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EDITORIAL

As We See It

New Frontiersmen are apparently beginning to worry seriously about prices. Costs have, of course, been rising for a good while past, and the major factors in that increase have long been familiar to all who take the trouble to inform themselves, but these circumstances have not troubled minds in Washington, or have not troubled them enough to give rise to action in the premises. Despite these well-known increases in costs, the cause and the remedy for rising prices, so word from the discussions of economic advisors in and about the Administration seems strongly to suggest, are to be found elsewhere. We have, so it would seem, an "oligopoly" in our industry, and hence "imperfect competition" even if no violation of the antitrust laws. "Administered prices" is the current diagnosis, and somehow that is a sin of the larger corporations. So far the remedy has been largely an effort to arouse public opinion to the point of causing the offenders to wince and relent and refrain. What is to come next the future must disclose. "Investigations" now under way have an ominous appearance.

Suppose we leave these strange terms with which current conditions are being described to the savants who coined them. Some plain everyday facts are much more likely to provide a basis for understanding the events which seem to be causing uneasiness in Washington. First, the matter of costs. Despite all the efforts of management, costs of providing the goods that are being demanded by the forward-looking politicians are continually rising. If we may accept the figures of the Department of Commerce — the so-called implicit deflator factor applied to producers' durable equipment — the cost of adding one unit of pro- (Continued on page 18)

Mortgage Banking Companies Are Vital Housing Market Factors

By Richard P. Finn, *Marshfield, Mass.*

Mortgage banking companies have come of age full of "ruddy health" with many publicly-owned firms, most of whose stocks are available only in the OTC Market, reaching the cash dividend stage. Author Finn documents the reasons for the rising acceptance of, and respect accorded to, mortgage companies and mortgages by investors, and he tabulates pertinent financial facts of 13 representative firms. Analysis anticipates no rise in mortgage rates in the coming months; credits mergers and establishment of mortgage subsidiaries for strengthening the industry; explains major sources of earnings and how to go about valuing mortgage company shares; and notes excellent relations with institutional providers of funds who would make funds available should mortgage money become scarce.

Mortgage banking companies are a little understood but important segment of the financial industry. By providing a national market in residential and commercial housing loans, they permit institutional investors to buy mortgages in any part of the nation with a minimum of bother or risk. In essence, they funnel money for mortgages from areas of "plenty" to areas of "want."

The field is another of the many going through a consolidation phase. Although there are more than 1,000 mortgage firms, fewer than 30 service loan portfolios of more than $200 million. However, between 1950 and 1960, the dollar volume of new loans originated by the industry doubled. Since World War II, the gain is about eight-fold. According to the Mortgage Bankers Association of America, the industry services more than half of all FHA and VA-backed loans and about one-fifth of total mortgage debt outstanding.

Contrary to the view of some, 1963 monetary moves are not expected to have any appreciable effect on this growth trend. Miles L. Colean, outstanding mortgage authority, said recently that the only uncomforable impact of the Federal Reserve Bank's discount rate hike in July on builders and mortgage companies is a possible rise in the cost of borrowing for construction purposes and for carrying mortgages in the process of sale or awaiting delivery.

No rise in interest rates on mortgage loans is foreseen due to the absence of the following factors: (1) Rising rate of government borrowing; (2) substantial increase in private long-term borrowing volume; (3) decline in institutional savings; (4) sufficient increase in short-term rates to attract funds from long-term investments. Mr. Colean also noted that proposed taxes on funds invested in new foreign securities issues would tend to keep dollars from flowing abroad, hence augment the already ample supply of savings for domestic investment.

Present and prospective conditions in the financial markets indicate a continued flow of mortgage funds. All types of savings media—life insurance companies, savings and loan associations, mutual savings banks, commercial banks and pension funds—have been eagerly bidding for mortgages. "Incidentally, the action of the Federal Reserve Board to permit member banks to raise to 4% the interest paid on short-term savings deposits and savings certificates of less than one year's maturity and the corresponding move by the New York Banking Commissioner to free the rate of interest paid by mutual savings banks should do much to maintain the attractiveness of mortgages to these institutions," Mr (Continued on page 4)

New York Savings Banks' Convention Featured

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.

DAVID N. GOLDMAN

Security Analyst, The R. F. Griggs Company, Waterbury, Connecticut

Combined Insurance Company of America

Combined Insurance was incorporated in 1949 and has paid a cash dividend to its shareholders in each year beginning with 1950. But of more importance to its stockholders has been its record of *Stock Dividends*—paid in each year since 1953 as follows:

1953	50%
1954	33⅓
1955	25 (10-1 split)
1956	40
1957	43
1958	20
1959	25
1960	33⅓
1961	50
1962	66⅔
1963	20

Furthermore stockholders can probably look forward to continued stock dividends until capitalization reaches 10 million shares. At present there are six million shares outstanding.

A $2,250 investment in 100 shares of Combined Insurance just five years ago (Jan. 1958) would have grown to 600 shares worth $20,500 (Oct. 1963). This is an increase of 800% on stock dividends alone . . . a "miracle of compounding capital."

The growth of this unique company has been phenomenal. Combined Insurance ranks eighth among some 800 firms underwriting individual accident and health insurance and this is primarily due to the energetic efforts of its President, W. Clement Stone. Mr. Stone is considered to be one of the leading authorities in the sales motivation field. His books "Success Through a Positive Mental Attitude" and "The Success System That Never Fails" have been an inspiration to some 1,700 sales representatives. His statements to stockholders are full of confidence and progress . . . "1962 has been a most successful year and 1963 will be even better" . . . "we know how to turn disadvantages into advantages" . . . "give the service the people want at a price they can afford to pay" . . . These expressions promote faith and confidence on the part of stockholders. But it wasn't until recently Mr. Stone came forth with a most dynamic statement. He publicly stated in effect that if the company loses a dispute with the Internal Revenue Service, he personally would pay the $5 million tax bite out of his own pocket, because he did not believe that minority stockholders should suffer.

The growth pattern has continued in 1963. For the six month period ended June 30, sales have increased 17% and net income 10%—with the usually better second half to look forward to. Plans call for the company to enter the accident and health market of England this fall. And eventually, long range plans call for selling on a world-wide basis. Combined Insurance is presently licensed to sell throughout the United States, Canada, Puerto Rico, Guam, The Virgin Islands, Dominican Republic and parts of Australia.

I estimate adjusted earnings will approximate $1.50 per share for the year 1963. At the present offered price of $35 per share, this issue is selling for 23 times adjusted earnings. Considering its past record and weighing its future potential, this is a modest price to pay for such a remarkable growth stock. It is traded in the Over-the-Counter Market.

EMIL J. ROTHENBERG

Partner, Stern, Frank, Meyer & Fox, Los Angeles, Calif.

Thrifty Drug Stores Co., Inc.

The record shows that Thrifty Drug Stores has been an important participant in the growth of California. We believe the company will continue to expand and prosper in the future as well.

Incorporated in California in 1935, Thrifty Drug Stores owns and operates the largest chain of retail drug stores on the Pacific Coast. All but seven of the 215 units now in operation are located in California, with the majority in Southern California. In addition to its retail stores, the company operates a film processing plant, an ice cream production plant, and a commissary. Among other interests are a 10% investment in Blue Chip Stamp Company (trading stamps) and an approximate 28% interest in Sav-On Drugs, Inc. Neither of these latter two companies publish independent financial statements and their results are not consolidated with those of Thrifty. The Justice Department advised Thrifty Drug Stores in 1962 that its 1958 purchase of Sav-On's stock was in violation of the Clayton Act and that divesture must be made. As of this writing, there has been no final determination of the suit. A wholly-owned subsidiary, Borun Bros., acts as a service organization which purchases, warehouses, and also packages some items for sale under Thrifty's trade names.

An extremely wide variety of merchandise is offered in Thrifty's stores. Most of the units are of the super, self-service type and the new ones could be classed as junior department stores. It is management's plan to open between 20 and 25 new stores each year. At the same time, smaller units are closed and other existing facilities are modernized. Net on balance, there was an increase of 19 Thrifty Drug Stores at the close of the last fiscal year (8/31/63) over the comparable year earlier date. The company has been able to secure quite desirable leases for its locations where in most cases, the landlord owns the building, furniture, and fixtures. Thus, it can readily be seen why it takes less than a year for a new store to become a profitable operation.

Thrifty Drug Stores has an enviable record of sales, earnings, and dividends. As of Aug. 31, 1954, there were 108 stores in operation that generated a sales volume of $63.1 million. Net income was $757,000; per share earnings were $0.35; and the dividend was $0.165 (adjusted for all stock splits and dividends). As of Aug. 31, 1963, there were 215 stores that generated a sales volume of $189.0 million; net income was $4.8 million; earnings were $2.26; and the dividend rate was just increased to $1.00 per share.

As a result of the exercise of options, there are presently a little over 2.2 million shares of stock outstanding. Between management and the company's profit-sharing and retirement plan, approximately 45% of the shares is closely held.

Sales volume for fiscal 1964 is tentatively being estimated at $210.0 million. Assuming that net profit margins remain at 2.54% of sales and considering the increased number of shares outstanding, earnings could well be in the area of $2.40. If these earnings are achieved, it would be possible to again increase the dividend on the common stock.

Thrifty Drug Stores Co., Inc. common stock is traded in the Over-the-Counter Market.

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

This Week's Forum Participants and Their Selections

Combined Insurance Co. of America—David N. Goldman, Security Analyst, R. F. Griggs Co., Waterbury, Conn. (Page 2)

Thrifty Drug Stores Co., Inc.—Emil J. Rothenberg, Partner, Stern, Frank, Meyer & Fox, Los Angeles, Calif. (Page 2)

New Schedule of NYSE Listing Fees

The New York Stock Exchange has announced the adoption of a new schedule of listing fees to take effect Jan. 1, 1964, to replace the present schedule which was adopted in substantially its present form about 25 years ago.

