standard is still exposed to shocks of confidence. But it also has defenses against such shocks not available to London in the Twenties, thanks to the recent work of central bankers and finance ministers of the Atlantic countries. This system of defenses has withstood the test of heavy pressure on sterling in the spring of 1961 and again in early 1963, the Berlin crisis in the summer of 1961, the run on the Canadian dollar in May-June 1962, the stock market drop in May 1962, and the Cuban crisis in October 1962. The question that remains is whether this system of defenses built to fend off crises is also adequate to support the growing levels of trade and investment without some new method of providing borrowed reserves to countries with balance of payments deficits.

The Balance of Payments

It is no news that the United States is such a country. We have been lending long, and borrowing short. Our total asset position is strong; our assets abroad exceed foreign assets here by an estimated $28 billion. But we have had a balance of payments deficit for 12 of the last 13 years. Up to 1958, these deficits were no problem. They actually furnished the badly needed dollars to finance the expanding world trade I have described. But since 1958 we have lost gold faster, and the deficit has been a problem.

Over the 13-year period, the deficits have amounted to $26 billion. To finance them, we have sold about $8 billion of gold and foreigners have taken the rest in an $18 billion increase in their short-term liquid claims on us. The current gold stock of about $15.6 billion leaves less than $3.5 billion of free gold above the $12.2 billion required to back our money supply of currency and demand deposits. Claims of foreigners and international agencies on our gold now total nearly $25.5 billion.

Throughout this period, surplus after surplus of commercial exports of goods and services has not been big enough to cover the deficits of government and capital transactions. At first the Administration predicted that the deficit would be erased by 1964. Now, it says the deficit has been reduced. But in fact there has been little improvement, if special government transactions to improve the figures are excluded. On the contrary, this year so far has seen a sizable worsening of the deficit. And Secretary Dillon testified this summer before the Joint Economic Committee that even at a lower rate we cannot afford this imbalance for more than a year or two.

Questions Basis for Long Run Optimism

The Administration appears to be relying on a recent Brookings Institution study for much of its optimism about the future improvement of the deficit. That study tried to forecast the deficit for 1968, based on assumptions in part given by the Council of Economic Advisers. The study was widely reported as concluding that by 1968 the "basic" balance will have moved into a surplus position.

However, a closer study of the report itself casts considerable doubt upon this interpretation. In the first place, the authors emphasized that their forecasts were no more than "highly speculative" guesses. Second, they left out of their definition of "basic" balance all short-term capital flows, which have been averaging $1.2 billion in the last three years. Third, the assumptions used in the study are open to question.

Skipping technicalities, this is the picture their assumptions painted. United States productivity will rise faster than Europe's. We shall grow fast enough to reduce unemployment to about 4% of the labor force. Prices will rise faster in Europe than here. United States private investment abroad will shrink, European investment here will rise, and government long-term capital and aid will rise.

If our productivity is to rise faster than Europe's, in my opinion more will have to be done to improve business confidence and stimulate investment. This is by no means certain and will take positive policy decisions on reducing government spending, restraint in wage and price policies, and less competition by government with private credit. As for European wage inflation, can we really expect that Europe will stand idly by without taking measures to slow such a rise in costs and prices? Already, France and Italy have just announced massive stabilization programs, and the Organization for Economic Cooperation and Development has been giving this problem intensive scrutiny. And as for more government spending abroad and less private investment, is this what the world's most successful free enterprise system should strive for? I, for one, am not in favor of such a result.

In short, then, the Brookings study on closer examination seems hardly to justify optimism about our achieving a payments balance by 1968. Maybe we will — but maybe we won't. So the payments deficit still remains a threat. It is a threat to the dollar as a key currency and to the United States as a free world financial leader. It is also a threat at home. For if corrective measures unduly restrict our output and employment, we may find ourselves with a remedy that creates a new malady.

The Administration's Proposals

The President's July 18 statement of Administration policy places major reliance on increased short-term interest rates and a further exports expansion drive. The tax cut is counted on to prevent output and employment from suffering. The impact on the balance of payments of military and foreign aid spending is to be further reduced. More military assets abroad are to be sold, and more military aid funds are to require purchases in the United States even at prices up to 50% higher than those abroad. More and more foreign economic aid spending is to be tied to United States purchases. And private capital outflows are to be checked by a proposed new tax on foreign securities sales.

In my opinion, these measures ease without curing. I am convinced that our balance of payments policies require searching reappraisal. They should be accompanied by an equally searching reappraisal of government spending policies which will, in the current fiscal year, reach an all-time high and include new programs with "escalator" clauses. The two are intimately related. To avoid a needed rethinking of government spending policies at home, we are letting the balance of payments problem push us away from freedom of trade and investment, away from private enterprise in world trade, toward more government in foreign economic affairs, and toward more tying of private exports to government spending abroad, with all the dangers this may bring. Already, instead of reducing government spending abroad to the minimum, we plan to tax private investment abroad. And the administrator of foreign aid is arguing that we can't cut foreign aid because that will also reduce our exports.

Urges Cut in Government Foreign Aid Spending

In March of this year on the floor of the Senate I urged a reexamination of the government's foreign spending. I proposed a cut in defense spending requests of $1.2 billion, including withdrawal of a division of United States troops from Europe. And I proposed a cut in foreign aid spending requests of $1.8 billion. As I said earlier, pressing problems of priority lie at the bottom of the payments question. Despite the skillful innovations of Federal Reserve and Treasury technicians in arranging our debts abroad to cut down the drain on our gold stock and defend us against crises, these defenses are not impregnable and do nothing in themselves to answer the pressing questions of policy we face.

Take exports, for example, where our promotion campaign has had few concrete results. There is a long list of possible measures. These include cuts in ocean freight rates and export taxes, re-study of our antitrust laws regarding exporters, and increased technical assistance. There is a vast area of nontariff restrictions on trade to negotiate away. There are the restrictions on tourist spending by our trading partners which prevent travel here. It is time to urge and help Europe to develop its own capital markets.

If Europe is increasingly prosperous, can it not shoulder more of its own defense burden? If it can, do we need to keep a quarter of a million men and their dependents there a generation after World War II? Now that we have parceled out more than $100 billion in foreign aid to nearly 100 countries since the war, it is not past time for a severe tightening up?

Far from a move towards isolation, my conviction that overseas government spending can be reduced comes from a desire to free our own enterprise economy from some of its onerous burden of financing government. Then it can move even more vigorously to expand private trade and investment overseas and thus to export the American revolution of individual freedom, technical competence, and rising material living standards.

Government spending, indeed, is the link between the balance of payments and domestic prosperity. As I said in March, a tax cut is long overdue, if it goes along with more restraint in government spending. The Administration argues that "more after-tax money means more buying power for consumers and investors." But this is true only if that money retains its value. What good is it to grant a tax cut of $11 billion now, and then to turn around and borrow it back, and possibly more, through budget deficits? Cuts in government spending would yield the same after-tax money.

This seems like a man-on-the-moon kind of fiscal policy, a kind of ingenious fiscal stunt. I was glad to see the President propose that Russia share with us the immensely fascinating experiment of space exploration. I have felt that to make it a race is to distort its noble purpose as well as greatly increase its cost and its strain on our limited scientific talent. What is needed in the government's payments and fiscal policy is not so much more ingenuity as more confidence in the soundness of that policy both by businessmen at home and by overseas dollar holders. It is simply not reasonable to expect investors and businessmen to brush aside continuing balance of payments deficits and continuing budget deficits in their planning for the future and to place their reliance instead on the success of ingenious but doubtful fiscal stunts.

The Question of International Liquidity

The Brookings Institution study of the balance of payments in 1968 also looked ahead to ask whether the international payments system is adequate to permit continued economic growth and world trade and investment expansion. The study concluded that unless fundamental changes are made, a shortage of international reserves will choke off that growth.

This question is so important that I must ask you to bear with me while I give you some figures to illustrate it. The Brookings study expects world trade to grow by 35% from 1961 to 1968, which is not unreasonable, since it is less than the 50% increase during a comparable period during the 1950's. The study expects payments imbalances — swings into surplus or deficit by particular nations—to grow in about the same proportions as the over-all growth in world trade.

Now, at the end of 1961, the monetary gold stocks and foreign exchange reserves of central banks and governments stood at $61.2 billion. To support the expected growth in trade, and in the swings of trade, the world's gold and foreign exchange reserves, according to the study, must be increased by more than $21 billion. In other words, by 1968, total gold and foreign exchange reserves would have to amount to about $83 billion. However, by 1968 extra gold supplies from new gold production will add not more than about $5 billion. And if the United States eventually solves its payments problem, United States dollar deficits in the interim will supply only about $3 billion more. In other words, by 1968 the world will be short by $13-14 billion of the $83 billion of gold and foreign exchange reserves needed. The world will face a money squeeze.

Let me put the matter another way. Of course, we recognize that the existing international monetary reserves of the free world consist mainly of gold and dollar holdings. If the United States reduces its deficit, it reduces at the same time the flow of dollars into the reserves of foreign nations. And a surplus in the United States net payments position would actually contract the volume of foreign held dollars and so of foreign held monetary reserves.

But according to the reasoning of the Brookings study, European and other leading trading nations would be unwilling to see their reserves actually shrink under the impact of a United States surplus. They would be unwilling to allow their domestic economies to be subject to contraction as a result of forces operating in other countries. So they would probably counter with restrictive actions to reduce their payments to the United States, and world trade and investment would shrink because of a shortage of money. The Brookings study concludes that our payments deficit is not the principal problem we face; rather, the problem is "the basic inadequacy of the international monetary mechanism in relation to the requirements of the Free World."

Super Central Bank and Currency

The Brookings study favors setting up a new super central bank, with its own new currency unit which the bank would create and lend to various countries, giving them plenty of time to finance protracted deficits in their balances of payments. The dollar as an international standard of value would be abandoned. The new super central bank, with powers of money issue, would replace the dollar as the Free World international reserve.

Of course, this is no new idea. John Maynard Keynes, the British economist, advanced the same idea at the Bretton Woods conference in 1944 and saw it turned down. Other academic economists have advanced similar proposals during the last few years. Nearly all of them rest on a new credit-creating mechanism that would be international in character and that would create and lend such new international reserve credit to countries with balance of payments deficits.

In my opinion, all these schemes suffer from two very grave dangers. As a close student of banking and currency, who for 30 years has been responsible to the American people and the Constitution to pass on grants of powers in this absolutely vital field, I want you to know that I would approach any such scheme with the most extreme caution. And I would urge upon my colleagues in the Senate, both present and future, that they do so as well, in the interest of safeguarding the future soundness and prosperity of the American economy and the welfare of the people.

Opposes Brookings Proposal

The first grave danger of such schemes is that they have a worldwide inflationary bias. The second is that they bargain away part of this nation's sovereignty over the money power, granted to the Congress in the Constitution, and would hand it over to a new breed of international central banker.

I disagree flatly with the Brookings study conclusion that "the present problem is not primarily a balance-of-payments problem." Just how would it promote our national interest for a super bank to give us the means to go on running government budget deficits in periods of prosperity such as the present—and to go on running a payments deficit without giving any more thought to expanding our exports, keeping our wages and prices in line with competitors, and insisting with our European friends that they reduce their own trade restrictions, and share more of our common defense and aid burden? How could such an institution as a super bank resist becoming an engine of inflation under the combined pressure of some future allied nations bent upon some future schemes of aggrandizement? I am glad the President made clear in his July 18 statement the sharp separation between our payments problem and the liquidity question.

Then we come to the question of sovereignty. We are living today in a world where General de Gaulle, for example, envisions a "Europe of nations," opposes the transfer of national sovereignty to supranational institutions, opposes the idea of Atlantic partnership, and seems to seek to turn the Common Market to the ends of France. Some observers have called this "a tragic betrayal of the most creative enterprise since World War II." However we view de Gaulle's objectives, we must face the fact of his ideas and actions. Can we seriously imagine that some grandiose world economic conference could achieve success in dealing with the international monetary system by creating a new super bank under these circumstances?

Favors Immediate Study

Having said all this, however, I want to make it crystal clear that we cannot afford to jeopardize the future prospect of moving forward in world trade and investments by neglecting the international liquidity question. This is why I favor immediate study of the question by the member nations of the Organization for Economic Cooperation and Development and the International Monetary Fund. Furthermore, I am convinced that comprehensive studies of this question should be undertaken by the Congress.

Such studies should explore fully the size and nature of possible liquidity shortages and should carefully appraise all the alternatives for dealing with them. Moreover, in my opinion, the Congress needs to appraise the experience of Free World central bankers in their growing practice of continuous and informal consultation and collaboration.

We all remember Clemenceau's famous quip, that war "is too serious a matter to be left to the military." We may paraphrase it to say that perhaps our monetary system is too serious a matter to be left to economists and central bankers. This in no way derogates the splendid technical work of the Treasury and Federal Reserve experts who have led the way in building defenses for our gold and dollar exchange standard. But if we are to gain and keep the understanding and support of the Congress and the American public of new developments and problems in this difficult but vital field, questions of policy and national sovereignty require the most thorough and comprehensive airing before action is taken. Certainly the Senate Banking and Currency Committee has a vital interest in this entire area and will follow developments in it with the keenest concern. I urge upon American bankers a similar interest and concern.

*An address by Sen. Robertson before the Second General Session of the 89th Annual Convention of The American Bankers Association, Washington, D. C., Oct. 9, 1963.

Customers Brokers To Hold Meeting

The Association of Customers Brokers will hold an educational meeting on the outlook for the cosmetic and toilet goods industry on Nov. 4 at 4 p.m., at 15 William Street, New York City. Speakers will be Stephen L. Mayham, of the Toilet Goods Association; George J. Abrams, Maradel Products, Inc., and Murray Silberstein, Oppenheimer & Co.

First Secs. of Golden

GOLDEN, Colo.—First Securities of Golden, Inc. has been formed with offices at 1800 Jackson Street to engage in a securities business. Officers are Peter H. Oliver, President and Treasurer; William E. Murane, Vice-President and Secretary, and Howard E. Parks, Jr. Mr. Oliver and Mr. Parks were formerly with McDonnell & Co., Incorporated.

SECURITY SALESMAN'S CORNER BY JOHN DUTTON

Do It Right and You Will Do Business

When you play a game by the book you may lose sometimes but the law of averages will work in your favor. That is why good baseball managers play percentages. Good speculators operate this way. Successful salesmen not only know the rules that bring success but they function within these rules and they respect them.

Sometimes the best way to learn how to do something is to analyze how someone else did it well. Here is a "true from life" for you that happened recently. Several weeks ago a salesman of my acquaintance was very much pleased to learn that a stock he had sold to several clients years ago had finally come to life. It tripled in value during the past five months, and although it is still around the six dollar mark, it is at last above the very top price at which he had recommended it years ago. One of the rules that this salesman has always respected in his business was that he kept a complete cross record reference file of every security he ever sold. He retained these records. No matter how well or how poorly a security fared in the after-market he held on to those cross reference records.

In this particular instance, he noticed a client he had not seen in about five years was on the record for 1,500 shares that had been acquired at an average of about 4½. It was the only purchase this man had ever made from him. For years the stock was dormant between 1¼ and 2½. The salesman thought no more of it and considered this transaction a one shot deal. But as he went through the list of names that he had listed as the owners of this struggling little long-pull ride to nowhere, he decided that he would try a call and see if this man still held it.