The changes and simplifications in the new schedule incorporate a number of suggestions made by listed companies over the years. The new schedule will not result in any overall increase in revenue to the Exchange.

The new schedule will eliminate fee charges for simple changes in corporate name and par value, reduce fees where simple changes in state of incorporation or re-incorporation occur, base fees on the actual number of shares involved rather than using blocks of 10,000 and 100,000 shares, and reduce or eliminate multiple billing dates for annual fees.

In order to offset the eliminations and reduction of fees resulting from the new schedule, the initial listing fee in the 500,000 to 1,000,000 share bracket will increase from one-half of a cent to one cent per share and the minimum continuing annual fee will be increased from $500 to $1,000. This will mean that the maximum increase for any company in initial fees would be $2,500 and for continuing annual fees $500.

Another feature of the new schedule gives recognition to the growth in the number of shares outstanding from less than 1½ billion in 1939 to over eight billion at the present time. Thus a new fee bracket for shares outstanding above the 300 million level has been created providing for an initial fee at the rate of one-eighth of a cent per share.

Four Investment Areas Which Warrant Preference

By Sidney B. Lurie,* *Partner, In Charge of Research, Josephthal & Co., New York City*

Four attractive investment areas are described within the context of an optimistic assessment of the broad forces said to be ushering in another era of great expectations—for the economy and the stock market. The author's paper fully reflects his 30 years' well known experience on the subject. Mr. Lurie is a former President of the New York Society of Security Analysts and was one of the first to pioneer the profession at a time when analysts were called statisticians and were barely tolerated in the overhead. He has lost none of his perspective as evidenced in his observations wherein he chastises his colleagues for not applying to themselves some of the critical standards they apply to the corporations they judge, and for neglecting the public in favor of institutional sales. Mr. Lurie stresses selection over market timing, and sees no sign of a major top nothwithstanding the presence of some debiting factors.

Ten years ago, when I had the honor of being President of the New York Society of Security Analysts, I opened our first regional convention with the observation that we were living in an era that would go down in history as the fabulous 50's. Fabulous as the 50's were—frenzied as the 60's have been thus far—my basic philosophy now is little different from what it was when I was ten years younger and twenty pounds lighter. In my opinion, we are living in a period of great expectations—an era where the best is yet to come—an era which we all will remember as the biggest any of us have ever known.

Sidney B. Lurie

In a word, to paraphrase a comment that might be made by Boston's most distinguished friend or neighbor—this is an economy and stock market of great **VIGAH**. Best proof is that we are constantly being treated to something new and different—to exciting changes—and I don't mean Mrs. Kennedys' latest hair-do. Just think, for a moment if you will, of the great implications and expectations which could develop from the Communist world's inability to feed itself. . . . From the very fact that our capitalistic society has demonstrated it's inherent strength and resiliency so well, in times of world-wide stress and strain. We may be on the threshold of an entirely new phase which features growing world trade and declining defense expenditures.

A very wise man once said that if he could sell his experience for only half what it cost him, he would be a milionaire. I am not trying to sell anything. Rather, all I would like to do is share some of the lessons I have learned—some of the reasons for my ulcers.

The time is over when the world would beat a path to the door with a better mouse trap. Now, you have to package it properly and promote it aggressively. In this connection, the fact that I have a captive audience encourages me to sound off with some pet peeves — constructive criticisms which can be leveled at most of us in the investment industry.

Who Analyzes the Analysts?

In a word, I think we have colossal gall when we criticize corporate management—as we do almost daily through the opinions that we express—and then don't have the common sense to apply the same critiques to ourselves. To put it bluntly, I suspect we in the financial field are perhaps the world's worst mechandisers of an idea. And this is our basic business. I suspect that we get so impressed with our own attempts to play God that we forget we are mortals—and that we are talking to mortals. Many times, we are like the movie actor who believes his own publicity.

For example, isn't it absurd for us to tell the public—as we often do—to be wary of a unanimous opinion, and then spend time developing cliches which frighten our customers? Remember the nonsense that was floating around Wall Street and State Street a year or two ago about a profit margin squeeze—about the threat of foreign competition?

Every investment analyst knows that industry has become more efficient by cutting down the number of lines carried—that the key to stock market success is concentration. If this be true, isn't it absurd to try and come up with a "daily double" for the great unwashed?

This is the time of year when everyone in Wall Street is busy telling his customer to revise portfolios with the view to establishing tax losses. And I am just as guilty as the next man. But

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Articles and News

Regular Features

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

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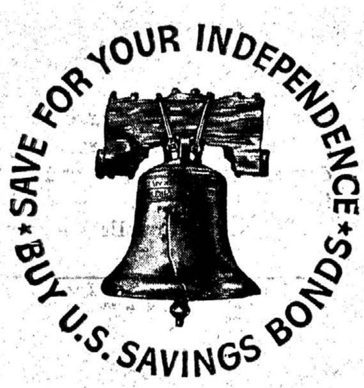

Mortgage Firms: Vital Housing Market Factors

Continued from page 1

Colean points out. In mortgage banking itself, the trend toward large, national concerns is being helped by mergers and acquisitions. Many aggressive and well-financed members of the industry find this a ready avenue to wider geographical vistas. Two large California mortgage banking firms are cases in point. The Colwell Company, within the last two years, has made its operations statewide by acquiring Peninsula Mortgage Co. and General Mortgage Co. Palomar Mortgage solidified its position in the important Greater San Francisco area by taking over Real Estate Mortgage Co. and Mortgage Service Co. In Florida, another prime area for mortgage investment, both Stockton, Whatley, Davin & Co. and Atico Financial Corp. have increased their coverage of the state through acquisitions. Even on a sectional basis, mortgage firms have strengthened themselves by consolidating.

Associated Mortgage Companies, Inc., Washington, D. C., was set up in 1962 to establish a nationwide mortgage banking holding company, and started by acquiring three mortgage firms operating in the Mid-Atlantic States and recently acquired a national mortgage brokerage concern. Collectively, the firms had more than doubled their revenues and nearly tripled their net income in the four prior years. The wedding gave the company greatly increased bank borrowing capacity —a key facet of mortgage lending —and broad diversification of its areas of operations and related businesses including real estate development, insurance and home improvement loans.

Growth of publicly - owned mortgage firms, most of whose shares are traded in the Over-the-Counter market, has caught the eyes of other types of financial concerns. Wallace Investments, Inc., diversified Dallas real estate investing firm, entered the field in 1961 by acquiring Institutional Mortgage Company and recently bought Lomas & Nettleton Company, New Haven, Conn. for $5.0 million. Atlas Credit Co., specializing in home and commercial property modernization loans, acquired an 80% interest in Colonial Mortgage Service Co., Upper Darby, Pa. last fall for $5.8 million. Early this year, the interest was increased to 98%. Colonial Mortgage's servicing portfolio amounts to nearly $400 million.

Trend Toward Mortgage Subsidiaries

Crawford Company, Baton Rouge, La., which is engaged in home building and development of commercial properties, operates a mortgage subsidiary, Crawford Home Loan Corp. Savings and loan holding companies and commercial banks are also becoming increasingly mortgage subsidiary minded. Midwestern Financial Corp., Boulder, Colorado, controls both Kassler and Company and Inglis Mortgage Co. San Diego Imperial controls State Mortgage Company, an active California participant. Recently, Union Bank of Los Angeles took over servicing of more than $50 million in California mortgage loans by acquiring the assets of Cooley Mortgage Company, Los Angeles. Cooley is mortgage loan correspondent in six Southern California counties for Mutual Life Insurance Co. of New York.

The mortgage banker's trump card is that except on a temporary basis, he avoids investing his own money. He originates mortgages — finds a borrower, completes the mortgage documents and disburses the loan—for sale to institutional investors. After that, he "services" the loan for the investor by collecting the monthly payments, paying property taxes, arranging for insurance coverage, etc. For this, a "servicing fee" is received. This is usually one-half of 1% on residential mortgages and one-eighth to one-quarter per cent on apartment and commercial mortgages.

On a mortgage with a $10,000 balance, this means a service fee of $50. An origination fee is also received, either from the borrower or the investor. Home improvement loans are also lucrative for mortgage firms. Colwell has over $10 million in such credits, returning from 9% to 11%.

Sources of Income

The five major sources of income for mortgage companies are:

(1) Fees obtained from servicing mortgages which provide a continuity of earnings over the life of the mortgages serviced. Such income is usually considered the most valuable part of a mortgage banker's operation.

(2) Origination fees plus services performed in connection with mortgage processing. Profits may also result from the sale of mortgages. For instance, in a rising mortgage market the firm may be able to sell the loan at a higher price than it committed before the mortgaged property was constructed. Or a loan may be sold without servicing, in which case a higher price is received to compensate for loss of future income in servicing.

(3) Interest income on "warehoused" mortgages for future use. Here the mortgage firm profits doubly — interest on its own capital invested and profits from the difference between the mortgage and interest rate and the short-term bank rate on mortgages pledged as collateral for bank loans.

(4) In construction loans, the mortgage company may lend the builder funds until the structure is completed and eligible for a permanent mortgage. Funds advanced come partly from the company's own cash and partly from money borrowed from banks. The mortgage company earns interest on its own capital and makes a profit on the interest spread between the bank rate and the construction loan rate.

(5) Many mortgage bankers operate insurance agencies in conjunction with their businesses, placing insurance coverage when requested by borrowers.

(6) Other sources of income may include home improvement loan income, profits on real estate development, property management fees, etc.

Like any industrial company, a mortgage operation has key indicators which show how well its tender loving care of loans works. One way the mortgage firm's heartbeat can be checked is through bank credit lines. Under average conditions, the volume of a mortgage banking firm will be approximately three or four times its total bank borrowings.

Judging Equity Values

As Ira Cobleigh stated in these columns not long ago,[1] analysts have developed a rule of thumb for figuring the value of mortgage company shares. Since most companies have only common stocks in their capitalizations, equities are appraised at their book value with added allowance of about 1½% of the mortgage service volume. Thus, if a mortgage company had a book value of $2 million, and $100 million of mortgage volume, adding $1.5 million (in future mortgage service income) would produce a total value of $3.5 million for stockholder's equity. Dividing this by the number of outstanding shares, would give a rough approximation of net worth per share.

The mortgage servicing portfolio, which provides about half of the average mortgage banker's net income, is partly a projection of future servicing income. This is important because it gives a clue as to future earnings. Growth in mortgage servicing portfolio may be more important than results in any single current year. Advance Mortgage Company's servicing portfolio has sprouted from $55.7 million in fiscal 1953 to $405 million at present, up 13% over 1962 alone. Meanwhile, Advance's net income has pushed from $125,000 to $628,000.

Associated Mortgage Companies boosted its servicing portfolio from $226 million in fiscal 1958 to $440 million in fiscal 1963 while net income over the same span rose from $180,672 to $700,000 estimated for fiscal 1963. Colwell has seen its servicing portfolio vault from $190 million at the end of 1957 to $680 million as of June 30, 1963. Mortgage Associates, Milwaukee, Wis., which had ballooned its servicing portfolio by 50% between fiscal 1959 and 1963, posted a 25% gain to $156 million in the last year alone.

Even on a current basis, the growth of mortgage firms is impressive. Since apartment, commercial or industrial building projects may require a year or more for completion, current year mortgage commitments are usually a rough indicator of commercial mortgage closings for the following year. Some companies commit or close more than $100 million worth of mortgages in a single year. For instance, Advance Mortgage closed $144.4 million worth, up 90%, in the fiscal year ended April 30, 1963. Associated closed $171.7 million during fiscal 1962. Colwell closed $90.1 million worth in the first six months of 1963 alone.

Relations With Institutional Investors

Another strong point of mortgage companies is that their relationships with institutional investors tend to be quite durable. The longer the list of institutional investors the mortgage banker has in his area, the more resources the correspondent has for growing mortgage loan volume at favorable terms even when mortgage money is scarce. Many leading insurance companies, commercial banks and savings and loan associations are working closely with mortgage firms.

Pension funds, one of the fastest-growing of all financial institutions, are also actively bidding for mortgages, both government-backed and conventional, because they can obtain from them higher yields than are often obtainable from bonds. Small Business Investment Companies are still another source of business. In fact, Business Funds, Inc., a well-known SBIC, was established partly by the titan of the mortgage industry, privately-owned T. J. Bettes Company of Houston, Texas. Bettes handles a servicing portfolio worth over $1 billion.

Of course, life is not all peaches and cream in the mortgage industry. The quality of mortgage paper has been increasingly open to question. Open end loans, for example, may be used for purposes somewhat far removed from real estate, such as boats, vacations, medical bills, college tuition or furniture.

Dr. Saul Klaman, research director of the National Association of Mutual Savings Banks and an outstanding authority on mortgages, feels that the increase in the outstanding volume of mortgage debt cannot be attributed solely to home building activity. The number of construction starts

[1] See Dr. Cobleigh's column of July 18, 1963, p. 4, on "Mortgage Banking Corporations" in the *Chronicle*.

Observations

By A. Wilfred May

Not Available This Week

on one- and two-family houses fell from 1.0 million in 1960 to 990,000 in 1961, then rebounded to 1.0 million again last year. Home loans secured by one- to four-family houses increased by $10.4 billion in 1960, $11.7 billion in 1961 and $15.4 billion in 1962.

Non-Mortgage Mortgage Borrowing

How does he explain this? Larger average loans are a factor, along with second mortgages, home improvement loans, sales of existing properties. But so too does borrowing for other purposes. Dr. Klaman points out that as the home owner's equity in the house increases over the years, the amount that can be borrowed afresh grows. And mortgage borrowing costs usually are lower than for unsecured personal loans. Repayment periods are invariably longer as well. This means that raking various loans together into a mortgage will probably reduce monthly payments.

Foreclosures, although they are symptomatic of a relaxation of credit restrictions, are probably not as serious a factor as many believe. Foreclosures are rising but the period used for competitive purposes makes a world of difference. This year, there will be an estimated 100,000 mortgage delinquencies compared to virtually none in the early postwar years. But Oliver Jones, Mortgage Bankers Association economist points out that concern over foreclosures "arises out of a comparison of current delinquency figures with a remarkable period of history when total employment, inflation and rising prices existed in a period of a dearth of housing." He points out that there were 252,400 foreclosures in 1933 on a much smaller base. He also states that the FHA is demanding better credit reports and many lenders are asking for more equity.

Another bothersome problem is the mortgage company's reliance on Federally-backed mortgages. To date, conventional mortgages, which are arranged directly between the bank and the borrower, have fallen outside his sphere. Yet FHA- and VA-insured mortgages provide a far smaller cut of the mortgage pie. Many feel that the Government will never again reach the importance it had in the field of mortgage lending right after the Great Depression. Thus, mortgage bankers may have to find a way to tap the conventional mortgage market.

However, the commercial banks themselves may solve this problem. Experts say that in the next housing boom, it will be necessary for commercial banks to invest as much of their time deposits as possible in mortgage credit. This means that many of these banks will be using the services of mortgage firms for the first time. While some large commercial banks will undoubtedly perform the mortgage servicing functions themselves, the net result should be increased business for mortgage banking organizations.

Ruddy Health

All in all, then, the picture for the industry is one of ruddy health. With excellent earnings progress evident, many of the publicly-owned firms are reaching the cash dividend stage. Advance Mortgage, for example, made its first cash payment since 1952 this June and established a quarterly five cent payment rate. A 3% stock dividend was also made. Associated Mortgage Companies made its initial quarterly cash disbursement of $.08 per share less than three months after going public and paid a second successive quarterly dividend of 8c a share in October. Atico Financial, among others, began paying cash dividends in 1962. Several others are paying annual stock dividends in lieu of cash.

There can be little question that mortgages are being accepted by a rising tide of investors. This is reflected by the very low spread between FHA-insured mortgages and U. S. Government bonds. Mortgage firms, too, are being accorded greater respectability both by the institutions using their services and investors hunting for growth tied to the population explosion. The chances are that nothing in the foreseeable future will change this favorable trend. In the words of one observer close to the picture, "efficient mortgage companies have yet to experience their greatest growth."

REPRESENTATIVE MORTGAGE COMPANIES

Company	Period	Total Operating Revs. (Mil.) 1963	1962	Earnings per Share 1963	1962	Approx. Mortgage Servicing Portfolio Value (Mil.)	Recent Price	Annual Cash Div. Rate or Latest Stock Div.	Yield	Where Traded
Advance Mortgage	Year to April 30	$4.6	$3.4	$0.97	$0.83	$405	9½	*$0.20	2.1	OTC
**Associated Mortgage Co.'s	Year to Sept. 30	N.A.	4.6	0.70	0.52	440	8¼	0.32	3.9	OTC
Atico Financial	6 Months to June 30	3.8	N.A.	0.21	N.A.	200	7	0.30	4.3	ASE
Atlas Credit	9 Months to June 30	6.6	3.8	0.57	0.57	400	12	4% Stock	--	NYSE
Charter Company	Year to Mar. 31	2.3	2.9	D0.97	0.40	175	2	--	--	OTC
Colwell Company	Year to Dec. 31, 1962	4.4	3.1	1.04	0.85	680	18	4% Stock	--	OTC
Detroit Mortgage	Year to Dec. 31, 1962	2.0	2.0	0.31	0.20	250	2½	0.16	6.5	OTC
Jersey Mortgage	Year to Dec. 31, 1962	1.4	1.1	51.72	36.91	166	80	4.00	5.0	OTC
Kissell Company	Year to Dec. 31, 1962	4.0	2.7	0.58	0.57	488	8	†0.14	1.8	OTC
Palomar Mortgage	9 Months to May 31	4.7	4.0	0.33	0.30	423	6	§0.10	1.7	OTC
Stockton, Whatley, Davin	Year to Dec. 31, 1962	3.7	3.6	0.62	0.90	508	10	0.45	4.5	OTC
United Improvement	6 Months to June 30	3.3	3.7	D0.46	D0.08	175	3	--	--	ASE
Wallace Investments	6 Months to Dec. 31	2.4	3.9	0.12	0.54	3	7½	--	--	OTC

*Plus 3% stock.
†Plus 4% stock.
§Plus 4% stock.
D Deficit.
N.A. Not available.
**Total operating revenues and earnings per share for fiscal 1963 ending Sept. 30, 1963 are estimated.

Maxwell, Franklin Elects Darnall

Thomas S. Darnall, Jr. has been elected a Vice-President and Director of Maxwell, Franklin & Co., Inc., 45 Wall St., New York City, members of the New York and American Stock Exchanges.

Mr. Darnall has been associated with the institutional department of the organization.

With Parsons & Co.

CLEVELAND, Ohio—Edward E. Parsons III has joined the staff of Parsons & Co., Inc., East Ohio Building.