He picked up the telephone and called his home. A woman's voice answered and he was told that his customer had died about six months prior to that time. His widow vaguely remembered him. She told the salesman that she was thinking about that stock but she was completely in the dark about what to do—not only with that item but her entire financial situation.

Not content to send her a letter—nor to try and do business by telephone—this salesman made an appointment to call to see her. He went to her home a few days later. She showed him some statements from another broker which listed other securities her husband owned. She told him about her attorney. She had some stocks registered in joint tenancy, with right of survivorship, that she didn't know how to put into transfer. In fact she didn't know how to keep a check book. She just wrote down all the checks she issued and her bank statement had not been balanced in months.

This salesman then put his efforts into helping her unravel the web. He met her at her bank and helped her obtain the proper certificates for retransfer into her name. He consulted her lawyer and secured affidavits of domicile, signed stock powers, and death certificates, and he placed her certificates into transfer in her name. By this time she was happy to have him handle her own account and she closed the account that was with the other competitive broker in joint name with her husband. The salesman then had these securities transferred to her name.

Next she said to him, "I don't know when I am getting my checks and I don't know how much a year I will have from my stocks." He fixed that up too. He made a list of her holdings, bought her a little record book, listed the dividend payment dates for her, added the combined totals of her income, and one evening he went to her home and showed her how to balance a check book against a bank statement and keep a simple set of records and a checkbook.

Who Deserved The Business

As a result of this service, the salesman sold out the nondividend paying, speculative, common stock that was then selling around six and reinvested the proceeds in a mutual fund on a monthly withdrawal plan basis. There will be additional investments that must be made as the estate is settled and her house is put in order. Meanwhile, this lady has many friends and connections with other women who are in the same predicament. They need more income, sound investment advice, and an interested investment broker to advise them and help them. This account should become a good friend of this salesman and other clients may well come to him through her recommendations.

Meanwhile, the other broker, who had only done a small amount of business with her deceased husband, did not think it worthwhile to pay a social call, or to try and find out if he could be of service and help. He just wrote a brief note and offered his services . . . but he didn't follow up. Possibly the account looked too small to him on the basis of the statement that his firm mailed to this lady's joint account.

Summary

(1) Keep cross record files on every security.

(2) Never discard a record.

(3) Don't give up on any stock . . . it may someday come to life.

(4) What does it cost to pick up the telephone and call someone . . . even if you haven't the remotest idea they may have a need for your services . . . they may be waiting for you.

(5) When a man dies, his widow can be your best account.

(6) Make the call . . . don't sit in your office . . . the mountain won't come to Mohammed.

(7) Help others. Offer your knowledge . . . your time . . . and your sincere interest to those who are confused, in doubt, and who need help.

(8) When you make a friend you don't have to sell anything—you advise that friend what to do. And this kind of an account leads to more business.

[John Dutton is the pen name of a registered representative employed by a large member firm of the New York Stock Exchange.]

NEWS ABOUT BANKS AND BANKERS

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

The **Manufacturers Hanover Trust, New York,** opened its new Kissena Boulevard office in Flushing, Oct. 26.

The new office—Manufacturers Hanover Trust's 19th in Queens—is located at 41-01 Kissena Boulevard.

James P. Ollivier is Branch Manager. Joseph F. Sheridan, Assistant Manager; John P. Flood, Platform Assistant, and Sebastian De Palermo, Personal Loan Counsellor, complete the official staff.

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Hulbert S. Aldrich, Vice-Chairman of the **Chemical Bank New York Trust Company, New York,** has been made top officer in charge of the bank's international division. Mr. Aldrich had been in charge of the fiduciary division.

The election of Donald E. Coyle as a Senior Vice-President of the Chemical Bank and Chief Administrative Officer of the international division also was announced.

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Chemical Bank New York Trust Company, New York, has elected Thomas F. Owens to its Lower Manhattan Advisory Board, it was announced today by Harold H. Helm, Chairman.

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Julius C. Beck, John E. Bednarek, Alfred R. Bennett, George K. DeHaven, Werner J. Gunzburger, Charles C. Madigan and Arthur H. Shields have been promoted to Assistant Secretaries of **Chemical Bank New York Trust Company, New York,** it was announced Oct. 28 by Harold H. Helm, Chairman.

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The **Bank of Commerce, New York,** elected David S. Smith a Director.

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The Comptroller of the Currency James J. Saxon on Oct. 15 announced preliminary approval of an application for the organization of a new National Bank in New York City.

The institution, to have the title, **Chelsea National Bank,** will be located at 248-254 Ninth Avenue. Initial capitalization is $3,000,000.

* * *

Stockholders of the **Kings County Trust Company of Brooklyn** have voted to increase its authorized capital stock.

The stockholders authorized the increase of the capital stock from $2,795,100 divided into 279,510 shares of $10 par value each, to $4,402,290 divided into 293,486 shares $15 par value each.

* * *

The **Bank of Babylon, Babylon, N. Y.,** was given approval to increase its capital stock from $1,150,480 consisting of 230,096 shares of the par value of $5 each, to $1,250,520 consisting of 250,104 shares of the same par value.

* * *

Edward L. Clifford, President of the **Worcester County National Bank, Worcester, Mass.,** announced Oct. 25, that final approval for the consolidation of the **Clinton Trust Company, Clinton, Mass.,** into the Worcester County National Bank has been granted by the Comptroller of the Currency.

The consolidation became effective at the close of business Friday, Oct. 25.

The consolidated bank will have total capital funds of $16,165,000, including Surplus of $8,695,000 and Undivided Profits of $3,285,000. Capital Stock will amount to $4,185,000 which is represented by 418,500 shares of stock at a par value of $10. Total combined assets of the bank will be $204,569,000 based on Sept. 30, figures.

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The Newton - Waltham Bank, Waltham, Mass. elected Nathan I. Greene, President, effective Nov. 1.

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The Board of Governors of the Federal Reserve System on Oct. 23, announced its approval of the merger of **Palisades Trust Company, Englewood, N. J.,** into **Peoples Trust Company of Bergen County, Hackensack, N. J.**

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The **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** has announced that Stephen S. Gardner has been appointed a Senior Vice-President and head of Girard's Banking Department. Herbert W. Ritter, Vice-President, replaces Gardner as head of Branch Administration.

Frank C. Heebner has been promoted to Vice-President.

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Hugh M. Redhead, Vice-President and head of the marketing office of **Mellon National Bank & Trust Co., Pittsburgh, Pa.,** has been appointed head of the bank's metropolitan division.

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The Board of Governors of the Federal Reserve System on Oct. 23, announced its approval of the merger of **Bank of Newberry, Williamsport, Pa.,** into **West Branch Bank and Trust Company, Williamsport, Pa.**

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The First Pennsylvania Banking & Trust Co., Philadelphia, Pa., elected Robert F. Gilkeson, a Director.

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The Central State Bank, Connersville, Ind., has changed its title to **Central State Bank.**

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The Comptroller of the Currency James J. Saxon on Oct. 29 announced preliminary approval of an application to organize a new National Bank in Illinois — at Decatur with the title, **The Pershing National Bank of Decatur,** with an initial capitalization of $400,000.

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Approval has been given by the Board of Governors of the Federal Reserve System to the **Bank of South Haven, South Haven, Mich.,** to acquire the assets of and assume liability to pay deposits made in **Peoples State Bank of Bloomingdale, Bloomingdale, Mich.,** under the charter of Bank of South Haven and with the title **Citizens Trust and Savings Bank.**

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The **Home State Bank, Horton, Kan.,** was absorbed by **Bank of Horton, Horton, Kan.**

* * *

The Comptroller of the Currency James J. Saxon on Oct. 24 approved the conversion of **Citizens State Bank, Broken Bow, Okla.,** into a National Banking Association. The bank will be operated by its present management under the title **First National Bank, Broken Bow.**

The capital structure for the converted bank remains the same, $326,749.98.

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The Comptroller of the Currency J. J. Saxon on Oct. 24 announced preliminary approval to organize a new National Bank in Oklahoma — At Tulsa, with the title, **Republic National Bank of Tulsa,** with an initial capitalization of $1,020,000. Robert A. Huffman is correspondent for the organizers.

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The Comptroller of the Currency James J. Saxon on Oct. 29 announced preliminary approval of an application to organize a new National Bank in Kentucky—In Owensboro, with the title, **First Security National Bank of Owensboro,** with an initial capitalization of $800,000.

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The Comptroller of the Currency James J. Saxon on Oct. 24 approved the application to merge the **South Carolina National Bank of Charleston, Charleston, S. C.,** and the **Piedmont National Bank of Spartanburg, Spartanburg, S. C.**

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The Comptroller of the Currency James J. Saxon on Oct. 29 announced preliminary approval of an application to organize a new National Bank in Florida — In Cypress Gardens, with the title, **American National Bank in Cypress Gardens,** with an initial capitalization of $300,000.

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The College Station State Bank, College Station, Texas, converted to a national bank under title of **University National Bank of College Station.**

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The Comptroller on Oct. 24 announced preliminary approval to organize a new National Bank in New Mexico—At Clayton, with the title, **First National Bank in Clayton,** with an initial capitalization of $400,000.

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The Comptroller of the Currency James J. Saxon on Oct. 25 announced preliminary approval of an application for the organization of a new National Bank in Washington—At Puyallup, with the title, **First Union National Bank,** with an initial capitalization of $400,000.

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The **Bank of Montreal, Canada,** will establish a representative's office in Mexico City on Nov. 1, according to an announcement Oct. 25. It will be under the direction of Dr. Luis A. Gonzalez as Representative, and William J. Carr will be Assistant Representative.

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The **First National Bank of Hawaii, Honolulu, Hawaii** made Stanley W. Franklin and John R. Pietsch, Vice-Presidents.

Edw. Jones Branch

EMPORIA, Kans. — Edward D. Jones & Co. has opened a branch office in the Emporia State Bank Building under the direction of Edward Wollerman.

McNeel in Nashville

NASHVILLE, Tenn.—McNeel and Co., Inc. has opened a branch office in the Nashville Trust Building under the management of Carl H. Boone.

STATE of TRADE and INDUSTRY

Continued from page 16

operating at about 63% of capacity, *Iron Age said.* This rate will assure fairly profitable fourth quarters for the efficient mills.

The outlook for individual mills varies on the basis of product mix and the market served. Auto-oriented mills can see the end of inventory control in November and December, and look for an upturn then.

But mills leaning heavily on construction will face tougher going. Some of these predicted declines through the last months of the year.

The question is still whether the industrial upturn can outweigh seasonal declines for tinplate and construction steels. The inventory picture is still not clear—except for the realization that much less inventory was worked off during the summer months than had been predicted.

The inventory pattern in the auto industry is emerging somewhat, however. Ford has been the first to work off its excess steel. But with its own steel mill working at capacity, even Ford being in balance since mid-October has not brought any real surge overall. General Motors appears to be ordering for November-December at about 70 to 75% of use. Chrysler has made supplemental buys on occasion, but is still on the long side with its steel stocks.

As evidence of the effects of the auto market, Detroit area mills are operating at nearly one-third higher than the national rate.

The outlook now is wait-and-see. Unless automakers come into the market more heavily than seen now, there is little chance of a big surge before the end of the year.

After that, the overall market will adjust to the rate of the economy and will be geared to overall industrial demand. This will replace an inventory-controlled rate that has characterized the market through buildup and liquidation for most of the year.

Reach Six Million Passenger Car Output for the Year to Date

Auto production in the U. S. last week reached 6,000,000th passenger car made since Jan. 1, and combined output of cars and trucks climbed to 7,196,542 — within 150,000 units of output in corresponding record 1955.

Ward's Automotive Reports fixed industry passenger car output last week at 183,701 units, another eight-year high and climbing from 179,422 assemblies a week ago. This week's production is also scheduled 12.7% above 162,986 cars built in the corresponding week of a year ago.

The statistical agency put car output for the year to date at 6,015,817 units, more than 500,000 ahead of 5,506,352 a year ago; truck production, trending toward a record year, has risen to 1,180,725, or 16.3% from a year ago.

The auto industry is aboil, however, with labor resistance to '64 model production demands. One plant — General Motors' Buick - Oldsmobile - Pontiac - Chevrolet—at Doraville (Ga.) was struck recently over work standards. Two other GM plants received five-day strike notices; strike ballots were taken last week at seven other company plants. GM and the UAW resolved grievances last Monday at the Hydra-Matic (Ypsilanti, Mich.) complex, which makes automatic transmissions for all but Chevrolet of GM's five car divisions.

Elsewhere, workers at three Chrysler Corp. and two Ford Motor Co. plants have balloted for strikes, although notices required for authorized walkouts (12 days in the case of Chrysler, five in the case of Ford) have not been given. Two other Ford plants were scheduled as scenes of strike-voting.

In the face of this, however, and pressed by buyer demand, the car makers last week slated overtime last Saturday at 31 of 45 active assembly sites; Ford Motor Co. planned the extra day at all of its 16 plants; GM Corp. at seven Chevrolet and three combination complexes; Chrysler Corp. noticed Detroit (Jefferson Avenue Chrysler), Hamtramck (Valiant-Dart, in Dodge Main) and Los Angeles for the extra day.

Of passenger cars scheduled last week, GM Corp. accounted for 50.6%; Ford 29.4%; Chrysler Corp. 13.6%; American Motors, 5.3%, and Studebaker, 1.1%.

Rail Ton-Miles and Freight Car Loadings Stay Above Year-Ago Week

Loading of revenue freight in the week ended Oct. 19, totaled 626,180 cars, the Association of American Railroads announced. This was a decrease of 9,416 cars or 1.5% below the preceding week.

The loadings represented an increase of 12,954 cars or 2.1% above the corresponding week in 1962, but a decrease of 24,778 cars or 3.8% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Oct. 19, 1963, are estimated at approximately 13.8 billion, an increase of 7.1% over the corresponding week of 1962 and 7.0% over 1961.

The 61 class I U. S. railroad systems originating piggyback traffic reported loading 17,214 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Oct. 12, 1963 (which were included in that week's over-all total). This was an increase of 2,148 cars or 14.3% above the corresponding week of 1962 and 4,895 cars or 39.7% above the 1961 week.

Cumulative piggyback loadings for the first 41 weeks of 1963 totaled 627,531 cars for an increase of 74,823 cars or 13.5% above the corresponding period of 1962, and 169,105 cars or 36.9% above the corresponding period in 1961.

Truck Tonnage 2.2% Above Year-Ago Week

Intercity truck tonnage in the week ended Oct. 19 was 2.2% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was almost even with the volume for the previous week of this year—being off only 0.2%.

For the third consecutive week truck tonnage has shown steady gains on a year-to-year basis. Since late June, truck tonnage has been ahead of the 1962 level in 15 of the last 18 weeks reported.

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 22 localities, with 12 points reflecting decreases from the 1962 level. Three trucking centers showed increases of 10% or more, while only one terminal area reflected a decline in excess of this amount.

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

August Truck Tonnage Reflects Continued Gains

Intercity freight tonnage hauled by trucks during August of this year showed an increase of 2.9% compared with that hauled in August of 1962, the American Trucking Associations reported. Truck tonnage reported on a cumulative basis for the period January through August of 1963 showed an increase of 1.5% over the corresponding period last year. August tonnage reflected a 7.7% gain over the total volume recorded for the month of July.

These findings are based on the ATA Department of Research and Transport Economics' monthly survey of class I and II common carriers of general freight. The data are not adjusted for seasonal influences nor for the differences in the number of working days in each month. However, the month-to-month gain can be largely attributed to more working days during August than July. The fact that motor freight volume customarily picks up during late summer is also a contributing factor.

The less comprehensive weekly reports indicate that truck tonnage during September and early October continues to lead the comparable periods of 1962 by narrow margins.

Nearly one-third of the general freight carriers—354 reporting for August — hauled 7,169,534 tons, compared with 6,970,676 tons in August, 1962, and 6,659,820 tons in July, 1963. For the first eight months of each year, the cumulative tonnage reported by these carriers was 53,802,399 tons in 1963, compared with 52,997,432 a year ago.

Week's Lumber Output 4.6% Above 1962 Rate and Up 4% From Last Week

Lumber production in the country totaled 228,131,000 board feet in the week ended Oct. 19, according to reports received from regional lumber associations. This output rose 4.0% in the latest week-to-week change.

Compared with 1962 levels, production climbed 4.6%, shipments rose 13.3% and new orders rose 5.0%.

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

	Oct. 19 1963	Oct. 12 1963	Oct. 20 1962
Production	228,131	219,268	217,952
Shipments	248,744	218,508	219,544
New orders	236,023	225,909	224,622

Electric Output Shows 6.9% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 26, was estimated at 17,261,000,000 kwh. according to the Edison Electric Institute. Output was 88,000,000 kwh. more than the previous week's total of 17,173,000,000 kwh. and 1,112,000,000 kwh. above the total output of 16,149,000,00 kwh. in the corresponding 1962 week or a year-to-year gain of 6.9%.

A survey by the Institute revealed this past summer's peak load generation of 160.2 million kilowatts was 7.5% greater than that for the summer of 1962. Moreover, electric energy output in 1963 is projected at 922.9 billion kilowatts or 7.3% more than that generated last year.

Decline in Business Failures From Prior Week's Peak

Commercial and industrial failures dropped down to 279 in the week ended Oct. 24 from the 18-week high of 303 set in the preceding week, reports Dun & Bradstreet, Inc. However, casualties were only slightly lower than in the similar week last year when 290 occurred and came closer to the 1961 level of 303 than they have in many weeks. After continuing above comparable pre-war tolls for three consecutive October weeks, business mortality in the latest week slipped 7% below the 1939 level of 300.

The week's downswing was concentrated among failures involving losses under $100,000 which declined to 235 from 268 a week ago and 251 last year. In contrast, larger casualties with losses of $100,000 or more rose to 44 from 35 in the prior week and 39 in the corresponding week of 1962.

Wholesaling failures, falling to 21 from 35, and service failures, down to 27 from 37, accounted for most of the downturn from last week's levels. There was little change in the toll among retailers which inched to 134 from 137 or in the toll among construction contractors which ebbed to 44 from 47. Meanwhile, an increase lifted manufacturing casualties to 53 from 47 last week although they did not reach their year-earlier level. Wholesaling and retailing mortality also remained below 1962 levels, although construction and service failures pushed ahead of last year.

In the Pacific States, casualties dropped to 51 from 73 in the previous week, and downturns also were reported in the East and West South Central and Mountain States. Tolls held about steady in three regions, including the Middle Atlantic with 76 as against 77, and increased in two — the West North Central and South Atlantic. On a year-to-year comparison, business casualties in six regions remained close to 1962 levels, declined in two areas, and increased noticeably in only one.

Canadian failures stayed at 38, the same as last week, but fell short of their year-ago toll of 49.

Wholesale Commodity Price Index Reaches Four-Month High In Latest Week

The general wholesale commodity price level continued upwards through most of the latest week reaching 270.30 last Friday, the highest point since June 14, but then slipped somewhat this Monday, reported Dun & Bradstreet, Inc. Anticipated exports to Russia and Hungary, along with increased demand from Europe and Japan due to crop failures and rising needs of their growing populations, were reflected in even higher wheat quotations. Droughts and frost in Brazil worked toward changing coffee trade from a buyers' to a sellers' market, and coffee prices rose somewhat in response. Tin stepped up in price every single day this week as the Tin Council announced it had run out of stocks to sell on the open market. On the contrasting side of the market picture, corn, hogs, steers, and rubber declined in wholesale cost.

The Daily Wholesale Commodity Index eased to 268.28 on Monday, Oct. 28, from 269.55 last week and 270.24 a year ago. The index ran higher than the 267.60 of the preceding month, however.

Wholesale Food Price Index Holds Even With Last Week and Remains Over Year-Ago

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., held even with the $5.93 set last week and ran ahead of last year for the fourth week in a row, this week by 0.5%. So far in 1963, the index has not equalled the high for 1962 of $6.11, or for 1961 of $6.17 and it drags considerably below 1950's peak of $6.90.

Eleven foodstuffs advanced at whoelsale this week, namely flour, wheat, rye, oats, lard, butter, coffee, cottonseed oil, cocoa, peas, and lambs. However, declines of sufficient strength to offset these gains were registered in eight quotations: corn, barley, hams, sugar, bellies, eggs, steers and hogs.

The Dun & Bradstreet, Inc., Wholeasle 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.

Buying Lags in Lengthy Indian Summer

Purchases of wearing apparel and home furnishings continued to limp along in the extended stretch of warm weather, but total retail volume in the week ended Wednesday, Oct. 23, was sufficiently buoyed by brisk demand for new model autos and home entertainment goods to stay ahead of the year-ago pace. As well, persistent summer temperatures helped to move paints, household repair supplies, and cleaning materials. Halloween novelties attracted a good amount of attention generally. While store-wide anniversary sales helped some cities and a few Southern and mid - Western cities reported sturdy shopping enthusiasm despite the wilting weather, Los Angeles was the only city where merchants were given a lift by cooler temperatures.

The total dollar volume of retail trade in the week ended this Wednesday ranged from 2 to 6% 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: New England —8 to —4; Middle Atlantic —2 to +2; West South Central 0 to +4; Mountain and Pacific +1 to +5; East South Central +2 to +6; West North Central +3 to +7; South Atlantic +5 to +9; East North Central +6 to +10.

Nationwide Department Stores Sales Rise 4% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 4% for the statement week ending Oct. 19 compared with the like period in 1962. The week's gain over the year-ago week marked the 22nd encouraging weekly uptrend in a row. The weekly sales index without seasonal adjustment reveals sales advanced from last week by 3.5%.

In the four-week period ended Oct. 19, 1963, sales gained 4% over last year's level for the comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Oct. 19), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

According to the Federal Reserve System, department store sales in New York Federal Reserve District for the week ended Oct. 19 gained 1% over the comparable year - ago week's figure and 4% compared to last year's four-week period. They were up 5% since the beginning of this year compared to the same cumulative period in 1962. Within the N. Y. Metropolitan area, however, New York City department store sales for the Oct. 19-ending week were *down 5.0%* from the corresponding period a year ago, and sales in the latest four weeks were unchanged from total retail dollar volume from the year-ago period.

A *flash figure* for New York City's sales for the Oct. 26-ending sales week revealed a minus 2.0% compared to the year-ago week. 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 2.0% decline from 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 Oct. 19-ending week's total 6% above the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 5%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

Says Proposed Equalization Tax Could Enlarge European Capital Market

Attention also called to use by European bankers of "new unit of account" as borrowing media.

The interest rate equalization tax on U. S. overseas investments, now undergoing Congressional hearings, may if adopted stimulate development of a unified capital market for Europe similar to the highly organized capital markets of the U. S., according to the Continental Illinois National Bank and Trust Company, Chicago.

In its weekly "Current Comment" letter, dated Oct. 28, the Bank contended that passage of the tax bill would encourage Europeans to marshall internally sufficient funds to finance a larger portion of their growth, rather than relying as heavily as in the past on U. S. investment sources.

Some measure of this reliance was given in the estimate that new European issues sold in the U. S. grew from $24 million in 1960 to an annual rate of about $425 million the first half of 1963. Supporting its prediction of greater European reliance on internally generated funds if the equalization tax is adopted, "Current Comment" pointed out that individual and corporate savings in Europe are increasing, and that private capital market techniques similar to those used here are being developed to tap these accumulations of funds and distribute them where needed for industrial development.

"New sources such as pension funds will become increasingly important," the Continental newsletter predicted. "This has already been recognized in Sweden, where banks are restricted in the granting of long-term loans. It is expected that, in the future, new Swedish long-term funds will be derived primarily from the Swedish Pension Fund, which was authorized in 1959 for national usage. A variety of other techniques will have to be developed to meet the greater needs of the future."

One "imaginative new proposal" mentioned by "Current Comment" is the development by Fernand Collin, chairman of the Kredietbank of Belgium, which creates a new kind of international currency called the "unit of account."

"Each of 17 European currencies have a formal and legal relationship to the new unit of account," it is explained, "which is also related indirectly to gold. A borrower borrows in units of account but takes down the loan in any of the 17 currencies he chooses. At maturity, the lender is entitled to so many units of account with actual payment in any of the 17 currencies he selects. Obviously, both the borrower and lender will take the actual funds in the currency then having the strongest international position.

"Mr. Collin heads a syndicate of approximately 20 prominent banks and private firms doing investment banking in Europe. Several issues have been floated in units of account and the securities are listed on several European exchanges. This development has extremely interesting ramifications, particularly in enabling a large borrower to tap European funds substantially in excess of those available in the capital market of his own country, and in giving some protection for lenders against currency debasement. One of the basic problems in developing capital markets in many European countries has been the disastrous inflations since World War I which have led many lenders to avoid fixed income investment."

Two With Merrill Lynch

ATLANTA, Ga.—L. Foste Wilson and Herbert J. Jenkins, Jr. have joined the staff of Merrill Lynch, Pierce, Fenner & Smith Inc., 270 Peachtree St., N. E. Mr. Jenkins was formerly with The Fulton National Bank.

Merrill Lynch Adds

MACON, Ga.—Righton Lyndon is now connected with Merrill Lynch, Pierce, Fenner & Smith Inc., Dempsey Hotel Building. He was formerly with the First National Bank.

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)	Oct. 26	1,915,000	1,908,000	1,879,000	1,768,000
Index of production based on average weekly production for 1957-1959	Oct. 26	102.8	102.4	100.9	94.9
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Oct. 26	0.625	0.62	0.61	64.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 18	7,610,110	7,584,460	7,587,510	1,343,210
Crude runs to stills—daily average (bbls.)	Oct. 18	8,432,000	8,745,000	8,509,000	8,100,000
Gasoline output (bbls.)	Oct. 18	31,606,000	31,418,000	30,604,000	29,692,000
Kerosene output (bbls.)	Oct. 18	3,093,000	3,278,000	2,580,000	3,613,000
Distillate fuel oil output (bbls.)	Oct. 18	14,344,000	14,388,000	14,966,000	12,997,000
Residual fuel oil output (bbls.)	Oct. 18	4,168,000	5,148,000	4,740,000	4,970,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Oct. 18	179,346,000	181,425,000	182,421,000	176,976,000
Kerosene (bbls.) at	Oct. 18	37,077,000	*36,128,000	35,772,000	37,491,000
Distillate fuel oil (bbls.) at	Oct. 18	183,465,000	179,206,000	172,221,000	178,055,000
Residual fuel oil (bbls.) at	Oct. 18	52,712,000	52,169,000	52,909,000	54,310,000
Unfinished oils (bbls.) at	Oct. 18	83,134,000	83,317,000	83,449,000	85,022,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 19	626,180	635,596	596,325	613,226
Revenue freight received from connections (no. of cars)	Oct. 19	518,375	516,474	500,058	510,358
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 19	9,615,000	9,715,000	9,880,000	8,820,000
Pennsylvania anthracite (tons)	Oct. 19	427,000	415,000	415,000	343,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Oct. 24	$682,200	$674,700	$619,500	$263,900
Private	Oct. 24	508,900	476,300	385,200	100,900
Public	Oct. 24	173,300	198,400	234,300	163,000
State and Municipal	Oct. 24	156,300	195,400	193,300	135,800
Federal	Oct. 24	17,000	3,000	41,000	27,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Oct. 19	122	*118	119	117
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 26	17,261,000	17,173,000	17,285,000	16,149,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 24	279	303	254	290
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 20	6.368c	6.368c	6.279c	6.196c
Pig iron (per gross ton)	Oct. 20	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Oct. 20	$26.83	$26.83	$26.83	$24.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 25	30.600c	30.600c	30.600c	30.600c
Export refinery at	Oct. 25	28.400c	28.400c	28.350c	28.475c
Lead (New York) at	Oct. 25	12.000c	12.000c	11.750c	9.500c
Lead (St. Louis) at	Oct. 25	11.800c	11.800c	11.550c	9.300c
‡Zinc (delivered at)	Oct. 25	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Oct. 25	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Oct. 25	23.000c	23.000c	22.500c	24.000c
Straits tin (New York) at	Oct. 25	122.750c	120.125c	117.375c	109.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 29	88.59	88.78	89.01	90.10
Average corporate	Oct. 29	88.54	88.40	88.54	87.86
Aaa	Oct. 29	91.48	91.34	91.34	92.06
Aa	Oct. 29	89.78	89.64	89.78	90.06
A	Oct. 54	88.54	88.67	88.67	87.32
Baa	Oct. 29	84.43	84.43	84.30	82.40
Railroad Group	Oct. 29	86.65	86.65	86.65	84.17
Public Utilities Group	Oct. 29	89.51	89.51	89.64	89.37
Industrials Group	Oct. 29	89.23	89.23	89.37	90.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 29	4.04	4.01	3.96	3.70
Average corporate	Oct. 29	4.52	4.53	4.52	4.57
Aaa	Oct. 29	4.31	4.32	4.32	4.27
Aa	Oct. 29	4.43	4.44	4.43	4.41
A	Oct. 29	4.52	4.51	4.51	4.61
Baa	Oct. 29	4.83	4.83	4.84	4.99
Railroad Group	Oct. 29	4.66	4.66	4.66	4.85
Public Utilities Group	Oct. 29	4.45	4.45	4.44	4.46
Industrials Group	Oct. 29	4.47	4.47	4.46	4.46
MOODY'S COMMODITY INDEX	Oct. 29	373.9	374.2	364.5	363.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 19	350,572	372,813	379,156	315,380
Production (tons)	Oct. 19	381,314	384,613	368,411	347,069
Percentage of activity	Oct. 19	99	100	98	94
Unfilled orders (tons) at end of period	Oct. 19	623,801	656,300	621,947	465,807
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Oct. 25	100.59	100.64	99.33	99.18
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 4	2,729,860	3,566,000	3,305,630	1,892,590
Short sales	Oct. 4	570,650	615,290	726,430	499,940
Other sales	Oct. 4	2,195,270	2,875,200	2,601,110	1,387,260
Total sales	Oct. 4	2,765,920	3,490,490	3,327,540	1,887,200
Other transactions initiated off the floor—					
Total purchases	Oct. 4	703,620	842,300	983,620	439,120
Short sales	Oct. 4	92,200	149,300	115,500	80,800
Other sales	Oct. 4	572,300	704,760	591,580	330,790
Total sales	Oct. 4	664,500	854,060	707,080	411,590
Other transactions initiated on the floor—					
Total purchases	Oct. 4	1,198,865	1,253,109	1,352,536	721,925
Short sales	Oct. 4	188,550	167,720	155,630	184,275
Other sales	Oct. 4	890,625	1,124,473	1,170,440	600,459
Total sales	Oct. 4	1,079,175	1,292,193	1,326,070	784,734
Total round-lot transactions for account of members—					
Total purchases	Oct. 4	4,632,345	5,661,409	5,641,786	3,053,635
Short sales	Oct. 4	851,400	932,310	997,560	765,015
Other sales	Oct. 4	3,658,195	4,704,433	4,363,130	2,318,509
Total sales	Oct. 4	4,509,595	5,636,743	5,360,690	3,083,524
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	Oct. 4	1,456,581	1,758,944	1,621,311	1,212,224
Dollar value	Oct. 4	$80,856,440	$106,512,503	$90,223,575	$56,995,068
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 4	1,742,909	2,104,068	1,926,592	1,260,805
Customers' short sales	Oct. 4	19,116	23,930	14,252	83,031
Customers' other sales	Oct. 4	1,723,793	2,080,138	1,912,340	1,177,774
Dollar value	Oct. 4	$89,855,519	$116,867,988	$99,818,957	$59,802,686
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 4	625,750	822,290	653,060	411,410
Short sales	Oct. 4	----	----	----	----
Other sales	Oct. 4	625,750	822,290	653,060	411,410
Round-lot purchases by dealers—Number of shares	Oct. 4	357,500	415,240	387,300	376,600
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	Oct. 4	1,200,170	1,361,650	1,214,900	1,560,280
Other sales	Oct. 4	20,509,270	25,233,920	23,569,840	12,985,440
Total sales	Oct. 4	21,709,440	26,595,570	24,784,740	14,545,720
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Oct. 22	100.4	100.3	100.3	100.7
Farm products	Oct. 22	95.2	*95.2	95.3	98.1
Processed foods	Oct. 22	102.1	101.5	101.4	101.9
Meats	Oct. 22	92.2	92.5	92.9	100.3
All commodities other than farm and foods	Oct. 22	100.7	100.7	100.8	100.7