U. S. MORTGAGE DEBT OUTSTANDING
(In Billions)

—Multi-Family and Commercial—		—Non-Farm 1 to 4 Family Houses—	
1962	$59,000	1962	$168,300
1961	56,600	1961	153,000
1960	51,800	1960	141,300
1959	47,900	1959	130,900
1958	43,000	1958	117,700
1957	38,500	1957	107,600
1956	35,600	1956	99,000
1955	32,600	1955	88,200

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market continues to suffer from a lack of primary distribution. The pricing of new issues has for months failed to attract enough initial investor interest to support prices and yields as scheduled. This circumstance continues to prevail in disregard of the fact that high grade 20-year bonds now yield, as an average, from 10-20 basis points more than they did in early August and from 20-25 basis points more than they did six months ago. This condition persists with tax-exempt bond prices relatively attractive. As between the stock yields and bond yields the spread is now narrower than normally obtains.

Price Erosion Continues

This week the *Commercial and Financial Chronicle's* high grade 20-year bond yield Index averages cut at 3.103%. A week ago this averaged yield was 3.09%. Thus the market has lost another quarter of a point in the course of a quiet week. This gradual weakening has been expressed in the averages since the early August recovery following the July break. The present Index represents a new low point for the 1963 market. The previous low was noted July 17 at 3:10%.

The present ease appears less predicated on the municipal market's technical factors than on broader economic factors. Although Secretary Dillon has again reassured the financial community that our short-term rates are in consonance with the international money market situation, there prevails a querulous enough attitude throughout the ranks of our market makers to beset the entire bond market in a nervous defensive posture.

Although there be little if any relationship, the fact of a stock market margin increase from 50% to 70% has set the Street to idle gossip concerning a rediscount rate increase. Talk of such action could be premature despite the recent stock market ebullience based on improved business developments.

New Jersey's Huge Bond Proposition Rejection

The supply of state and municipal offerings seems not likely to increase at the record rate of recent years. On Election Day the volume of issues up at referendum totaled only $1,500,000,000 which is reported as the smallest volume up for a vote since Wolrd War II. Half of this volume involved but one proposition: $750,000,000 State of New Jersey issues for highways, schools, colleges, etc. Details concerning the use of the money were not explicit and the manner of payment was unusual since it meant paying off the New Jersey Turnpike bonds by 1972 from revenues thereafter applied to debt service on the large issue or issues in question. The interest cost involved $500,000,000 or more.

The proposition was roundly defeated in spite of the broad use of television, radio and newspapers in its furtherance. The alternative to this unusual proposal seems likely to be a more comprehensive spending proposal supported by a broad based tax. New Jersey now has neither a sales nor income tax. One or both is needed but political obsession has precluded the proper approach.

Citizens' Revolt?

One of the conclusions that may be drawn from this stunning defeat of a monstrous public financial proposal is that the citizenry in general is impatient with loose spending. With long-term public debt, budgets and tax rates conspiring at confiscatory levels, voters are beginning to evince individual discernment to a degree that may gradually alter the politicians' sometimes cynical view of the mass reaction.

The Jersey vote has shown a thoughtful independence, despite the political allegiances involved. The fact that other statewide propositions on the same ballot passed handily points up the voters' vital interest. It is already evident that fiscal responsibility will be progressively demanded by a more alert citizenry.

Calendar on Light Side

The new issue calendar now appears lighter than it has been since early September. Scheduled and tentatively scheduled issues for public sale through November now total less than $500,000,000. The average has been considerably more than this amount for weeks. The only negotiated issue to be added is the $62,765,000 New York State Housing Finance Agency (1964-1995) issue slated for reoffering by a syndicate managed by *Phelps, Fenn & Co., Lehman Brothers, Smith, Barney & Co.* and *W. H. Morton & Co.* about Nov. 20.

The supply of inventory appears to have changed but little over the past week or over the past month for that matter. *Blue List* state and municipal offerings have averaged in the $500-$600 million area for some little time. Current total is $550,101,000. More turnover in secondary inventory seems unlikely with new issue balances, in effect, up for bids almost from the moment of reoffering.

Dollar Bonds Easier

The long-term toll road, toll bridge, public utility and other revenue issues have been quieter than usual during the past week. Quotations have not changed much but the entire list has been under mild pressure and on the easy side.

The *Chronicle's* revenue bond yield Index averages out at 3.58% as of Nov. 6 as against 3.564% a week back. This represents a good quarter point loss over our list of 23 actively traded issues.

Recent Awards

The new issue calendar due to the Election Day holiday was the lightest to date this year with but $48,275,000 of bonds up for public sale. Completion to buy these loans continued to be keen but at levels which were slightly lower than in previous weeks. A feeling of caution prevailed among underwriters as dealers groped for levels, where general investor demand might once again appear in volume.

Last Thursday there were two issues worthy of brief mention. The account managed by *Equitable Securities Corp.* was the successful bidder at a 3.447% net interest cost for $2,016,000 Owensboro, Kentucky School Building revenue (1964-1980) bonds. The runner-up bid, a 3.454% net interest cost, was made by the First U. S. Corp.

Other major members of the winning account include Almstedt Brothers, J. J. B. Hilliard & Son, Merrill Lynch, Pierce, Fenner & Smith, W. L. Lyon & Co., Stein Bros. & Boyce, Alder & Co. and Graham-Conway & Co.

Scaled to yield from 2.20% to 3.50%, press time balance in syndicate totaled $523,000.

The Lenape Regional High School District, New Jersey District, New Jersey awarded $1,575,000 general obligation (1965-1990) bonds to *John Nuveen & Co.* and associates at 100.132 for a 3.85% coupon. The second bid, 100.01

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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	3.25%	3.15%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.10%	3.00%
New York, State	3¼%	1981-1982	3.05%	2.95%
Pennsylvania, State	3⅜%	1974-1975	3.00%	2.85%
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	3.19%	3.14%

Nov. 6, 1963 Index=3.103%

*No apparent availability.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

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	11:00 a.m.
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	2:00 p.m.
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 Twp., N. J.	3,780,000	1964-1979	8:00 p.m.
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	--------
Parma Etc., CSD No. 1, N. Y.	1,800,000	1964-1993	2:00 p.m.
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	10:00 a.m.
November 15 (Friday)			
Grafton & Cedarburg Joint School District No. 1, Wis.	1,068,000	1964-1983	7:30 p.m.
Iowa State University	16,000,000	1966-2003	--------
November 18 (Monday)			
Arapahoe County Sch. Dist., Colo.	1,887,000	1965-1982	8:00 p.m.
Flatwoods, Ky.	1,125,000	1964-1990	8:00 p.m.
Livingston Tp., N. J.	1,060,000	1964-1983	8:30 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.
Modesto City S. D., Calif.	1,000,000	1965-1989	10:15 a.m.
Pennsylvania State P. S. Building Authority, Pa.	32,950,000	1964-2003	Noon
Raleigh Utility G. O., N. C.	1,360,000	1964-1980	11:00 a.m.
Rochester Spec. S. D. No. 4, Minn.	1,200,000	1967-1980	1:00 p.m.
Santa Cruz, Calif.	6,635,000	--------	--------
Washington Co., S. D., Utah	1.175.000	1964-1977	6:30 p.m.
Weber St. Coll. Ogden City, Utah	2,365,000	1964-2003	10:00 a.m.
November 20 (Wednesday)			
East Bay Municipal Dist., Calif.	30,000,000	1964-1993	10:00 a.m.
Hartford Co. Metro Dist., Conn.	5,800,000	--------	--------
King Co. Renton S. D. No. 403, Utah	2,560,000	1965-1983	11:00 a.m.
Los Angeles, Calif.	24,000,000	1964-1993	11:00 a.m.
New York State Housing Finance Agency, Univ. Const. & Expans. Revenues	62,765,000	1964-1965	--------
(Negotiated purchase to be underwritten by syndicate headed by: Phelps, Fenn & Co., Lehman Brothers, Smith Barney & Co., and W. H. Morton & Co.).			
Worcester, Mass.	8,600,000	--------	--------
November 21 (Thursday)			
Alexandria City Imp., Va.	5,000,000	--------	Noon
Broward Co. Fla.	2,000,000	1965-1986	2:00 p.m.
Cedar Rapids, Iowa	1,450,000	1964-1980	10:00 a.m.
New York State Power Auth., N. Y.	17,000,000	1969-1980	11:00 a.m.
Standley Lake Water & Sanitary District, Colo.	1,000,000	--------	--------
Troy, N. Y.	1,300,000	--------	--------
Watertown, N. Y.	1,449,000	1964-1988	2:00 p.m.
November 25 (Monday)			
East Brunswick Tp., N. J.	1,200,000	1964-1980	8:00 p.m.
November 26 (Tuesday)			
Bowling Green, Ky.	10,000,000	1965-2003	10:00 a.m.
Burbank. Calif.	5,000,000	1964-1983	7:00 p.m.
Minnesota, State Refunding & Sch. Loans	53,400,000	--------	10:00 a.m.
Pasadena Unif. S. D., Calif.	3,000,000	1965-1984	9:00 a.m.

Praiseworthy Resurgence Of Convertible Preferreds

By Dr. Ira U. Cobleigh, Economist

A review of the decline in the popularity and issuance of preferred shares for many years, and comment on the current resurgence of interest in the convertible variety.

Forty years ago preferred stocks were quite fashionable. They represented then (as now) a sort of hybrid security lacking the priority of a bond, but affording more protection than common stocks; and usually providing a higher yield than either. Underwriting and public sale of preferreds was a big business in the 1920's—with sizable emanations in the rail, industrial and utility categories. It was not at all uncommon for preferred stocks in those days to yield 2% more than a bond in the same company; and income-minded investors often placed a substantial percentage of their holdings in preferred stocks. Some issues were sought for their non-callable features — Eastman Kodak 7%; United States Steel 7%, Virginia Carolina Chemical 6%, to name a few.

Cumulative Feature

A feature of preferred shares that proved most attractive to earlier investors was the cumulative provision. It seemed so reassuring to know that if conditions prevented the payment of preferred dividends in any year, the subject corporation was obligated to pay it up later on, as and when earnings and cash position might prudently permit. People little suspected in the Roaring Twenties, that, within a decade, hundreds of these preferred issues would be "in arrears," and that many companies would spend 10 to 20 later years catching up on these back dividends payments, or offering new securities in adjustment. Some companies of course, never did make the grade and went bankrupt. The classic example of a dragged-out preferred stock was Rutland Railroad 7% preferred, which accumulated over 300% in back dividends and finally gave up the ghost.

Issued in Reorganization

Even though many companies finally paid off their accumulated dividend arrears, and, in many cases, retired their preferred stocks, this class of security lost popularity. The dividends proved undependable in many instances; market prices drooped; and the anguished waiting, for years, for dividend resumption and payment of accruals wore out the patience of thousands of investors. Accordingly, with the exception of operating utility companies, which have consistently used preferred issues to provide a certain balance in their corporate structures, (and have had an excellent record of dividend payments) new offerings of preferred stock dwindled. For 20 years after the Great Depression some of the largest issues were created not as new flotations but as a result of corporate reorganizations.

It was not only the erratic dividend record of preferred stocks, the structural limitation in their sharing of profits, and their failure to "go up" when the rest of the market did, that caused them to go out of style. Corporations found that preferred stock no longer served effectively their financing needs. Debt securities had the advantage over preferred of having their interest deducted before taxes. Bond interest could be arranged at a lower rate than preferred dividends. Both of these features — the tax benefit and smaller payments for use of money — created more leverage and higher earnings for common stockholders; so preferreds lost ground to bonds and debentures in corporate finance, until quite recently.

The Lure of Conversion

Within the past five years we have witnessed a great resurgence in the popularity of preferred stock, but not the old fashioned or plain variety. Today the vogue is for the convertible preferred combining, in an attractive way, the virtues of a senior security with the potential for gain inherent in common stocks. Almost all of these attractive and diverse new convertibles have come to market as the result of mergers. Here they fit neatly into the tax regulations and make a "package" most attractive to shareholders in the company selling out, or being merged.

If a sale is effected for cash or face amount indebtedness, the transaction (to the seller) becomes immediately taxable as a capital gain. A preferred stock is, however, regarded as an equity, and offer of such as compensation in a merger is regarded as an exchange of equivalents and not taxable unless or until the new security is sold (which sale may not take place for years, if ever). Not only is there a tax benefit, but obviously the convertible preferred is a stronger security, less subject to market fluctuation, (and more acceptable to borrow on) than a common stock. Further, in most instances the yield on the new preferred will be actually higher than on the related common stock.

Finally, the stockholder of the selling company still has a chance for market gain long after he has "sold out," even though conversion price is somewhat above the prevailing market for common, at the time of exchange.

With this capsuled comment on the dual attractiveness of the convertible equity, we submit below 10 interesting issues. All but Consolidated Edison and SCM were created by merger.

The accompanying tabulation will provide you with a diversified shopping list of convertible preferred stocks. You may find this type of security of use in (1) making defensive investments in today's markets, (2) salting away market gains, (3) landing on a conservative launching pad for participating in potential market gains in the future. In this kind of convertible the market—not you—puts the top up!

Representative Convertible Preferreds

Issue—	Dividend Rate	Current Price	Current Yield	No. of Com. Shs. For Each Pfd.
American Metal Climax	$4.25	112½	3.7%	2½ shs.
Cities Service	2.25	59	3.8	.909 shs.
Commercial Credit	4.50	104	4.3	2 shs.
Consolidated Edison	4.12	111	3.70	1¼ shs.
International Tel & Tel	4.00	102	3.95	1⅔ shs.
Newmont Mining	4.00	110	3.6	1.111 shs.
National Distillers	2.25	50	4.50	1.23 shs.
Schering Corp.	1.50	32½	4.6	5.45 shs.
Standard of California	3.30	95¼	3.5	1.38 shs.
SCM Corp.	2.75	52½	5.2	3.03 shs.

Named Schroder Rockefeller V.-P.

H. L. Fates has been elected vice-president of Schroder Rockefeller and Co., Incorporated, 61 Broadway, New York City, it was announced by James E. Madden, president of the investment banking firm.

H. L. Fates

Mr. Fates was formerly president of Manhattan Storage and Warehouse Company of New York City and more recently has been vice-president of finance of Southwest Forest Industries, Inc. of Phoenix, Ariz.

Reynolds Appoints J. J. O'Brien

John J. O'Brien III has been named regional manager of the southeastern Florida offices of Reynolds & Co., members of the New York Stock Exchange, it has been announced. He will make his headquarters at the Reynolds office in Fort Lauderdale, 207 East Las Olas Blvd.

John J. O'Brien III

For the past six years, Mr. O'Brien was associated with Paine, Webber, Jackson & Curtis in Chicago. He is also a former partner of the Chicago-based firm of Wayne Hummer & Co. and for 16 years he was senior partner of the member firm bearing his name.

Well known in investment circles, Mr. O'Brien was President of the Stock Brokers Associates in Chicago and officer of the Investment Analysts Society of Chicago.

Rosenthal Dir. of Guardian Mutual Fund

Election of Harold L. Rosenthal as a Director of Guardian Mutual Fund, Inc. has been announced. Mr. Rosenthal, a partner in and one of the founders in 1946 of the New York Stock Exchange member firm of Rosenthal & Co., has been active in the investment field since 1923.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Air Transport Industry — Comprehensive study — Equity Research Associates, 37 Wall St., New York, N. Y. 10005.

Airline Industry—Report—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Canadian Common Stocks "Profits & Prophecies"—A guide to values in the Canadian Stock Market—Brochure—Burns Bros. and Denton Limited, 44 King Street, West, Toronto, Ont., Canada.

Canadian Market—Review—Annett & Company Limited, 220 Bay Street, Toronto 1, Ont., Canada.

Canadian Stocks — Review — Draper Dobie & Company, Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Current Tax Situation — Review with lists of selected stocks—Rittmaster, Voisin & Co., 40 Exchange Place, New York, N. Y. 10005.

Electric Utilities—Review—Burnham and Company, 60 Broad Street, New York, N. Y. 10004. Also available is a review of **St. Joseph Lead Co.** and **Globe Security Systems** and a detailed analysis of **Union Carbide Corporation**, and the **Paper Industry**.

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.

Gold Review—W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005.

Japan—Review—Wayne Hummer & Co., 105 West Adams Street, Chicago, Ill. 60690.

Japanese Market — Review — Daiwa Securities Co. Limited, 149 Broadway, New York, N. Y. 10006. Also available are reviews of **Koyo Seiko, Meiji Seika, Nippon Oil, Oji Paper, Shin Mitsubishi Heavy Industries** and **Yawata Iron & Steel**.

Life Insurance Companies — Analysis of 60 life companies and 78 medium and small life companies — Ralph B. Leonard & Sons, Inc., Dept. CFC, 50 Broadway, New York, N. Y. 10004.

Life Insurance Companies—Review—Rohrbaugh and Company, Union Trust Building, Washington, D. C. 20005.

Mutual Fund Shareholder—A comprehensive study—Investment Company Institute, 61 Broadway, 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.

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.

Price Earnings Ratios and Dividend Yields — Graphic history based on the Dow Jones Industrial Average calendar years 1929-1962—Stock Stick Co., 631 South Gaylord Street, Denver, Colo. 80209.

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

Puerto Rico Municipalities—Special report on Aguadilla, Bayamon, Carolina, Guaynabo, Mayaguez and Ponce — Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Stock Market — Commentary — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York, N. Y. 10004.

Tax Bill and the Investor—Comments—R. L. Warren Company, 618 Olive Street, St. Louis, Mo. 63101. Also available are comments on **Television Manufacturers**.

Television Manufacturers—Report —Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

* * *

Allied Chemical Corp.—Analysis —Eastman Dillon Union Securities & Co., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Allied Chemical Corp. — Comments—Bregman, Cummings & Co., 4 Albany Street, New York, N. Y. 10006.

American Broadcasting Paramount — Analysis — L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

American Broadcasting Paramount—Analysis—Colby & Company, Inc., 85 State Street, Boston, Mass. 02109 (firm requests stamped addressed envelope when writing for copies).

American Telephone & Telegraph Company — Analysis — Salomon Brothers & Hutzler, 60 Wall Street, New York, N. Y. 10005. Also available are comments on **Bank Stocks** and a review of the **Bond Market**.

Bacharach Industrial Instrument Company — Detailed Report — Arthurs, Lestrange & Co., 2 Gateway Center, Pittsburgh, Pa. 15222.

Barnes Engineering Co.—Review —Dynamic Growth Letter, 97 Dwight Street, Springfield, Mass. 01103.

Beaunit—Comments—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **American Enka, Borg Warner, Burlington Industries, Magnavox** and **American Commercial Barge**.

Borg Warner—Comments—Orvis Brothers & Co., 30 Broad Street, New York, N. Y. 10004. Also available are comments on **National Fuel Gas** and **National Can Corp.**

Commonwealth Oil Refining Co. Inc.—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **Maust Coal & Coke Corp.**

Consolidated Credit Corporation —Analysis—Ferris & Company, 611 15th Street, N. W., Washington, D. C. 20005.

Craigmont Mines Limited—Analysis—Equitable Brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada. Also available is an analysis of **George Weston Limited**.

Distillers Corporation Seagrams Limited — Analysis — Dreyfus & Co., 2 Broadway, New York, N. Y. 10004.

Dow Chemical Co. — Analysis — Halle & Stieglitz, 52 Wall Street, New York, N. Y. 10005.