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

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of August	203,074	201,355	168,086
Stocks of aluminum (short tons) end of Aug.	94,534	85,728	148,268
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of September:			
Total home laundry appliance factory unit sales (domestic)	607,110	555,944	568,355
Washers	403,741	379,711	389,158
Automatic and semi-automatic	331,742	313,674	319,901
Wringers and others	71,999	66,037	69,257
Combination washer-dryers	3,082	2,772	3,684
Dryers	200,287	173,451	175,513
Electric	134,443	114,668	113,772
Gas	65,844	58,793	61,741
AMERICAN PETROLEUM INSTITUTE—Month of July:			
Total domestic production (barrels of 42 gallons each)	268,429,000	258,798,000	254,976,000
Domestic crude oil output (barrels)	235,144,000	226,853,000	224,018,000
Natural gasoline output (barrels)	33,278,000	31,939,000	30,955,000
Benzol output (barrels)	7,000	6,000	3,000
Crude oil imports (barrels)	38,214,000	31,872,000	35,936,000
Refined product imports (barrels)	27,029,000	22,253,000	22,832,000
Indicated consumption domestic and export (barrels)	308,346,000	*287,639,000	290,960,000
AMERICAN RAILWAY CAR INSTITUTE— Month of September:			
Orders of new freight cars	2,319	3,021	1,551
New freight cars delivered	4,327	4,141	2,946
Backlog of cars on order and undelivered (end of month)	18,388	20,749	11,064
AMERICAN TRUCKING ASSOCIATION, INC.— Month of August:			
Intercity general freight transport by 354 carriers (in tons)	7,169,534	6,970,676	6,659,820
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of September:			
Manufacturing number	167	187	185
Wholesale number	115	108	133
Retail number	467	522	514
Construction number	189	210	194
Commercial service number	113	108	92
Total number	1,051	1,135	1,118
Manufacturing liabilities	$28,149,000	$18,748,000	$39,988,000
Wholesale liabilities	14,024,000	9,446,000	9,825,000
Retail liabilities	15,644,000	19,341,000	27,944,000
Construction liabilities	21,522,000	12,394,000	12,803,000
Commercial service liabilities	6,579,000	5,304,000	5,605,000
Total liabilities	$85,918,000	$65,233,000	$96,165,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BOARD OF NEW YORK			
As of Sept. 30 (000's omitted)	$2,098,000	$2,062,000	$2,228,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of September:			
Cotton Seed—			
Received at mills (tons)	1,127,100	359,400	1,053,200
Crushed (tons)	485,400	220,900	513,100
Stocks (tons) Sept. 30	1,013,700	372,000	999,900
Cake and Meal—			
Stocks (tons) Sept. 30	159,200	154,800	99,500
Produced (tons)	224,100	101,000	237,900
Shipped (tons)	219,700	133,500	232,600
Hulls—			
Stocks (tons) Sept. 30	50,300	36,400	67,700
Produced (tons)	109,900	53,900	115,400
Shipped (tons)	96,010	51,300	115,200
Linters—			
Stocks (bales) Sept. 30	127,000	105,300	106,900
Produced (bales)	154,700	66,300	157,000
Shipped (bales)	133,000	91,900	141,900
CROP PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— Crop as of Oct. 1 final (in thousands):			
Corn, grain (bushels)	4,009,093	3,938,720	3,643,615
Wheat, all (bushels)	1,133,010	1,134,051	1,092,562
Winter (bushels)	895,904	895,904	817,154
All spring (bushels)	237,106	238,147	275,408
Durum (bushels)	50,567	50,663	71,809
Other spring (bushels)	186,539	187,484	203,599
Oats (bushels)	975,068	975,068	1,031,743
Barley (bushels)	395,574	395,574	429,495
Rye (bushels)	29,828	29,828	41,175
Flaxseed (bushels)	31,152	30,556	31,952
Rice (100-pound bag)	67,268	66,754	64,458
Sorghum grain (bushels)	526,068	517,575	509,137
Cotton (bales)	14,847	14,310	14,867
Hay, all (tons)	113,832	110,607	121,034
Hay, wild (tons)	9,399	9,399	10,899
Hay, alfalfa (tons)	67,655	64,681	71,651
Hay, clover and timothy (tons)	20,551	20,551	21,986
Hay, lespedeza (tons)	2,875	2,845	2,942
Beans, dry edible (cleaned) (100-pound bag)	20,680	19,915	18,827
Peas, dry field (cleaned) (100-pound bag)	5,009	5,009	4,947
Soybeans for beans (bushels)	727,358	728,208	675,197
Peanuts (pounds)	1,943,280	1,859,900	1,809,880
Potatoes, winter (cwt)	3,952	3,952	4,160
Early spring (cwt)	5,196	5,196	3,433
Late spring (cwt)	24,027	24,027	21,690
Early summer (cwt)	12,714	12,714	12,685
Late summer (cwt)	33,487	31,300	33,710
Fall (cwt)	193,992	190,308	191,025
Total (cwt)	273,368	268,097	266,703
Sweetpotatoes (cwt)	16,957	16,601	19,009
Tobacco (pounds)	2,209,170	2,202,057	2,309,055
Sugarcane for sugar and seed (tons)	13,957	13,634	10,097
Sugar beets (tons)	22,108	21,828	18,240
Broomcorn (tons)	26	26	26
Hops (pounds)	51,888	52,301	44,231
Apples, commercial crop (bushels)	121,885	122,183	125,425
Peaches (bushels)	73,481	73,077	75,789
Pears (bushels)	19,221	19,722	29,294
Grapes (tons)	3,664	3,576	3,210
Cherries (tons)	143	143	287
Apricots (tons)	220	220	166
Cranberries (barrels)	1,328	1,318	1,324
Pecans (pounds)	297,000	293,700	70,800
PORTLAND CEMENT (BUREAU OF MINES)— Month of August:			
Production (barrels)	37,452,000	36,802,000	36,132,000
Shipments from mills (barrels)	39,960,000	38,850,000	40,397,000
Stocks at end of month (barrels)	35,253,000	*38,057,000	31,964,000
Capacity used (per cent)	93	91	93
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of July (000's omitted):			
Savings and loan associations	$1,606,423	$1,468,450	$1,381,842
Insurance companies	127,217	118,805	107,394
Banks and trust companies	595,402	551,091	549,303
Mutual savings banks	217,970	180,875	200,679
Individuals	325,655	288,938	320,091
Miscellaneous lending institutions	642,066	568,585	574,400
Total	$3,514,733	$3,176,744	$3,133,709

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 parentheses 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 capition "Effective Registrations" are those issues which became effective this week and were offered publicly.

● Aerosol Techniques, Inc. (11/12)
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.

Aerosystems Technology Corp.
Oct. 4, 1963 filed 165,000 common. **Price**—$3. **Business**—Manufacture of a new line of motor speed controls to govern the speed of electric powered tools. **Proceeds**—For additional equipment, leased facilities, advertising and working capital. **Address** — 1275 Route 23, Wayne, N. J. **Underwriter**—Chase Securities 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.

● Allen Electric & Equipment Co. (11/18-22)
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. (11/25-29)
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.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price** 50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office**—80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Vitrified Products Co.
Aug. 6, 1963 filed 79,137 common 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.

Balanced Income Fund, Inc.
Oct. 7, 1963 filed 2,000,000 common. **Price** — Net asset value (max. $8.72) plus 8¼%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—120 S. LaSalle St., Chicago. **Underwriter**—Supervised Investors Services, Inc. (same address).

● Bank Leumi le-Israel B. M. (11/7)
Oct. 16, 1963 filed 1,793,750 ordinary shares and 5,147,500 "A" ordinary shares to be offered for subscription by stockholders on the basis of one new share for each two like shares held of record about Nov. 7. Rights will expire about Nov. 25. **Price** — By amendment (max. $1.30). **Business**—A general commercial bank. **Proceeds**—To increase capital funds. **Address**—Tel-Aviv, Israel. **Underwriter**—Kuhn, Loeb & Co., Inc., New York.

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.

Bradford Speed Packaging & Development Corp.
July 22, 1963 filed 699,380 common being 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**—$11.05. **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 stockholders, Atlas General. **Office**—62 William St., New York. **Underwriter**—Burnham & Co., New York.

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

● Brewer (C.) & Co., Ltd.
Sept. 30, 1963 filed 146,735 common being offered for subscription by stockholders on the basis of one share for each five shares held of record Oct. 28. Rights will expire Nov. 15. **Price**—$60. **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.

Bridges Investment Fund, Inc. (11/20)
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

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

Carlon Products Corp.
Oct. 9, 1963 filed 304,293 common to be offered for subscription by stockholders on the basis of three new shares for each five held. **Price**—By amendment (max. $3.50). **Business** — Manufacture of extruded plastic pipe, and molded and fabricated plastic pipe fittings. **Proceeds**—For debt repayment, working capital, and other corporate purposes. **Address**—P. O. Box 133, Aurora, Ohio. **Underwriter**—None.

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.

● Celanese Corp. of America
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. Rights will expire Nov. 12. **Price**—$45. **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.

● Central Mutual Telephone Co., Inc. (11/15)
Oct. 11, 1963 filed 38,564 common to be offered for subscription by stockholders on the basis of one new share for each three held. **Price**—$23.50. **Business**—Company furnishes telephone service in Prince William, Stafford and Fairfax Counties, Virginia. **Proceeds**—For construction and loan repayment. **Address**—Manassas, Va. **Underwriter**—Folger, Nolan, Fleming & Co., Inc., Washington, D. C.

● Charleston Rubber Co. (11/1)
Oct. 3, 1963 ("Reg. A") 16,750 common. **Price** — $17.50. **Business**—Manufacture of special purpose safety equipment and electric utility, general industrial and scientific products. **Proceeds** — For a new plant and equipment. **Address**—Stark Industrial Park, Charleston, S. C. **Underwriter** — Johnson, Coleman, Manning & Smith, Inc., Charleston, S. C.

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 Street, Chicago. **Underwriter**—To be named. **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 being offered for subscription by stockholders on the basis of two new shares for each three held of record Oct. 25. Rights will expire Nov. 20. **Price**—$26. **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., New York. **Underwriter** — Alex. Brown & Sons, Baltimore.

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.

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.

Craft Master Corp. (11/11-15)
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.

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 County Rd., Mineola, N. Y. **Underwriter**—None.

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**—

Continued on page 40

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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.

● **Donaldson Co., Inc. (11/7)**
Oct. 4, 1963 filed 145,000 common. **Price**—By amendment (max. $19). **Business**—Company manufactures air cleaners and mufflers for heavy duty internal combustion engines, and special seals, filters, bellows and pumps for use in aircraft and missiles. **Proceeds**—For selling stockholders. **Office**—1400 West 94th St., Minneapolis. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

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.

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.

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.

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).

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. **Note**—This registration will be withdrawn and then refiled.

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.

● **First Railroad & Banking Co. of Georgia (11/1)**
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. (11/25-29)
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.

● **Forst (Alex) & Sons, Inc. (11/6)**
March 23, 1963 filed 100,000 common. **Price** — $5.50. **Business** — Wholesale distribution of toys and games. **Proceeds** — For selling stockholders. **Address** — New Hyde Park Road, New Hyde Park, New York. **Underwriter**—Arnold, Wilkens & Co., New York.

Frazure, Hull, Inc.
Aug. 21, 1963 ("Reg. A") 133,333 common. **Price**—$2.25. **Business**—Fruit growing, publishing of a farm newspaper, citrus fruit brokerage and operation of a retail store. **Proceeds**—For expansion of the newspaper, working capital and debt repayment. **Address**—West Highway 50-Winter Garden, Fla. **Underwriter**—Prudential Investment Corp., Miami.

Georgia Power Co. (11/7)
Oct. 4, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and loan repayment. **Office**—270 Peachtree St., Atlanta. **Underwriters**—(Competitive). Probable bidders: 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. **Bids**—Nov. 7 (11:45 a.m. EST) at Southern Services, Inc., 115 Broadway (Room 1510), New York. **Information Meeting**—Oct. 31 (2:30 p.m. EST) at Chemical Bank New York Trust Co., 20 Pine St. (4th floor), New York.

Georgia Power Co. (11/7)
Oct. 4, 1963 filed 70,000 preferred (no par). **Proceeds**—For construction and loan repayment. **Office**—270 Peachtree St., Atlanta. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Nov. 7 (11 a.m. EST) at Southern Services, Inc., 115 Broadway (Room 1510), New York. **Information Meeting**—Oct. 31 (2:30 p.m. EST) at Chemical Bank New York Trust Co., 20 Pine St., (4th floor), New York.

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.

Grand Corp.
Oct. 7, 1963 ("Reg. A") 16,600 units, each consisting of five shares and a warrant to purchase one additional share. **Price**—$15 per unit. **Business**—Manufacture, development and sale of an installation tool, a repeater balling gun, and microprojector motivation kits. **Proceeds**—For debt repayment, inventories, advertising, and working capital. **Office**—5532 Harlan Arvada, Colo. **Underwriter**—Nemrava & Co., Denver.

● **Great Lakes Homes, Inc. (11/11-15)**
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.

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 du Pont 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.

● **Heck's Inc. (11/4-8)**
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.

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

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price**—$12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

International Data Systems, Inc.
Aug. 2, 1963 ("Reg. A") 11,000 common to be offered for subscription by stockholders 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. **Offering**—Indefinitely postponed.

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.

Intra State Telephone Co. (11/1)
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. Rights will expire Nov. 16. **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. **Note**—This statement has become effective.

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). **Offering**—Expected in late November.

Israel Baby Food Co. Ltd. (11/4-8)
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.

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.

"Isras" Israel-Raasco 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).

● **Juniper Spur Ranch, Inc. (11/11-15)**
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.

Jurgensen's Co.
Sept. 30, 1963 ("Reg. A") 12,000 6% convertible preferred (par $25). **Price**—At par. **Business**—Operation of credit and service type retail food stores in Southern California. **Proceeds**—For debt repayment, and working capital. **Office**—601 S. Lake Ave., Pasadena, Calif. **Underwriter**—Evans, MacCormack & Co., Inc., Los Angeles.

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.

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

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

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**

—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York. **Offering**—Indefinite.

● Life Affiliates Corp. (11/18-22)
Oct. 14, 1963 ("Reg. A") 55,000 class A common. **Price**—$5. **Business**—Company is an operating, holding and management company specializing in the life insurance industry. **Proceeds**—For working capital. **Office**—40 Exchange Place, N. Y. **Underwriter** — First Philadelphia Corp., New York.

Life Insurance Co. of Florida (11/18-22)
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.

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.

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.

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.

Massachusetts Electric Co. (12/4)
Oct. 21, 1963 filed $10,000,000 of first mortgage bonds, series H, due Dec. 1, 1993. **Proceeds**—For loan repayment. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly). **Bids**—Dec. 4 (11 a.m. EST) at above address. **Information Meeting**—Nov. 27 (11 a.m. EST) at above address.

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. **Note**—The "Chronicle" has been unable to contact the underwriter or the company; hence we will drop this item from future editions.

Mid-Continent Telephone Corp.
Oct. 17, 1963 filed 150,000 common. **Price**—By amendment. **Business**—Through subsidiaries, the company provides telephone service to 104 communities in Ohio. **Proceeds**—For loan repayment. **Office**—363 Third St., Elyria, O. **Underwriter**—The Ohio Co., Columbus. **Offering**—Expected in mid-November.

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.
Sept. 17, 1963 filed 160,000 common. **Price**—$7. **Business**—Sale of life insurance. **Proceeds**—For working capital. **Address**—Empire Bldg., Springfield, Mo. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis. **Offering**—Imminent.

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.

Missouri National Life Insurance Co. (11/18-22)
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.

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. (11/7)
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.

Mosler Safe Co. (11/7)
Oct. 16, 1963 filed 350,000 common. **Price**—By amendment. **Business**—Manufacture of safes, bank vault equipment, and mechanical and electronic security products. **Proceeds**—For selling stockholders. **Office** — 320 Park Ave., New York. **Underwriter**—Blyth & Co., Inc., N. Y.

Municipal Investment Trust Fund, Series B
April 28, 1963 filed $10,000,000 (10,000 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**—Expected in early 1964.

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

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.

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NEW ISSUE CALENDAR

November 1 (Friday)
Charleston Rubber Co.________Common
(Johnson, Coleman, Manning & Smith, Inc.) $293,125
First Railroad & Banking Co. of Georgia__Debens.
(Johnson, Lane, Space Corp.) $5,000,000
Intra State Telephone Co.________Common
(Offering to stockholders—No underwriting) $893,300

November 4 (Monday)
Heck's, Inc.________Common
(Charles Plohn & Co.) $450,000
Israel Baby Food Co., Ltd.________Debentures
(Brager & Co.) $190,000
Israel Baby Food Co., Ltd.________Ordinary Shares
(Brager & Co.) $140,000
Shaker Properties ________Ben. Int.
(McDonald & Co.) $2,700,000
Ultronic Systems Corp.________Common
(Bache & Co.) 150,000 shares

November 6 (Wednesday)
Forst (Alex) & Sons, Inc.________Common
(Arnold, Wilkins & Co.) $550,000
Ramo, Inc.________Debentures
(First Nebraska Securiies Corp.) $2,000,000
Southern Pacific Co.________Equip. Trust Ctfs.
(Bids 12 noon EST) $8,970,000
Union Planters Nat'l Bank (Memphis)__Cap. Stk.
(Offering to stockholders—underwritten by M. A. Saunders & Co., Inc.) $6,000,000

November 7 (Thursday)
Bank Leumi le-Israel B. M.________Ordinary Shares
(Offering to stockholders—underwritten by Kuhn, Loeb & Co., Inc.) 6,941,250 shares
Commercial Bank of North America____Cap. Stk.
(Francis I. duPont, A. C. Allyn, Inc.) 45,617 shares
Donaldson Co., Inc.________Common
(Paine, Webber, Jackson & Curtis) 145,000 shares
Georgia Power Co.________Bonds
(Bids 11:45 a.m. EST) $30,000,000
Georgia Power Co.________Preferred
(Bids 11 a.m. EST) $7,000,000
Mohawk Airlines, Inc.________Debentures
(Smith, Barney & Co., Inc.) $6,000,000
Mosler Safe Co.________Common
(Blyth & Co., Inc.) 350,000 shares

November 8 (Friday)
Ryder System, Inc.________Debentures
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $5,500,000

November 11 (Monday)
Craft Master Corp.________Common
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) 125,000 shares
Craft Master Corp.________Debentures
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) $1,000,000
Great Lakes Homes, Inc.________Common
(The Milwaukee Co.) 160,000 shares
Juniper Spur Ranch, Inc.________Common
(V. E. Anderson & Co.) $300,000
Russ Togs, Inc.________Class A
(Shearson, Hammill & Co.) 141,035 shares

November 12 (Tuesday)
Aerosol Techniques, Inc.________Common
(Laird & Co., Corp.) 150,000 shares
Chicago, Burlington & Quincy RR._Equip. Tr. Ctfs.
(Bids 12 noon CST) $5,100,000

November 13 (Wednesday)
Norfolk & Western Ry.________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
Seaboard Air Line RR.________Bonds
(Bids 12 noon EST) $22,000,000
Trans World Airlines, Inc.________Units
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 80,962 units

November 14 (Thursday)
Weyerhaeuser Co. ________Capital Stock
(Morgan Stanley & Co.) 400,000 shares

November 15 (Friday)
Central Mutual Telephone Co., Inc.________Common
(Offering to stockholders—underwritten by Folger, Nolan, Fleming & Co., Inc.) $906,254

November 18 (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
Life Affiliates Corp.________Common
(First Philadelphia Corp.) $275,000
Life Insurance Co. of Florida________Common
(Pierce, Wulbern, Murphey, Inc.) 400,000 shares
Missouri National Life Insur. Co.____Capital Shares
(Sterling, Grace & Co.) 103,500 shares
Pacific Northwest Bell Telephone Co.________Common
(Offering to stockholders—no underwriting) $32,363,750
Pocono Downs, Inc.________Units
(Suplee, Yeatman, Mosley Co., Inc.) $4,375,000
San Morcol Pipeline, Inc.________Units
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

November 19 (Tuesday)
New England Power Co.________Bonds
(Bids 12 noon EST) $10,000,000
New England Power Co.________Preferred
(Bids 11 a.m. EST) $10,000,000

November 20 (Wednesday)
Bridges Investment Fund, Inc.________Capital Shares
(No underwriting) 200,000 shares
Puget Sound Power & Light Co.________Bonds
(Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc.) $40,000,000
Union Electric Co.________Preferred
(Bids 12 noon EST) 200,000 shares
Union Electric Co.________Bonds
(Bids 11 a.m. EST) $30,000,000

November 25 (Monday)
Allright Auto Parks, Inc.________Units
(Equitable Securities Corp) 20,000 units
Florida Jai Alai, Inc.________Common
(Consolidated Securities Corp.) $1,500,000
Natural Gas & Oil Producing Co.________Common
(Peter Morgan & Co.) $900,000
Security Title & Guaranty Co.________Common
(Offering to stockholders—underwritten by New York Hanseatic Corp.) 125,000 shares

November 27 (Wednesday)
Shippers Dispatch Co.________Common
(Francis I. duPont, A. C. Allyn, Inc.) 150,000 shares

December 2 (Monday)
Bergen Drug Co., Inc.________Debentures
(F. Eberstadt & Co.) $1,250,000
Bergen Drug Co., Inc.________Class A
(F. Eberstadt & Co.) 125,000 shares

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
New York Central RR.________Equip. Trust Ctfs.
(Bids 12 noon EST) $3,600,000

December 10 (Tuesday)
Northern Pacific Ry.________Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000
Virginia Electric & Power Co.________Bonds
(Bids 11 a.m. EST) $30,000,000

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

December 12 (Thursday)
Texas & Pacific Ry.________Equip. Trust Ctfs.
(Bids 12 noon CST) $2,700,000

January 7, 1964 (Tuesday)
Missouri Pacific RR.________Equip. Trust Ctfs.
(Bids 12 noon CST) $6,600,000
New York Telephone Co.________Bonds
(Bids to be received) $130,000,000

January 14, 1964 (Tuesday)
Narragansett Electric Co.________Bonds
(Bids to be received) $5,000,000

March 10, 1964 (Tuesday)
Potomac Edison Co.________Bonds
(Bids 10 a.m. EST) $12,000,000

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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 being offered for subscription by stockholders on the basis of 1.78 shares for each share held of record Oct. 14. Rights will expire Nov. 13. **Price** — $12. **Business** — Writing of fire, marine, casualty and property insurance. **Proceeds** — For general corporate purposes. **Office**—1511 K St., N. W., Washington, D. C. **Underwriters**—Ferris & Co., Washington, D. C., and McDonnell & Co., Inc., New York.

Natural Gas & Oil Producing Co. (11/25-29)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New England Power Co. (11/19)
Oct. 7, 1963 filed $10,000,000 of first mortgage bonds due Nov. 1, 1993. **Proceeds** — For loan repayment and construction. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: 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. **Bids**—Nov. 19 (12 noon EST), at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

New England Power Co. (11/19)
Oct. 7, 1963 filed 100,000 preferred (par $100). **Proceeds**—For loan repayment and construction. **Office** — 441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: 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**—Nov. 19 (11 a.m. EST) at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

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.

North American Investors, Inc.
Sept. 30 1963 ("Reg. A") 100,000 capital shares. **Price**—$2.50. **Business**—A broker-dealer. **Proceeds**—For working capital and expansion. **Office**—680 W. Peachtree St., N. W., Atlanta. **Underwriter**—The company.

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 225,836 common, and warrants to purchase an additional 225,836 common, being offered for subscription by common stockholders in units of one share and one warrant, on the basis of one unit for each three shares held of record Oct. 25. Rights will expire Nov. 14. **Price**—$1.75. **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. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

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 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.

Peerless Insurance Co.
Oct. 18, 1963 filed 565,218 capital shares to be offered for subscription by stockholders on the basis of one new share for each share held of record Oct. 3. **Price**—$8. **Business**—Company writes various types of insurance including accident and health insurance, automobile insurance, workmen's compensatoin insurance and property damage insurance. **Proceeds**—For investment. **Office**—62 Maple Ave., Keene, N. H. **Underwriter**—None.

People's Insurance Co.
Oct. 3, 1963 filed 100,000 common. **Price**—$10. **Business**—Company plans to engage in the writing of general liability insurance, including automobile, property damage and personal injury. **Proceeds**—To increase capital and surplus. **Office**—307 Lenox Ave., New York. **Underwriter**—None.

Pocono Downs, Inc. (11/18-22)
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.

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.

Racon Inc.
Oct. 3, 1963 filed 1,250,000 common. **Price**—$1. **Business**—Company plans to manufacture fluorocarbons for sale to refrigerant wholesalers, the aerosol industry and other users. **Proceeds** — For construction of a new plant and working capital. **Office**—11 North Jackson St., Houston. **Underwriter**—None.

● **Ramo Inc. (11/6)**
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 **Offering**—Expected in December.

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.

Research Capital Corp.
Sept. 3, 1963 filed 400,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—2909 Bay-to-Bay, Tampa. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

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.

Riviere Realty Trust
Oct. 22, 1963 filed 2,000 shares of beneficial interest. **Price**—$1,000. **Business**—Company plans to operate as a real estate investment trust. **Proceeds**—For investment. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter**—Riviere, Marsh & Berens Securities Corp., Washington, D. C.

● **Russ Togs, Inc. (11/11-15)**
Oct. 23, 1963 filed 141,035 class A shares. **Price** — By amendment (max. $20). **Business**—Production of popular-priced sportswear for girls and children. **Proceeds**—For selling stockholders. **Office** — 1372 Broadway, New York. **Underwriter** — Shearson, Hammill & Co., New York.

San Morcol Pipeline, Inc. (11/18-22)
Sept. 27, 1963 ("Reg. A") $300,000 of 6½% subordinated debentures due Nov. 1, 1983, and 45,000 common to be offered in units of $500 face amount of debentures and 75 shares. **Price** — $500. **Business**—Construction of an eight inch natural gas transmission pipeline for the cities of Las Vegas, Wagon Mount, Springer, and Maxwell, N. M. **Proceeds** — For construction. **Office** — 219 Shelby St., Santa Fe, N. M. **Underwriters** — Milburn, Cochran & Co., Inc., Wichita, Kan., and Midland Securities Co., Inc., Kansas City, Mo.

Security Title & Guaranty Co. (11/25-29)
Oct. 7, 1963 filed 125,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—By amendment (max. $7.50). **Business**—Company examines and insures titles to real property. **Proceeds**—For general corporate purposes. **Office**—17 E. 45th St., New York. **Underwriter** — New York Hanseatic Corp., New York.

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 (11/4-8)**
Oct. 19, 1963 filed 180,000 shares of beneficial interest **Price**—$15. **Business**—A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter**—McDonald & Co., Cleveland.

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.

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.

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**—Expected in March, 1964.

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.

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 Airlines, Inc. (11/13)
Oct. 17, 1963 filed $80,962,000 of outstanding 6½% subordinated income debentures due June 1, 1978, and warrants to purchase 2,185,974 common shares to be offered in units of $1,000 face amount of debentures and warrants to purchase 27 shares. **Price**—By amendment (max. $1,300 per unit). **Business** — Company provides worldwide air transportation services. **Proceeds**—For selling debenture holder, Hughes Tool Co. **Office**—380 Madison Ave., New York. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● 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**—Expected sometime in November.

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.

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

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

Union Electric Co. (11/20)
Oct. 21, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For debt repayment, construction, and other corporate purposes. **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**—Nov. 20 (11 a.m. EST) at Bankers Trust Co., 16 Wall St., New York. **Information Meeting**—Nov. 18 (11 a.m. EST), same address.

Union Electric Co. (11/20)
Oct. 21, 1963 filed 200,000 preferred ($100 par). **Proceeds**—For debt repayment, construction and other corporate purposes. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: 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). **Bids**—Nov. 20 (12 noon EST) at Bankers Trust Co., 16 Wall St., New York. **Information Meeting**—Nov. 18 (11 a.m. EST), same address.

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.

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

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

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price**—$1 **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo. **Note**—The SEC has issued an order temporarily suspending this issue.

Western 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.