Dymo Industries—Comments—Hannaford & Talbot, 111 Sutter Street, San Francisco, Calif. 94104. Also available are com-

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Patterson Joins N. Y. Securities

New York Securities Co., 52 Wall Street, New York City, members of the New York Stock Exchange, have announced that Richard C. Patterson, Jr. joined the firm as a limited partner effective Nov. 1, 1963.

Richard C. Patterson

Mr. Patterson's career has covered mining, engineering, and the military, business and industry, and public service.

Mr. Patterson, a long-time member of The Business Council, started his public service activities as Assistant Secretary of Commerce from 1938 to 1939. He became Ambassador to Yugoslavia in 1944 and was appointed Ambassador to Guatemala in 1947. He became Minister to Switzerland with the personal rank of Ambassador in 1951, resigning in 1953.

At present he is Commissioner of Public Events and Chief of Protocol of New York City; Chairman of the United Nations Committee and the Consular Corps, for the City of New York.

In World War I he was in France as a Captain of Ordnance and after the war a Major in the Engineer Corps. In 1930 he was promoted to Colonel in Military Intelligence. He has been decorated by 35 foreign countries.

Mr. Patterson is a director of the American Export Lines, Security Columbian Banknote Co., Technicolor Corporation, Burrus Mills, Inc.; City Investing Co.; Chock Full O'Nuts; Hilton Hotels International; Madison Square Garden Corp., and several other corporations.

With Francis I. du Pont

GREEN BAY Wis.—Nicholas P. Wahl has become connected with Francis I. du Pont & Co, 234 East Walnut St. He was formerly with the local office of the Milwaukee Company.

IBA Issuing News Letter

WASHINGTON, D. C.—The first issue of IBA *Scanner*, a newsletter for members of the Investment Bankers Association of America, has just been published, announced Avery Rockefeller, Jr., Chairman of the IBA Education Committee and Partner, Dominick & Dominick, New York. In addition to brief reviews of training, public relations and promotion activities, the *Scanner* includes a variety of general information on various management topics. Future issues will be published intermittently during the year.

The feature article in the new publication reports on a Survey of Sales Management Practices made last spring in connection with the New York Group course on "Sales Management in the Investment Banking Industry." Both seminar and survey were conducted under the direction and guidance of James O. Rice Associates, Inc., specialists in management training. Current practices in recruiting and testing, starting salaries for registered representatives, sales training, administrative practices and sales records used are described along with other facets of sales management.

Other articles report on a Stock Ownership Survey being conducted at the Wharton School under Ford Foundation sponsorship; recent books of interest; and an announcement of a list of films on Investments and Finance recently compiled by the IBA Education Department.

Copies of this first issue are available to IBA members and their representatives through the Education Department, Investment Bankers Association of America, 425 Thirteenth St., N.W., Washington, D. C. 20004.

Joins Paine, Webber

MINNEAPOLIS, Minn.—Noel P. Rahn has been added to the staff of Paine, Webber, Jackson & Curtis, Pillsbury Building.

Now With Bache Co.

AKRON, Ohio—James W. Maples III has become connected with Bache & Co., Second National Building. He was formerly with Fulton, Reid & Co., Inc.

The Swiss Franc Loan In Great Britain

By Paul Einzig

Symptomatic of the internationalization of currencies today, and the concomitant search for financing markets with the lowest rate for loans, is the recent 60 million Swiss franc loan in the London market for the City of Copenhagen. Dr. Einzig surveys the dangers this entails for small countries like Switzerland which do not want to be exposed to the pressures which result from having a reserve currency. Nevertheless, he points out, Switzerland would be swimming against the tide if it tried to stop the international use of its currency unless it took the unlikely course of exchange controls.

LONDON, Eng.—For more than two years the degree of cooperation, based on give-and-take, that has existed between Central Banks has been approaching the ideal. A number of devices have been successfully applied for the mutual support of each other's exchanges. Most Central Banks have practiced commendable self-restraint in abstaining from operations which would have embarrassed other monetary authorities. All this conveyed the impression that at long last monetary authorities have realized that exchange stability, like war or peace, is indivisible, and that the crisis of one exchange is liable to entail the chain-reaction of a series of crises, in the same way as conflagration in one house is liable to spread over other houses and other streets.

This progress towards commendable reasonableness suffered a reversal now as the result of the issue of a loan of 60 million Swiss francs for the City of Copenhagen in London. Although there have been before now issues in terms of U. S. dollars in London, this is the first time that a public loan in terms of a continental currency has been issued. Subscribers have to pay in Swiss francs, which means that residents in the United Kingdom were excluded unless they possessed authorized holdings of Swiss francs. In the absence of exchange restrictions in Switzerland, there was nothing to prevent residents in Switzerland from subscribing even though at the request of the Swiss authorities none of the Swiss banks was prepared to accept subscriptions or to act as paying agents for the loan. But there is reason to believe that many of the subscribers were non-resident holders of Euro-Swiss franc deposits who were able thus to increase considerably the yield of their investments, well above the interest rates on Euro-Swiss francs and well above the interest rates obtainable for loans of a corresponding maturity in Switzerland.

Implications of the Loan

The object of the British authorities in allowing this issue to be made was to increase London's importance as an international financial centre without thereby increasing pressure on sterling. Under existing exchange regulations they would have had no power to prevent a transaction, even though I am sure Morgan Grenfell & Co. would have heeded the gentlest hint of official disapproval. The loan encountered no official British opposition, even though strong representations were made by the Swiss National Bank which views the transaction with grave concern. The amount involved is, of course, very modest for a country of Switzerland's financial resources, but it might create a dangerous precedence.

On the face of it the attitude of the Swiss authorities may not appear logical. On the one hand, they are doing their best to discourage and divert an unwanted influx of foreign capital, whether in the form of short-term bank deposits or long-term investment in real estate or industrial property. On the other hand, when such an occasion arises for ridding themselves of some of the unwanted foreign capital, they try their best to prevent a transaction. The inconsistency is, however, more apparent than real.

The Swiss authorities are anything but keen on the idea of developing the Swiss franc into a reserve currency. Having witnessed the disadvantages suffered by Britain and the United States from the role of sterling and the dollar as reserve currencies, the Swiss authorities would prefer to do without the glory attached to such a role. Their argument is that it would not do for a small country to be exposed to pressures arising from the international use of their currency.

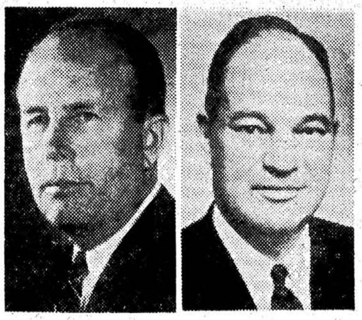
All this is perfectly understandable and the attitude of the Swiss authorities deserves sympathy. The interruption of the closer cooperation between Central Banks by this incident is however, all the more deplorable since only two years ago the Swiss authorities played a very constructive part on the occasion of the dollar scare that followed the revaluation of the D. mark. Until then they had pursued the policy of standing aside and allowing speculators in Zurich, Basle and Geneva to do their worst without any official interference with their activities. But in 1961 they turned a new leaf and rendered a valuable service to the cause of stability. This change of attitude would have deserved encouragement.

Swimming Against the Tide

Having said all this, I have to add that, in trying to prevent the London loan transaction in Swiss francs, the Swiss authorities are in fact swimming against the tide. The basic trend is towards increasing internationalization of finance. As far as short-term funds are concerned, this end has been largely attained through the development of the markets in Euro-dollars and other Euro-currencies. A stage has been reached at which any firm that is big enough to be able to deal in Euro-currencies is in a position to borrow in the centre and in the currency in which it is cheaper to borrow. It is also in a position to lend in the centre and in the currency in which it can obtain the highest yield. Gradually the maturities for Euro-currency transactions are lengthening, though anything in excess of two years is still a matter of difficult negotiations. The loan transaction in Swiss francs for 10 to 20 years is an attempt to apply the international principle to much longer maturities. It is an isolated transaction but it does indicate the trend. I am convinced that in much less than ten years such transactions will become a matter of normal routine. This may entail disadvantages to the currencies in which operations are carried out. The monetary authorities of the countries concerned have the remedy in their hands in the form of the adoption of exchange restrictions. So long, however, as they feel that the advantages of freedom in exchanges outweigh disadvantages, they may think it worth their while to put up with the latter. Even so, friendly cooperation between monetary authorities could and should aim at mitigating those disadvantages.

Eaton & Howard Officers Speak

BOSTON, Mass. — Three vice-presidents of Eaton & Howard, Inc., Boston-based sponsor and manager of Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund, addressed leading security dealers in a series of meetings in the Midwest and South that began in Cincinnati on Oct. 30.



Franklin R. Johnson William H. Gassett

The speakers included Franklin R. Johnson, Eaton & Howard general counsel; S. Whitney Bradley, national director of sales, and William H. Gassett, economist and vice-chairman of the investment committee.

Other major cities which heard the investment industry leaders are Louisville, Oct. 31 and New Orleans, Nov. 1. Kansas City security dealers will be addressed on Nov. 12.

Mr. Gassett told the dealers that "one reason why the current recovery has staying power is the stalemate provided by the market drop of May 1962. While "high level stagnation" was associated with that period, it only served to postpone the upside momentum which began in February 1961."

"Increasing demand for durable goods, rise in average family income, growing obsolescence in plant and equipment, increase in research and development expenses, improvement in our international competitive position and progress being made in revamping our tax structure all point to expansionary tendencies in Gross National Product for 1964," Mr. Gassett said.

The Eaton & Howard economist estimated that corporate profits will be up 5 to 6% and that because of accelerated depreciation and the tax credit, cash flow will show an even greater gain. "This should allow," he stated, "a continuation of the same degree of liberality of dividend payments that has prevailed during the recent past. The profits outlook is becoming more favorable than it has been since the consolidation phase began seven years ago."

At the Louisville meeting Mr. Johnson said: "Two important studies have been completed and reviewed by the SEC—the Wharton School Report and Chapter XI of the SEC Special Market Study."

"One criticism," he stated "was that of high pressure selling by inadequately trained men. As you all know, the NASD has recently stiffened its requirements for those who would enter the securities business and this is something that all of us can and should welcome. But, with the possible exception of contractual plans, I have no knowledge of any legislation as a result of these studies. It would further seem that any problems which need attention can be met by rules or regulations of the NASD, the Exchanges and the Commission itself; and our industry will be actively cooperating in the formulation of them. If then these are the end results of two of the most searching investigations in our memory, this should be a source of comfort to the securities industry generally and when investors become aware of this, their confidence should be further enhanced.

Eaton & Howard, Inc., one of the nation's largest investment management firms, will celebrate its 40th anniversary next year.

Shipley Joins Cruttenden & Co.

LOS ANGELES, Calif.—Forest W. Shipley, a veteran stock trader of over 25 years in Southern California, has joined the trading department of Cruttenden & Co., Inc., 618 South Spring Street, it was announced by W. W. Cruttenden, Jr., President. "Ship" as he is called by his contemporaries, has managed trading departments in Los Angeles since 1940, for Quincy Cass Associates, Morgan & Co., and Marache & Co. He will trade a list of OTC securities with which he has long been identified and will round out the Cruttenden & Co., OTC operations headed by Bob Diehl.

F. W. Shipley

Cruttenden & Co., Inc., has direct private wires to Asiel & Co., New York, and to their own offices in Chicago. They are active Specialists on the Midwest Stock Exchange and members of Pacific Coast Stock Exchange.

Are We Again Confronted With Gresham's Law?

By Roger W. Babson

Mr. Babson outlines our past difficulties with the inexorable operations of Gresham's Law. He warns we again face the danger of "bad" money driving out "good" money due, this time, to the overextension of credit and burdensome debt. Mr. Edison E. Shrum, who is Secretary of the Magic Circle Educational Foundation, Scott City, Mo., supplied most of the background history used by Mr. Babson in today's column.

What Is Gresham's Law

One of the oldest and most generally accepted monetary theories is known as Gresham's Law. This is the principle that "bad money tends to drive out good money." This means people tend to hoard the "good money" — that is, the money they have confidence in—and tend to pass on the bad money. The term "bad" money refers to money which is less valuable than the so-called "good" money.

"Clipping" the Coin

The remarkable validity of this law is demonstrated in the extremely interesting example of what happened to England's money in the period from 1663 to 1700. Prior to that time, English coins were of the hammered variety, without milled edges. This made it easy for the edges of these coins to be often ground off. Thus, in time, most of the coins became less valuable.

Around 1663 new full-weight coins were minted, with milled or inscribed edges. These coins began disappearing into hoards. By 1690 this had reached a critical point. Then a group, including Sir Isaac Newton (who was then warden of the mint) convinced the government that it should call in the defaced coins. They were then melted down, and reminted at full weight with milled edges and outline inscriptions. Then the "good" money came out of hiding!

The American Experience

Here in the United States, we too experienced the painful workings of Gresham's Law during the Revolutionary War period, in 1797, 1818, and from 1837 to 1842. At the time of the discovery of gold in California the workings of Gresham's Law was also evident when the increase of gold was so rapid that its value declined to the point where silver was driven out of circulation and hoarded.

Then came the experience with the Civil War greenbacks in March of 1862. These products of the printing press were not backed by either gold or silver reserves. Hence, people took to hoarding gold and silver coins.

Other Crises

In 1890, the Silver Purchase Act caused gold to flow out of this country. This precipitated a rush to hoard money, culminating in a crisis in the New York money market in 1892 when the cashing of checks to obtain gold for export reached serious proportions. Due to this reduction of gold in the Federal treasury, the nation's gold reserve fell too low and we had a depression which lasted for about five years.

Another example was the great crash of the 1929-33 period, when people distrusted bank deposits and began hoarding cash, and later shifted to hoarding gold. This so depleted the gold reserves of our banking system that the ensuing bank crisis resulted in the moratorium when nearly every bank in the United States closed for about two weeks.

Gresham's Law a Threat Again Today?

Gresham's Law has been neither repealed nor nullified. In view of our much-publicized loss of gold, the growing shortage of coins, and the impending replacement of the Silver Certificates (the remaining currency bearing a full reserve of the metal), there is again the real danger of "bad" money driving out the "good" money.

If we do suffer any adverse effects from Gresham's Law this time, the trouble is likely to stem from overextension of **credit**. This huge structure of debt which we have built is becoming harder and harder to handle. Unless managed properly, it could cause untold hardship to the economy. The use of credit is an "easy street," but it must be traveled within the speed limits if a tragic crack-up is to be avoided.

Now Corporation

CHICAGO, Ill.—Noel N. Rothman & Co., Inc., a corporation, has been formed to continue the investment business of Noel N. Rothman & Co., 300 West Washington St. Officers are Noel N. Rothman, President and Treasurer; Robert S. Prusin, Vice-President; and Ralph A. Mantynbank, Secretary. Mr. Prusin was formerly with Golkin, Divine & Fishman Inc.

R. L. Warren Officer

ST. LOUIS, Mo.—Frank J. DeLorme has been appointed Assistant Secretary and Assistant Treasurer of R. L. Warren Company, Paul Brown Building, members of the Midwest Stock Exchange.

Joins Orvis Bros.

Bruce A. Blinn has become associated with Orvis Brothers & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, in the research department.

Forms Alloway Inv.

DOWNEY, Calif. — Howard E. Alloway is conducting a securities business from offices at 8041 Florence Ave. under the firm name of Alloway Investment Co.

Form Capital Development

SAN MARINO, Calif.—Theodore G. Shad, Jr. has formed Capital Development Co. with offices at 1340 Lorain Road to engage in the securities business.

The Prospects For Oils Exceed Expectations

By Leslie E. Fourton, Partner-in-Charge, Institutional Sales and Research, C. B. Richard & Co., New York City*

Exceeding optimistic expectations, the oil industry is back in the exclusive growth trend club and gives every indication of favorable prospects for the next seven years. Supporting this sanguine forecast, Mr. Fourton outlines encouraging developments shaping the far from unimportant matter of world-wide prices, and details fundamental factors placing the domestic petroleum industry in a healthy posture to the surprise of a good number who had relegated oils to benches. The Wall Street oil analyst concludes oils are selling behind the market and are still relatively attractive. He lists five companies he favors for investment at this time.

After five years of battling tremendous problems, the oil industry last year appeared to have entered a new era of growth. Oil securities which have out-performed other industrial groups in the stock market over the past year, recently have encountered a degree of profit-taking. The recent selling does not appear to reflect any deterioration in the outlook and is providing an excellent opportunity for investment.

Leslie E. Fourton

Over the past six years, there has been an outstanding improvement in the fundamental factors which affect profits in the petroleum industry. Perhaps the most significant feature existing today is the fact that there has been steady year-to-year improvement in the relationship between refinery capacity and crude oil throughput.

Just a few years ago, refineries in the United States were only at 80% of capacity, the current rate is now approximately 85% and the indicated trend suggests further progress toward the 90% level. Another notable factor is the substantial and highly successful cost cutting programs of the various companies. These programs have resulted in extensive automation, lower lease rentals, fewer wells being drilled, wider spacing of wells drilled, lower dry hole costs and the fruition of the high-cost off-shore operations in the Gulf of Mexico.

In addition, new technologies continue to improve the percentage of recoverable oil and better drilling techniques are adding to profitability. Particularly significant, advanced refinery techniques are permitting further up-grading of the crude oil barrel, which in turn is creating higher net realizations. While competition within the industry continues to be intense, the destructive price cutting of recent years appears to have been replaced by a more statesmanship-like climate.

Refined product prices today are providing net realizations which in general are comparable to those of a year ago, but in total are more favorable in view of the fact that gasoline prices are ranging between ¼¢ and ½¢ higher. The outlook is for the continuation of a relatively better price structure. The small increases in new refinery construction and the continued trend of acquisitions of the small independent producers, refiners and marketers, plus the projected annual increases in demand, should result in fewer price wars and a generally favorable price structure.

Abroad, European demand has been running at a better level than expected and the growth rate in Europe, ranging up to 15% annually, appears to be continuing. The disruptions caused by the so-called "newcomers" are becoming less of a negative factor. The expectations that free foreign demand would tend to slacken somewhat has not materialized. Total free foreign demand is likely to show an 8% to 10% yearly growth.

U. S. A. Demand Up and Drillings Down

In the United States, the industry appears to be back on its growth trend and the statistics so far in 1963 have surpassed even the most optimistic expectations. For the year to date, total demand is 3.6% higher than a year ago, which compares with many estimates earlier in the year of about 2½%. Of particular significance is the strong upsurge in gasoline demand which has climbed 3.9% for the year to date and has shown an especially large 5.3% gain for the third-quarter. Total demand for all products in the third-quarter also reflects the accelerated pace, having reached a level 5.8% higher than the comparable quarter last year.

For those who generally fear the negative implications of excess crude oil productive capacity, it may be well to reflect on the fact that domestic drilling activity currently is at a 12-year low and is continuing a downward trend. It may be well to ask the question as to the future status of the industry through the next seven years. To satisfy even conservative estimates of growth in demand, it will be necessary for this country to provide for two million barrels per day more crude oil production than the current rate of about 8.8 million barrels per day. Therefore, over the next seven years, production will rapidly approach estimated capacity of 11.3 million barrels.