Young Industries, Inc.
Sept. 30, 1963 filed 100,000 class A common and warrants to purchase an additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 25 shares. **Price**—$501.25 per unit. **Business**—Commercial development of real estate, primarily shopping centers, in Kentucky, Indiana, Ohio and Tennessee. **Proceeds**—For debt repayment and property acquisitions. **Office**—508 West Jefferson St., Louisville, Ky. **Underwriter**—None.

Issues Filed With SEC This Week

★ All States Money Order Corp.
Oct. 18, 1963 ("Reg. A") 300,000 common with warrants to purchase a like number of shares. **Price**—$1. **Business**—Sale of money orders through authorized dealers in Washington, D. C. **Proceeds**—For debt repayment, acquisition of a money order business, sales promotion, equipment and working capital. **Office**—929 New Jersey Ave., S. E., Washington, D. C. **Underwriter**—None.

★ American Realty Trust
Oct. 29, 1963 filed 132,300 shares of beneficial interest to be offered for subscription by stockholders on the basis of one new share for each four held of record Nov. 27, 1963. **Price**—By amendment (max. $11). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—608 Thirteenth St., N. W., Washington, D. C. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

★ Ampal-American Israel Corp.
Oct. 14, 1963 filed $3,000,000 of 6% sinking fund debentures due 1973. **Price**—At par. **Business**—Investment in companies participating in the economic development of Israel. **Proceeds**—For investment. **Office**—17 E. 71st St., New York. **Underwriter**—Israel Securities Corp. (same address).

★ Applied Technology, Inc.
Oct. 28, 1963 filed 54,200 common. **Price**—By amendment (max. $9). **Business**—Manufacture of various types of electronic systems for national defense. **Proceeds**—For selling stockholders. **Office** — 930 Industrial Ave., Palo Alto, Calif. **Underwriter**—Mitchum, Jones & Templeton, Inc., San Francisco.

★ Bergen Drug Co., Inc. (12/2-6)
Oct. 25, 1963 filed $1,250,000 of 5½% convertible subordinated debentures due Oct. 31, 1978; also 125,000 outstanding class A shares to be sold by certain stockholders. **Price**—By amendment. **Business** — Wholesale distribution of ethical drugs, chemicals, cosmetics, etc. **Proceeds** — For debt repayment and working capital. **Office**—138-160 Johnson Ave., Hackensack, N. J. **Underwriter**—F. Eberstadt & Co., New York.

★ Charbos-Carsen Corp.
Oct. 29, 1963 filed 100,000 common. **Price**—$5.50. **Business**—Distribution of engineering, surveying and drafting instruments and supplies. **Proceeds** — For general corporate purposes. **Office**—50 Colfax Ave., Clifton, N. J. **Underwriter**—Arnold, Wilkens & Co., Inc., New York.

★ Connecticut Western Mutual Fund, Inc.
Oct. 22, 1963 filed 1,000 common. **Price**—By amendment (max. $1,004). **Business** — A new mutual fund which plans to specialize in insurance securities. **Proceeds**—For investment. **Office**—One Atlantic St., Stamford, Conn. **Underwriter**—Philo Smith & Co., Inc. (same address).

★ Dos Rios Golf & Country Club, Inc.
Oct. 23, 1963 ("Reg. A") 500 common. **Price**—At from $500 to $800 per share. **Business**—Operation of a private golf course, and country club near Gunnison, Colo. **Proceeds**—For construction. **Address**—Gunnison, Colo. **Underwriter**—None.

★ 4 B's Cafes Inc.
Oct. 22, 1963 ("Reg. A") $200,000 of 10% subordinated debentures (series C) due 1973. **Price**—$100. **Business**—Operation of a restaurant chain in Montana. **Proceeds**—For expansion and working capital. **Address**—Bud Lake Village, Missoula, Mont. **Underwriter**—None.

★ Gas Hills Uranium Co.
Oct. 28, 1963 filed 2,574,772 common. **Price**—At-the-market. **Business** — Company plans to mine for uranium. **Proceeds**—For selling stockholders. **Office**—202-½ So. Second St., Laramie, Wyo. **Underwriter**—None.

★ Imperial '400' National Inc.
Oct. 29, 1963 filed $1,150,000 of 6½% convertible subordinated debentures due 1978 and 69,000 common to be offered in units, each consisting of $100 of debentures to be offered by the company and six common by the stockholders. **Price**—By amendment. **Business**—Development and operation of a chain of motels. **Proceeds**—For general corporate purposes. **Office**—460 Sylvan Ave., Englewood Cliffs, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York.

★ Insurance City Life Co.
Oct. 29, 1963 filed 494,100 capital shares to be offered for subscription by stockholders of record Feb. 26, 1963 on a share-for-share basis. **Price**—$3.25. **Business**—General insurance. **Proceeds** — For general corporate purposes. **Office** — 919 N. Michigan Ave., Chicago. **Underwriter**—None.

★ Insurance Securities, Inc.
Oct. 24, 1963 filed 1,000,000 class A common. **Price**—$5. **Business** — Company plans to acquire or organize life, accident and health insurance subsidiaries. **Proceeds**—For debt repayment, advances to a subsidiary and investment. **Office**—19 Molton St., Montgomery, Ala. **Underwriter**—Investor Services, Inc. (same address).

★ Jade Oil & Gas Co.
Oct. 28, 1963 filed $2,500,000 of 6½% convertible subordinated debentures (with warrants). **Price**—At par. **Business**—Production of oil and gas primarily in California, Texas and Louisiana. **Proceeds**—For debt repayment, exploration and development, working capital and other corporate purposes. **Office**—9107 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Hannaford & Talbot, San Francisco.

★ Kinemotive Corp.
Oct. 29, 1963 filed 50,000 common. **Price**—$6.50. **Business**—Design, manufacture and sale of depositors metal bellows and basic assemblies therefor. **Proceeds**—For general corporate purposes. **Office** — 2 Engineers Lane, Farmingdale, N. Y. **Underwriter**—Andresen & Co., New York.

★ Mineral Enterprises, Inc.
Oct. 21, 1963 ("Reg. A") 25,000 shares of 6% non-cumulative participating preferred (par $10). **Price**—At par. **Business**—General mining. **Proceeds**—For general corporate purposes. **Office** — 1015 Security Bldg., Denver. **Underwriter**—None.

★ Musicaro Brothers
Oct. 29, 1963 filed 50,000 common. **Price**—$6. **Business**—Production of Italian style frozen foods. **Proceeds**—For general corporate purposes. **Office**—40 Brooklyn Ave., Massapequa, N. Y. **Underwriter** — Fleetwood Securities Corp., New York.

★ Pacific Northwest Bell Telephone Co. (11/18)
Oct. 28, 1963 filed 1,903,750 common to be offered for subscription by stockholders on the basis of one new share for each 16 held of record Nov. 18. Rights will expire Dec. 16. **Price**—$17. **Business**—Furnishing of telephone service in Washington, Oregon and Idaho. **Proceeds**—To repay advances from parent, A. T. & T. **Office**—1200 Third Ave., Seattle. **Underwriter**—None.

★ Puget Sound Power & Light Co. (11/20)
Oct. 25, 1963 filed $40,000,000 of first mortgage bonds due Nov. 1, 1993. **Price**—By amendment. **Business**—Furnishing of electric service in the Puget Sound-Cascade region of Washington. **Proceeds** — To redeem the outstanding 5½% bonds due 1989 and the 5⅜s of 1990. **Address**—Bellevue, Wash. **Underwriters** — Merrill Lynch,

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Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., New York.

★ **Saul (B. F.) Real Estate Investment Trust**
Oct. 25, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business**—Company plans to operate as a real estate investment trust. **Proceeds**—For investment. **Office**—925 Fifteenth St., N. W., Washington, D. C. **Underwriter**—B. F. Saul Co. (same address).

★ **Southwestern Electric Service Co.**
Oct. 24, 1963 filed 24,428 common to be offered for subscription by stockholders on the basis of one new share for each 17 held. **Price**—By amendment. **Proceeds**—For repayment of bank loans. **Office**—1012 Mercantile Bank Bldg., Dallas. **Underwriter**—None.

★ **Unitog Co.**
Oct. 21, 1963 ("Reg. A") 42,750 common. **Price** — $7. **Business** — Manufacture and distribution of industrial uniforms, and accessories. **Proceeds**—For selling stockholders. **Address**—Kansas City, Mo. **Underwriter**—Barret, Fitch, North & Co., Inc., Kansas City, Mo.

★ **Virginia Electric & Power Co. (12/10)**
Oct. 25, 1963 filed $30,000,000 of first and refunding mortgage bonds due Dec. 1, 1993. **Proceeds**—For debt repayment and construction. **Office**—700 East Franklin St., Richmond, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers (jointly); White, Weld & Co.; Stone & Webster Securities Corp. **Bids**—Dec. 10 (11 a.m. EST) at One Chase Manhattan Plaza, (Room 2414), New York. **Information Meeting**—Dec. 5 (11 a.m. EST) at One Chase Manhattan Plaza, (30th floor), New York.

★ **Weyerhaeuser Co. (11/14)**
Oct. 24, 1963 filed 400,000 capital shares. **Price** — By amendment (max. $35). **Business**—Growing and harvesting of timber, and production of various wood products. **Proceeds** — For selling stockholder. **Address** — Tacoma Bldg., Tacoma, Wash. **Underwriter**—Morgan Stanley & 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."

Brewer (C.) & Co., Ltd.
146,735 common being offered to stockohlders at $60 per share, on the basis of one new share for each five held of record Oct. 28. Rights will expire Nov. 15. Blyth & Co., Inc., New York, and Butcher & Sherrerd, Philadelphia, are the principal underwriters.

Brockton Edison Co.
$5,000,000 of 4½% first mortgage and collateral trust bonds due Oct. 1, 1993, offered at 101% and accrued interest to yield 4.44%, by Halsey, Stuart & Co. Inc., Chicago, and Thomas & Co., Pittsburgh.

Brockton Edison Co.
60,000 shares of 4.64% preferred ($100 par) offered at $101.978 per share and accrued interest from Sept. 1, by Eastman Dillon, Union Securities & Co., New York.

Capitol Food Industries, Inc.
$1,700,000 of 6½% sinking fund convertible subordinated debentures due Oct. 1, 1978, offered at 100% plus accrued interest by Walston & Co., Inc., Chicago.

Celanese Corp. of America
964,390 common being offered to stockholders at $45 per share, on the basis of one new share for each eight held of record Oct. 25. Rights will expire Nov. 12. First Boston Corp., New York, is the principal underwriter.

Citadel Life Insurance Co. of New York
40,000 capital shares being offered for subscription by stockholders at $26 per share, on the basis of two new shares for each three held of record Oct. 25. Rights will expire Nov. 20. Alex. Brown & Sons, Baltimore, is the principal underwriter.

General Motors Acceptance Corp.
$150,000,000 of 4½% debentures due Nov. 1, 1985, offered at 99½% and accrued interest to yield 4.536%, by Morgan Stanley & Co., New York.

Morton (B. C.) Realty Trust
1,000,000 shares of beneficial interest offered at $10 per share by B. C. Morton Funds Underwriters Co., Inc., Boston.

Old Florida Rum Co.
225,836 units, each consisting of one share of common and one stock warrant, being offered at $1.75 per unit, on the basis of one unit for each three shares held of record Oct. 25. Rights will expire Nov. 14. Consolidated Securities Corp., Pompano Beach, Fla., is the principal underwriter.

Pacific Gas & Electric Co.
$70,000,000 of 4½% first and refunding mortgage bonds, series JJ, due June 1, 1996, offered at 101.72% and accrued interest by Halsey, Stuart & Co. Inc., Chicago.

Pacific Southwest Airlines
79,447 common offered at $35.50 per share by E. F. Hutton & Co., Inc., New York.

Subscription Television, Inc.
1,700,000 common offered at $12 per share by William R. Staats & Co., Los Angeles.

Tonka Toys, Inc.
179,500 common offered at $22.75 per share by Bache & Co., New York, and J. M. Dain & Co., Inc., Minneapolis.

Prospective Offerings

Associated Truck Lines, Inc.
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. **Offering**—Indefinitely postponed.

Bank of the Southwest N. A. (Houston)
Oct. 16, 1963 it was reported that stockholders had approved a 2-for-1 split and the offering of 100,000 $10 par shares to stockholders on the basis of one new share for each 20 held of record Oct. 15. Rights will expire Jan. 6, 1964. **Price**—$45. **Proceeds**—To increase capital funds. **Office**—900 Travis St., Houston, Tex. **Underwriter**—None.

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.

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 (11/12)
Oct. 7, 1963 the company announced plans to sell $5,100,000 of 1-15 year equipment trust certificates. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co., Inc. **Bids**—Nov. 12 (12 noon CST) at above address.

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.

● **Commercial Bank of North America (N. Y.) (11/7)**
Oct. 30, 1963 it was reported that stockholders voted to increase the authorized $5 par capital stock to provide for sale of 45,617 additional shares to stockholders on the basis of one new share for each 17 held of record Oct. 30. Rights will expire Nov. 25. **Price**—About $30. **Proceeds**—To increase capital funds. **Office**—116 Fifth Ave., New York. **Underwriter**—Francis I. duPont, A. C. Allyn, Inc., New York.

Communications Satellite Corp.
Oct. 7, 1963 it was reported that a registration statement will be filed in December covering about $200,000,000 of this firm's common stock to be issued in two series. Series I will be sold 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. **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. **Offering**—Expected in early 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.

Consolidated Foods Corp.
Oct. 10, 1963 it was reported that the company plans to offer publicly from 102,000 to 350,000 common shares, following the acquisition of Booth Fisheries Corp., on Jan. 15, 1964. **Business**—Consolidated is engaged in the manufacture of a wide line of food products and the operation of three retail food chains and one retail drug store. **Proceeds** — For acquisition of Booth Fisheries. **Office** — 135 So. LaSalle St., Chicago. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, N. Y.

Consumers Power Co.
Oct. 7, 1963 the company stated that it had postponed until Mid-1964 its plans to raise additional capital. Earlier, the company said that it planned to sell $20,000,000 of debentures. No decision has been reached on the type or amount of securities to be sold in 1964. **Office** — 212 West Michigan Ave., Jackson, Mich. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co., 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.

Ford Motor Co.
Oct. 23, 1963 it was reported that a registration statement will be filed on or about Nov. 1, covering 4,000,000 common shares to be sold in late November by The Ford Foundation. **Address**—American Road, Dearborn, Mich. **Underwriters** — First Boston Corp.; Blyth & Co.; Goldman, Sachs & Co.; Kuhn, Loeb & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc.; Dean Witter & Co., and Lazard Freres & Co.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

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.

★ **Interpublic Inc.**
Oct. 30, 1963 it was reported that this company is planning its first public stock offering. **Business**—A holding company for advertising agencies, public relations firms and other communications media. **Office**—750 Third Ave., New York. **Underwriter**—To be named.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sel $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 $1,810,000 of 6% convertible debentures due 1975 to be offered for subscription by stockholders. **Office**—1315 Versailles Rd., Lexington, Ky. **Underwriter**—S. D. Fuller Co., 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.

Kansas City Power & Light Co.
Oct. 16, 1963 it was reported that the company plans to sell $18-$20,000,000 of first mortgage bonds in January 1965. **Address** — 1330 Baltimore Ave., Kansas City, Mo. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp. - Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.-Shields & Co. (jointly).

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.
Oct. 16, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., plans to issue $25,000,000 of bonds in second quarter of 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).

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.

Missouri Pacific RR (1/7/64)
Oct. 22, 1963 it was reported that this road plans to sell $6,600,000 of 1-15 year equipment trust certificates. **Address**—Missouri Pacific Bldg., St. Louis. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Jan. 7, 1964 (12 noon CST), at above address.

Narragansett Electric Co. (1/14/64)
Oct. 22, 1962 it was reported that this subsidiary of New England Electric System plans to issue $5,000,000 of first mortgage bonds, series F, due 1994. **Office**—15 Westminster St., Providence, R. I. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Lehman Brothers-Goldman, Sachs & Co. (jointly). **Bids**—Expected Jan. 14, 1964.

New York Central RR (12/4)
Oct. 7, 1963 the company announced plans to offer $3,600,000 of 1-15 year equipment trust certificates. **Office**—466 Lexington Ave., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co., Inc. **Bids**—Dec. 4 (12 noon EST), at above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

★ **New York Telephone Co. (1/7/64)**
Oct. 28, 1963 it was reported that this A. T. & T. subsidiary plans to sell $130,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans, refund $75,000,000 of outstanding 3% bonds maturing Oct. 15, 1964, and finance construction. **Office** — 140 West St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected Jan. 7, 1964.

Norfolk & Western Ry. (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.
Oct. 16, 1963 it was reported that the company plans to sell 30,000 shares of $100 par preferred stock in the first quarter of 1964. **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 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. (3/10/64)
Oct. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12-$15,000,000 of first mortgage bonds due 1994. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—March 10, 1964 (10 a.m. EST) at 320 Park Ave., New York.

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).

Rayette, Inc.
Oct. 7, 1963 it was reported that this firm plans to sell about $10,000,000 of securities in January. The type or terms of the offering have not yet been decided. **Business**—Manufacture of cosmetics, supplies and equipment for beauty salons. **Office** — 261 East Fifth St., St. Paul, Minn. **Underwriter**—Allen & Co., New York.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Ryder System, Inc. (11/8)
Oct. 22, 1963 it was reported that the company had applied to the ICC for permission to issue a maximum of $5,500,000 of convertible subordinated debentures due 1983 to be offered to stockholders on the basis of $100 of debentures for each 40 common shares held of record Nov. 8. Rights will expire Nov. 22. **Price**—At par. **Business**—A holding company engaged in the fields of motor freight carrying, equipment leasing and manufacturing. **Office** — 2701 So. Bayshore Drive, 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. (jointly); Halsey, Stuart & Co. Inc. **Bids**—Nov. 13 (12 noon EST) at office of Wilkie, Farr, Gallagher, Walton & FitzGibbon, One Chase Manhattan Bank, 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.

★ **Shippers Dispatch Co. (11/27)**
Oct. 30, 1963 it was reported that the company had applied to the ICC for permission to issue 150,000 outstanding common. **Price**—By amendment. **Business**—A motor carrier operating in Ohio, Illinois, Michigan and Indiana. **Proceeds** — For selling stockholder. **Office**—1216 West Sample St., South Bend, Ind. **Underwriter**—Francis I. duPont, A. C. Allyn, Inc., New York.

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.

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Southern Pacific Co. (11/6)
Oct. 15, 1963 it was reported that this company plans to sell $8,970,000 of 1-15 year equipment trust certificates. **Office**—165 Broadway, New York. **Underwriters**—(Competitive). Porbable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids—Nov.** 6 (12 noon EST), at above address.

Southwestern Public Service Co.
Oct. 6, 1963 it was reported that the company plans to issue approximately $15,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—720 Mercantile Dallas Bldg., Dallas, Tex. **Underwriter**—Dillon, Read & Co., Inc., New York.

★ **Texas & Pacific Ry. (12/12)**
Oct. 28, 1963 it was reported that this road plans to sell $2,700,000 of 1-15 year equipment trust certificates. **Address**—916 Fidelity Union Tower, Dallas. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; First National Bank in Dallas; Mercantile National Bank, Dallas. **Bids**—Expected Dec. 12 (12 noon CST) at above address.

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. 21, 1963 the company announced that it may offer stockholders, sometime after mid-January 1964, the right to subscribe for up to $8,500,000 of 5¾% convertible subordinated debentures due Oct. 1, 1983. Hughes Tool Co., holder of 78% of the company's outstanding stock would not subscribe for these debentures, but would purchase an additional $30,000,000 principal amount of the issue. **Proceeds**—To help finance the purchase of 12 Boeing jet aircraft. **Office**—380 Madison Ave., New York. **Underwriter**—None.

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 Planters National Bank (Memphis) (11/6)
Oct. 23, 1963 it was reported that stockholders are to vote Nov. 6 on increasing the authorized $10 par capital stock to provide for sale of 150,000 additional shares to stockholders on the basis of one new share for each 7⅓ shares held of record Nov. 6. Rights will expire Nov. 27. **Price**—$40. **Proceeds**—To increase capital funds. **Office**—61 Madison Ave., Memphis. **Underwriter**—M. A. Saunders & Co., Inc., Memphis.

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.

TAX-EXEMPT BOND MARKET

Continued from page 7

bonds with a net interest cost of 3.1846%. The runner-up bid, a 3.185% net interest cost, was made by the Morgan Guaranty Trust Co. and associates.

Other members of The First Boston Corp. group include Harris Trust and Savings Bank. Mellon National Bank and Trust Co., First National Bank of Oregon, Shields & Co. and L. F. Rothschild & Co.

Scaled to yield from 2.00% in 1964 to 3.35% in 1992 for various coupons, the present balance in group totals $2,290,000. The 1993 maturity carried a one-tenth of 1% coupon and was sold presale.

Tuesday's final sale of note consisted of $15,000,000 Los Angeles, California Flood Control District (1965-1989) bonds. The group led by the *Bank of America N. T. & S. A.* submitted the best bid for these bonds, a 3.2063% net interest cost, and the runner-up bid, a 3.221% net interest cost, came from the Security First National Bank, United California Bank and First Western Bank account.

Other major members of the winning group include the First National City Bank, The First Boston Corp., the First National Bank of Chicago, Smith, Barney & Co. and the Crocker Anglo National Bank.

Scaled to yield from 2.15% to 3.30% for all 3¼s, the present unsold balance totals $6,490,000.

Booming Wednesday

Wednesday was an exceptionally busy day with four issues of importance on the schedule. One of this week's largest loans, $25,000,000 Port of New York Authority Consolidated term (1994) bonds, attracted two bidding groups. The account led jointly by *Blyth & Co.* and *Harriman Ripley & Co.* was the high bidder at 99.30 for a 3½% coupon. The second bid, 99.17 also for a 3½% coupon, came from the Halsey, Stuart & Co., Inc., Drexel & Co., Glore, Forgan & Co. and Ladenburg, Thalmann & Co. group.

Other major members of the winning group include The First Boston Corp., Lehman Brothers, Phelps, Fenn & Co., Kuhn, Loeb & Co., Stone & Webster Securities Corp., White, Weld & Co. Salomon Brothers & Hutzler, R. W. Pressprich & Co., L. F. Rothschild & Co., Paribas Corp., Equitable Securities Corp., A. G. Becker & Co., W. E. Hutton & Co. and W. H. Morton & Co.

Reoffered at 100 to yield 3.50%, this issue is reported to be moving at a good pace.

Baltimore County, Maryland awarded $15,000,000 Unlimited Tax (1965-2003) bonds to the *Bankers Trust* Co. and associates at a net interest cost of 3.3059%. The runner-up bid, a 3.317% net interest cost, was made by the First National Bank of Chicago group.

Other major members of the Bankers Trust Co. account include Harris Trust and Savings Bank, Smith, Barney & Co., Alex. Brown & Sons, Harriman Ripley & Co., Lehman Brothers, Blyth & Co., First National Bank of Oregon, Mercantile Trust Co., St. Louis, R. W. Pressprich & Co. and Bear, Stearns & Co.

Reoffered to yield from 2.20% in 1965 to 3.40% in 1993 for various coupons, the unsold balance is reported to be $8,470,000. The 1994 to 2003 maturities carried a 2¾% coupon and were sold pre-sale.

Also on Wednesday, $8,150,000 New York State Dormitory Authority, Columbia Univ. revenue (1965-1983) bonds. The group led by *Wertheim & Co.* was the high bidder with a net interest cost of 3.37%. The second best bid was made by the Smith, Barney & Co. group with a net interest cost bid of 3.46%.

Other members of the winning group include Lazard Freres & Co., Glore, Forgan & Co., Dean Witter & Co. and Goodbody & Co.

The bonds are priced to yield from 2.25% to 3.40% in 1992. The 1993 maturity bears a 1/10% coupon and is priced to yield 4.40%.

Week's Largest Sale

The final important sale of the week involved $39,600,000 State of Hawaii (1966-1988) bonds. The *Bank of America N. T. & S. A.* group merged with the *Smith, Barney & Co.-Blyth & Co.* group and was the high bidder for this issue with a net interest cost bid of 3.404%. The Chase Manhattan Bank group was the second bidder with a net interest cost of 3.42%.

The bonds were reoffered at prices to yield from 2.35% to 3.50%. The immediate result of the reoffering is not known as the sale occurred late Wednesday.

Questionable Merchandizing Practiced

In review it would seem that the week in municipal finance shows little evidence of constructive market developments. Dealers are continuing in their practices of over-competition. Bids are more often than not predicated on flimsy if not ephemeral investor interest. Often the interest is withdrawn and later renewed at a lower price level even though the bidding has been close. The pattern persists that unless an issue is better than half sold going in, there is little chance of a profitable operation.

Moreover, there is the divided account wherein a member, usually the manager or one or more of the majors, is able to sell himself out against a particular order or orders, while the group generally finds no broad interest and holds the bag for the balance of the deal. There isn't a major industry in the country that is infringing on the common sense of merchandising as is the tax-exempt bond industry. The present type of jungle warfare does discredit to all involved.

State of Hawaii Bonds Offered To Investors

An underwriting group headed by Bank of America N.T. & S.A. joined with a syndicate jointly managed by Smith, Barney & Co. and Blyth & Co., Inc. to submit the best bid Oct. 30 for $39,600,000 State of Hawaii General Obligation Refunding Bonds of 1963, Series D, due semi-annually Nov. 1, 1966 to 1988, inclusive.

The combined group bid 100.-0513% for 2.70%, 3.40% and 3½% coupons, setting an annual net interest cost of 3.403%.

The obligations are priced to yield from 2.55% in 1967 out to 3.50% in 1988. Bonds carrying a 2.70% coupon and due Nov. 1, 1966, were not reoffered.

Associates in this offering include:

First National City Bank, New York; Continental Illinois National Bank and Trust Co. of Chicago; The First Boston Corp.; Wachovia Bank and Trust Co.; Fidelity Union Trust Co., Newark, N. J.; City National Bank & Trust Co., Kansas City, Mo.; Smith, Barney & Co.; Blyth & Co., Inc.; Harriman Ripley & Co.

John Nuveen & Co. (Incorporated); The First National Bank of Oregon; The Philadelphia National Bank; R. W. Pressprich & Co.; Dean Witter & Co.; Goodbody & Co.; Taylor and Co.; The First National Bank of Memphis; Lee Higginson Corp.

Dealer-Broker

Continued from page 8

vestor, American Stock Exchange Building, 86 Trinity Place, New York, N. Y. 10006—25¢ per copy; $2.00 per year. Also in the same issue is a discussion of **Hill's Supermarkets Inc., Bloomfield Industries, Ogden Corporation, Ets-Hokin Corp., National Work Clothes Rental** and **Wakefield Corp.**

International Minerals and Chemical Corp. — Analysis — Emanuel, Deetjen & Co., 120 Broadway, New York, N. Y. 10005.

Lane Bryant Inc. — Analysis — H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005.

MacMillan, Bloedel & Powell River Ltd.—Analysis—Royal Securities Corporation, Ltd., 244 St. James Street, West, Montreal 1, Que., Canada.

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

Maryland Casualty Company— Analysis—DeHaven & Townsend, Crouter & Bodine, Land Title Building, Philadelphia, Pa. 19110.

Mattagami Lake Mines Ltd.— Analysis — Draper Dobie & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Old Line Life Insurance Co. of America—Analysis—Ruffer, Ballan & Co., Inc., 79 Wall Street, New York, N. Y. 10005.

J. Herbert Orr Enterprises—Analysis — First Alabama Securities Inc., 26 Commerce Street, Montgomery, Ala.

Parke, Davis & Co. — Analysis— Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

Phillips-Foscue Corp. — Report— Frank Ginberg & Co., Inc., 25 Broad Street, New York, N. Y. 10004.

Programmed and Remote Systems Corp.—Analysis—Continental Securities Inc., 607 Marquette Ave., Minneapolis, Minn. 55402.

Radio Corporation of America— Analysis — Glore, Forgan & Co., 135 South La Salle St., Chicago, Ill. 60603.

Ranco Inc. — Analysis — Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

Rosenau Brothers — Analysis — Reuben Rose & Co., Inc., 115 Broadway, New York, N. Y. 10006. Also available is a review of **Garan Inc.**

Royal Industries — Report — William R. Staats & Co., 640 South Spring Street, Los Angeles, Calif. 90014. Also available is a selected list of convertible debentures which appear interesting.

John Sexton & Co. — Analysis— Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn. 06507. Also available are analyses of **Torrington Manufacturing Co.** and **Veeder Root Inc.**

Swingline Inc.—Analysis—Brand, Grumet & Seigel Inc., 67 Broad Street, New York, N. Y. 10004.

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

Tyson's Foods, Inc. — Analysis— Reinholdt & Gardner, 400 Locust Street, St. Louis, Mo. 63102.

Union Oil of California—Analysis —Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are comments on **Andrew Jergens, U. S. Rubber, National Steel, Dunham Bush** and **Merck & Co.**

Union Oil Co. of Canada Ltd.— Review — James Richardson & Sons, Inc., 14 Wall Street, New York, N. Y. 10005.

United Gas Corporation—Analysis —Roger Stevens, Dept. CFC, Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Waddell & Reed Inc.—Review— Maxwell Ohlman & Company, 120 Broadway, New York, N. Y. 10005.

Xerox Corp.—Discussion in current issue of "Investor's Reader" —Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005. In the same issue are discussions of **Frito Lay, Northwest Bancorporation, Bank of California, Associated Dry Goods Corp., Rexall Drug & Chemical Co., Cooper Tire & Rubber Co., Dayco Corp., McCall Corp.** and **American Greetings Corp.**

General Motors Acceptance Corp. Debens. Offered

Morgan Stanley & Co., New York, as manager of an underwriting group has announced the public offering of $150,000,000 General Motors Acceptance Corp. 4½% debentures due Nov. 1, 1985 at 99½% and accrued interest to yield approximately 4.536% to maturity.

Proceeds from the sale will be added to the general funds of the company and will be available for the purchase of receivables or for maturing debt. The proceeds initially may be applied to reduction of short-term borrowings or invested in short-term securities.

The debentures will not be redeemable for eight years, except pursuant to a special redemption provision applicable at any time under certain conditions of declining retail receivables. On and after Nov. 1, 1971, the debentures will be redeemable at the option of the company at a price of 102% for one year and thereafter at prices declining to the principal amount on and after Nov. 1, 1981.

GMAC finances the distribution of new products manufactured by General Motors to dealers for resale, and finances such dealers' retail instalment sales of new products as well as used units of any make. Financing related to automotive vehicles comprised 99% of the dollar volume of receivables purchased by GMAC in the first six months of 1963.

Subscription TV Common Offered

Public offering of 1,700,000 common shares of Subscription Television, Inc., at $12 per share is being made by William R. Staats & Co., Los Angeles, and associates. An additional 400,000 shares are being sold to certain stockholders at the regular offering price.

Net proceeds from the sale will be used to complete developmental work in establishing the initial system, and in discharging certain obligations in connection with the acquisition of the assets of Home Entertainment Co. of America, Inc.

Subscription TV is engaged in the establishment of a subscription television system in the Los Angeles and San Francisco metropolitan areas. It plans to operate the system in those areas, and to establish and operate it in other areas of the United States.

The company plans to present sporting events, current movies, and cultural and other special attractions to subscribers over channels in a closed circuit coaxial cable network to be leased from telephone companies. A program selector to be installed in the premises of each subscriber will enable the latter to choose among three television programs and music during the hours of transmission. Each subscriber will pay a fixed weekly charge and a program charge for each television set program which he views. Centrally located interrogation equipment will, through dissemination and reception of coded electronic impulses, record each subscriber's use of the system and will provide the company with data for the automatic preparation of a monthly bill to each subscriber.

Among the principal stockholders of the company are The Reuben H. Donnelley Corp., Lear Siegler, Inc., Tolvision of America, Inc., National Exhibition Co., Los Angeles Dodgers, Inc. and William R. Staats & Co.

DIVIDEND NOTICES

GOODALL RUBBER COMPANY

COMMON AND PREFERRED DIVIDENDS

The Board of Directors has declared a quarterly dividend of 12½c per share on all Common Stock outstanding and regular semi-annual dividend of $2.50 per share on the 5% Preferred Stock, both payable November 15, 1963 to stockholders of record at the close of business November 1, 1963.

H. G. DUSCH
Vice President & Secretary
October 24, 1963

QUALITY

The American Tobacco Company

233RD COMMON DIVIDEND

A regular dividend of Thirty-seven and One-half Cents (37½¢) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on December 2, 1963, to stockholders of record at the close of business November 8, 1963. Checks will be mailed.

J. R. WATERHOUSE
Treasurer
October 29, 1963

© A. T. Co.

DIVIDEND NOTICES

CITY INVESTING COMPANY

980 Madison Ave., New York 21, N. Y.

The Board of Directors of this company on October 23, 1963 declared a stock dividend of one per cent on the $5 par value common stock of the company payable November 29, 1963 to stockholders of record at the close of business November 4, 1963.

HAZEL T. BOWERS,
Secretary

CALIFORNIA-PACIFIC UTILITIES COMPANY

Quarterly dividends payable December 16 to shareholders of record November 29, have been declared at the following rates per share:

5% Preferred	25¢
5% Convertible Preferred	25¢
5½% Convertible Preferred	27½¢
Common	22½¢

D. J. Ley, VICE-PRES. & TREAS.
October 21, 1963

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CENTRAL LOUISIANA ELECTRIC COMPANY

DIVIDEND NOTICE
CENTRAL LOUISIANA ELECTRIC COMPANY, INC.

The Board of Directors of Central Louisiana Electric Company, Inc., has declared:

COMMON DIVIDEND NO. 89

A quarterly dividend on the Common Stock in the amount of 28 cents per share, payable November 15, 1963, to shareholders of record as of the close of business on October 28, 1963.

In addition to the cash dividend, the Board declared a 2% stock dividend on the outstanding shares of Common Stock, payable in shares of Common Stock of the Company, on December 20, 1963, to shareholders of record on November 15, 1963, on the basis of one share of new stock for each fifty shares of presently outstanding Common Stock. Shareholders receiving a fractional interest in a share of Common Stock will have the privilege of purchasing an additional fractional interest to make a full share, or of selling their fractional interest and receiving the cash.

4.5% PREFERRED DIVIDEND NO. 51
1955 SERIES PREFERRED DIVIDEND NO 34

The regular quarterly dividend of $1.125 per share on the 4.5% Preferred Stock and 1955 Series Perferred Stock payable December 1, 1963, to shareholders of record as of the close of business on November 15, 1963

1958 SERIES PREFERRED DIVIDEND NO 21

The regular quarterly dividend of $1.34375 per share on the 1958 Series Preferred Stock, payable December 1, 1963, to shareholders of record as of the close of business on November 15, 1963

T. P. Street, Secretary

DIVIDEND NOTICES

AMERICAN ELECTRIC POWER COMPANY, Inc.

215th Consecutive Cash Dividend on Common Stock

• A regular quarterly dividend of Twenty-nine cents (29c) per share on the Common Capital Stock of the Company, issued and outstanding in the hands of the public, has been declared payable December 10, 1963, to the holders of record at the close of business November 12, 1963.

W. J. ROSE, Secretary
October 30, 1963.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 195 of sixty cents ($.60) per share on the common stock payable January 15, 1964 to stockholders of record at the close of business on Dec. 13, 1963.

GERARD J. EGER, Secretary

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 181 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable December 2, 1963 to stockholders of record at the close of business on November 6, 1963.

GERARD J. EGER, Secretary

KENNAMETAL Inc.
LATROBE, PA.

DIVIDEND ANNOUNCEMENT

At a regular meeting held October 1, 1963, the Board of Directors of Kennametal Inc. declared a cash dividend on the common shares of the Company of twenty cents ($.20) per share payable November 20, 1963, to shareholders of record at the close of business on November 5, 1963.

G. J. HEIDEMAN, *Treasurer*

QUARTERLY DIVIDENDS SINCE 1935

NATIONAL DISTILLERS and CHEMICAL CORPORATION

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 30¢ per share on the outstanding Common Stock, payable on December 2, 1963, to stockholders of record on November 8, 1963. The transfer books will not close.
October 24, 1963.
RAMSEY E. JOSLIN, Treasurer

GROWING IN THESE MAJOR AREAS OF SERVICE:
LIQUORS • CHEMICALS
METALS • FERTILIZERS
PLASTICS

DIVIDEND NOTICES

United States Pipe and Foundry Company

Birmingham, Ala., October 24, 1963

The Board of Directors this day declared a quarterly dividend of thirty cents (30¢) per share on the outstanding Common Stock of this Company, payable December 16, 1963, to stockholders of record on December 2, 1963.

The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY
JOHN W. BRENNAN, *Secretary & Treasurer*

Suburban Propane

71st Consecutive Quarterly Dividend

Common Stock—33¢ per share

Payable November 15, 1963 to Stockholders of record November 1, 1963

R. Gould Morehead
Financial Vice President

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 99

A regular quarterly dividend of 55 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable December 13, 1963 to stockholders of record at the close of business on November 29, 1963.

PETER G. SMITH
Secretary
Dated: October 26, 1963.

UGI The United Gas Improvement Company

DIVIDEND NOTICE

A dividend of 22c per share on the Common Stock has been declared payable December 20, 1963 to holders of record November 29, 1963.

A dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable January 1, 1964 to holders of record November 29, 1963.

J. H. MACKENZIE, Treasurer
Philadelphia, October 22, 1963

410th Dividend

Pullman Incorporated

97th Consecutive Year of Quarterly Cash Dividends

A quarterly dividend of thirty-five cents (35¢) per share will be paid on December 13, 1963, to stockholders of record November 22, 1963.

W. IRVING OSBORNE, JR.
President

Divisions and Subsidiaries:
Pullman-Standard Division
The M. W. Kellogg Company
Trailmobile Division
Trailmobile Finance Company
Swindell-Dressler Corporation
Transport Leasing Division
Unimation, Inc.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The 1962 calendar year was the first year since Congress established the Federal Deposit Insurance Corp. in 1933 that there was not a single insured bank failure requiring disbursements by the FDIC.

There was one bank in deep trouble, but its deposits were assumed by another insured bank without requiring disbursements.

Since the FDIC was created there have been 445 bank failures. These banks had 1,460,244 depositors and deposits totaling $611,000,000. Thus far 99.6% of the depositors have fully recovered all the funds they had in those defunct banks. About 5,244 depositors with deposits in excess of the insured amount had to wait for liquidation.

While the banking industry generally is in a sound and strong position, it is inevitable that there will be bank failures in the future, particularly in years when there may be a recession or a depression. Even without a big dip in the economy we may expect an intermittent institution having to be placed in liquidation.

A few days ago Jesse P. Wolcott, Director of the Federal Deposit Insurance Corporation, announced an FDIC policy involving "offsets" that is of marked interest to the whole banking industry, and to depositors.

Mr. Wolcott, a former Republican Congressmon from Michigan and one-time Chairman of the House Banking and Currency Committee, retired voluntarily from Congress on Jan. 3, 1957, after 25 years of distinguished service. He had planned to travel and catch up on his fishing.

However, former President Eisenhower asked him to become a Director of the FDIC. He did and he has been serving continuously since Jan. 26, 1958. Now he is getting ready to step down and "retire for good" in January, 1964, when his present term expires.

New FDIC Policy

Mr. Wolcott, in the FDIC policy statement, disclosed that depositors in closed insured banks being paid off by the FDIC will receive all funds up to the legal limitation of $10,000 per depositor. This is and has been done without any witholdings of funds to cover loans due the bank, if the loans are current and in good credit standing.

Mr. Wolcott, who is still called "Mr. Chairman" by friends and former colleagues in Congress, made the disclosure in a letter the text of which was released by the FDIC. The letter was written to Oscar R. Goodman, Associate Professor of Finance at Northwestern University's School of Business, Chicago, Ill.

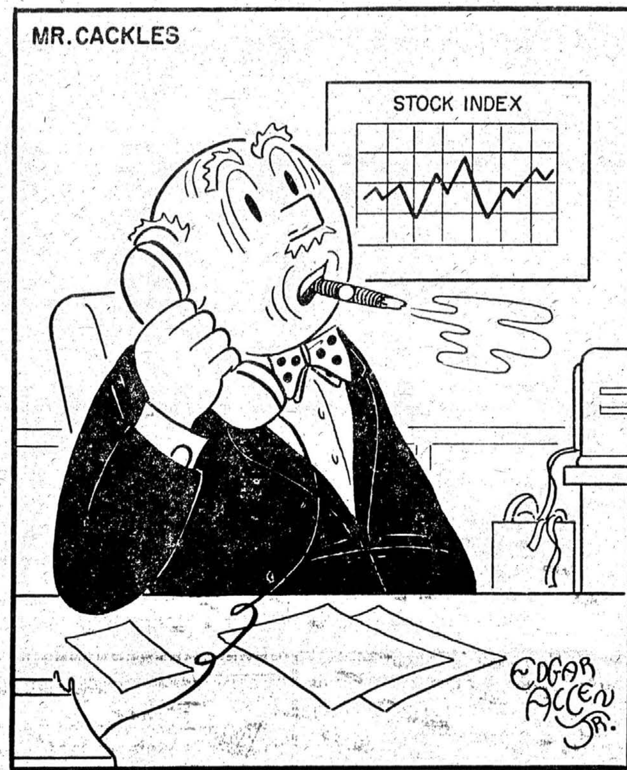
Professor Goodman had written a letter to James J. Saxon, the Comptroller of the Currency and the acting Chairman of the FDIC, since the retirement of Earle Cocke, Sr., of Georgia, whose term as a Director expired in August.

Illinois Banks Prompted Inquiry

Mr. Goodman wrote Mr. Saxon in connection with offsets and withholdings in the payoff of the First State Bank of Westmont, Ill., and the Chatham Bank of Illinois.

The letter of Mr. Wolcott pointed out that there are two forms of holding out deposits to cover loans. One of these it stated, matter of statutory requirement, is the "offset" method, which is a both in the FDIC Act, and in various state laws concerning receiverships.

This requires that all loans or notes due to a bank placed in receivership must be "offset" against claims if the note or loan is due or in default. As an example, a depositor having deposits of $10,000, and a loan outstanding of $5,000, if that loan were due for payment or were in default, the loan would be "offset" by the deposit.



". . . Just a suggestion, dear, for our dinner party—perhaps you could think of a somewhat better seating arrangement than Governor Wallace next to Robert Kennedy."

The other or second form of holding out of funds is called "withholding." It involves the temporary withholding of the insured deposits of a depositor whose loan is not due. Where such withholdings are made, the depositor may request his deposit to be offset against his debt.

A number of state Legislatures during the 1930s passed similar "offsets" type of legislation when banks were closed in those states. Many people who had deposits in banks being liquidated and were on notes for payments that were in default, used their deposits as "offsets."

Revised Procedure on "Withholdings"

Mr. Wolcott explained in his letter to Professor Goodman that for years it had been the policy of FDIC to make "withholdings" mandatory, but corporation studies in recent years resulted in the Corporation changing its policy. Therefore, in cases where a loan is adequately secured and on a current status, and even where the loan is unsecured (signature loans, primarily) but that the credit standing of the depositor warrants it, deposit funds will not be withheld pending refinancing, but will be paid out immediately.

The former chairman of the House Banking Committee, who was voted by his former Committee colleagues as a lifelong member of the committee with all the privileges except a vote, ordered the withholding policy change in September after the Chicago bank closed its doors.

His letter said that many depositors request offsets against deposit funds, finding these to their advantage. Mr. Wolcott pointed out that offsets and withholding procedures together involve only a small minority of the funds involved in a bank receivership case. He cited the Chicago bank as an example. About 95% of the insured deposits of the bank were immediately available to depositors, with only 5% subject to offset or withholdings.

Procedure With Respect to S.-L. Assns.

"You mention some savings and loan associations in Chicago," replied Mr. Wolcott to Professor Goodman, "and the fact that apparently immediate payment is being made in one or more of them which are closed by the Federal Savings and Loan Insurance Corporation 'without offset'."

Our information leads us to believe that in the first place practically all of the accounts of such associations were within the insurance limit of $10,000, so that they could be taken over by that insurance corporation without a loss by reason of any excess accounts over insurance limits, and, of course, there are no personal loans to be considered, all loans being secured by real estate. Had the circumstances been similar at the Chatham Bank, the Federal Deposit Insurance Corporation also could have arranged full payment for all deposits."

Higher F. D. I. C. Guarantee Possible

When the FDIC was established the temporary plan, effective Jan. 1, 1934, limited insurance to $2,500 for each depositor until July 1, 1934, when the permanent plan was scheduled to become effective. The effective date, however, was postponed and the temporary plan was extended with coverage increased to $5,000.

The records of the Corporation show that the original permanent plan provided for full coverage of each depositor, 75% on the next $40,000 of deposits and 50% coverage on all deposits in excess of $50,000. This plan never became operative.

It was in 1950 that the insurance coverage was increased to $10,000 for each depositor. There have been numerous proposals advanced in and out of Congress to increase the coverage to $25,000, but it has made no substantial headway.

It is not unlikely that the day will come when the deposit insurance will be raised.

[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.]

Cowen Co. to Absorb J. Coe

Jacques Coe & Co. will be merged with Cowen & Co., 45 Wall Street, New York City, members of the New York and American Stock Exchanges, it has been reported. Mr. Coe., senior partner of Jacques Coe & Co., which is also a member of the New York Stock Exchange, will become a partner in Cowen & Co.