Favorable Outlook Abroad

The outlook abroad is even more noteworthy. Free foreign demand, now running at about 12.6 million barrels per day, is expected to require conservatively another 6.5 million barrels daily. In other words, the combined need in the free world over the next seven years totals about 8.5 million barrels per day of required new crude oil production. This increment is nearly equal to all of current U. S. production or, put another way, is equivalent to more than one million barrels per day of new production in each of the next seven years. We should reflect on the fact that it will not be easy to find a new Libya or a new Algeria in the years ahead. Therefore, the higher rate of production is most likely to be derived from areas of known reserves.

Growth in the oil industry, historically, compares favorably with the achievements of other industries. For those uncertain as to the outlook, the most critical and yet most reassuring consideration is the probable future relative price structure, the pivotal point of any industry. Many factors today, while they embody troublesome problems, point toward improving profitability in the years ahead. The most important factors tending to influence future world-wide prices are as follows:

Improving Profitability

(1) Continuing growth in demand, estimated to range between 3% and 4% domestically and 8% and 10% abroad.

(2) Steadily declining excess crude oil production and refinery capacity. The industry is also approaching the end of the period when the rash of "newcomers" in foreign oil markets have sought outlets for limited volumes at distressed prices under terms below total cost.

(3) Pressure by The Organization of Petroleum Exporting Countries (OPEC) for a reinstatement of pre-Suez prices.

(4) Awakening by the industry to the fallacy about the benefits derived from the incremental barrel.

(5) The shift to geographical pricing from an established world price has been virtually completed. Multiple world pricing, not tied to the U. S. Gulf, is set at main export terminals in producing areas such as the Persian Gulf, the Caribbean and North Africa.

(6) Crude oil postings in recent years have not fluctuated as much as refined product prices.

(7) Producers, consumers and oil companies all desire stable prices and thus are fundamentally adverse to exerting undue price pressures.

(8) Governments of consuming countries are against world oil prices low enough to undercut indigenous energy sources. Also, stable prices are needed in planning energy policies.

(9) Consumers wish an assured regular supply.

(10) Oil consumption is at relatively fixed prices, under major contracts and on a long-term basis, i.e., oil generally is not sold in small quantities as are other commodities which may be tied to day-to-day price fluctuations.

(11) Posted prices at various world supply points function mainly to assure the Governments of producing countries that oil is not being undervalued. Any temporary weakness in posted prices merely notifies public buyers that they may take advantage of temporary excessive inventories to acquire limited quantities.

(12) Producing countries depend for their income on a favorable price level.

(13) About three-quarters of the industry is almost completely integrated vertically and the trend is upward.

(14) The industry is expected to have to raise about $225 billion for investment in oil over the next 15 years. It is, therefore, paramount that the oil companies maintain adequate prices to generate the huge funds necessary for re-investment.

The Wheel Has Turned

It should be readily seen from the foregoing that the petroleum industry is in a current position equivalent to being one of the strongest industries in the United States. Ever since the sharp setback in 1958, conditions have been improving and have resulted in a rising return on invested capital, improving profits, cash income and dividends.

Contrary to general impressions, oil securities, while having risen faster than other industrials this year, actually have risen only by about the same percentages as other securities from the lows of 1962. The oils are currently selling at price-earnings multiples below other industry averages. Moreover, oil securities are selling on a basis which provide above-average yields. Oil shares, therefore, are considered to be behind the market and still relatively attractive.

A number of oil companies appear to be in a position to show an annual increase in earnings averaging 10% per year. Among such companies favored for investment at this time are: Amerada (73), Marathon (55), Royal Dutch (45), Shell (45) and Standard Oil of New Jersey (70), Ethyl (70).

*An address by Mr. Fourton at the Association of Customers Brokers, New York City, Oct. 22, 1963.

Schwabacher Co. Expands in NYC

Schwabacher & Co., one of the largest investment securities firms in the West, is expanding its New York City office to accommodate stock clearing and stock transfer activities, William M. Cahn, Jr., partner in charge of the New York office, has announced.

The firm has moved its offices from 14 Wall Street to larger quarters at 25 Broad Street, and has added 20 persons to the New York staff. In the past Schwabacher has operated through a New York correspondent, but effective Dec. 1, the firm will handle its own clearings.

A direct wire from San Francisco to the floor of the New York Stock Exchange will provide fast execution of orders for customers. The new clearing and transfer operation will facilitate transfer and delivery of securities to clients, Mr. Cahn said. The new office also will house expanded reseach and municipal bond departments.

The larger New York operation reflects the growth of California and the West, where Schwabacher has its offices, Mr. Cahn said. It also reflects the growth of the firm in size, number of partners and account executives, the expansion of its investment banking activities and of its municipal department.

The New York office of Schwabacher & Co., deals primarily with institutional investors, and plans are underway to expand this aspect of the firm's business.

Schwabacher has had a New York office since 1930. The 44-year old firm has its headquarters in San Francisco and offices in 16 other cities in the West and Honolulu. It is a member of all the principal securities and commodity exchanges.

Swartz in Providence

PROVIDENCE, R. I.—Arthur Swartz is engaging in a securities business from offices at 15 Elmgrove Avenue.

Confidence in Government... The Magic Key to Progress

By Edward Jerome Dies, Washington, D.C.

A great body of voters is said to be fast attaining a broader perspective of good government. Mr. Dies hopes that the march of conservatism now taking place does not fizzle out. He deplores Welfare State trend and attempts to place private business in disrepute. The writer cites harm resulting from unbridled government spending and managing of the economy in comparing the record of how sound government provided necessary confidence to bring about real progress.

Across the far reaches of the land business executives and economists are searching with singular diligence for clues to the nation's probable material health and financial stability in the year 1964.

This is no simple task. Yet it is essential to forward planning and must be done even in the face of imponderables that almost defy analysis.

What makes it most difficult to bring the economic future into clear focus is the disturbing number of serious national and international situations involved.

For example: Will the administration at long last resolutely attack the shaky dollar problem and stop the outward flow of gold. Will the reckless spending and staggering deficits be halted. Will the tax structure be soundly overhauled. Will the raw power of labor unions go unchallenged. What of spreading bureaus, and creeping coercion; what of foreign trade, and what of Cuba, America's particular bone in the throat.

To executives striving to glimpse the shape of the future and plan accordingly the foregoing threats are lightning flashes on the business horizon.

A general sampling of sentiment reveals both lights and shadows. For example, the consensus seems to be that on the whole the American economy is solid as a rock and easily capable of continued expansion over an extended period of time—but only under far more favorable political skies. Proof of this basic solidity was impressively displayed in the ability to withstand shock after serious shock during a span of 18 trying minths.

But the constant chipping away of public confidence definitely diminishes the courage of corporate heads who must chart the future and who must bear the responsibility of spending or withholding billions of dollars of private capital earmarked for plants, mills, factories and equipment.

On the west coast, in the middle west, and in the east, frequently mentioned as top problems were the possible dire consequences of the dollar's continued erosion, and the awesome power of unions. In a way the two are linked together, for the upward notching of wages and fringe benefits have enhanced inflation, along with the unbridled government spending.

Incidentally, the extent of inflation is impressively set forth by First National City Bank's study, widely circulated in business channels. It is shown that if 1952 is taken as "par" for the dollar, today the dollar is worth but 88 cents. This has penalized holders of government bonds, particularly the "little people" for whom self-styled Liberals are forever promising new glittering worlds.

A 12% dollar erosion in the most prosperous decade in history does indeed give the molders of business spending policies a sense of doubt and misgiving.

It was shock and lost confidence that touched off the stock market break, which in turn brought collapse in the ridiculously high "miracle" stocks; the slide then continued into margin calls, and finally into the deepest market crash since the 1929 panic. Such is the powerful impact of lost confidence. Those hurt most were not the rich and well-informed but again the small investors who had bought a stake in our democracy.

Clearly the union monopoly continues to retard progress. The phrase "collective bargaining" has a hollow ring. When business and labor sit across the bargaining table there is no true balance of power. Management is bound about with anti-trust restraints. There must be no price-fixing, no deals, no cartels, no pressure or compulsion, conspiracy to depress wages is stoutly prohibited.

Now, as a study in "equal rights," consider the union position as concocted by Congress. Under the Clayton Act the union is exempted from anti-trust jurisdiction. Under the Norris-La-Guardia Act it is virtually free from Federal injunction. Under the Wagner and Taft-Hartley Acts unions compel workers to join up or lose their jobs.

"Perhaps," commented one industrialist, "Jimmy Hoffa could determine our 1964 capital expenditures policy better than our own staff of experts."

Widespread interest is being shown in Economist Patrick M. Boarman's new book, *"Union Monopolies and Antitrust Restraints"* published by Labor Policy Association in Washington. It is packed with arresting facts.

In weighing the likely conditions of 1964 the economic pulse takers try to assess legislative dangers. Of late they have been surprised by the magnitude of disruption caused by the Federal drug law amendments of 1962. The somewhat emotional legislation came after a quarter century of brilliant, unparalleled research, discovery and progress in stamping out disease, diminishing suffering and saving human life.

Drug Expose and the Public

Public excitement over the tragedy of Thalidomide, a sleeping pill linked to infant deformities in Europe, aided passage of

Continued on page 29

Future of Savings Banks In New York State

By Charles W. Carson, President, Savings Banks Association of New York State, and President, The Community Savings Bank of Rochester, New York*

Head of New York State savings banks argues for competitive liberalization of branching, personal loan and deposit ceiling privileges. Review shows New York savings banks supply more New York mortgage loans than all three other major financial institutions combined in New York State, and provide more than a third of student loans in 30,000 loans since recently allowed to do so. Mr. Carson agrees with and supports views of the New York State Bankers Association calling for a vigorously competitive banking system in the State.

A committee of the New York State Bankers Association recently has submitted a report to that Association in which they state that their deliberations have been guided by "What is best for the economy and for the people of New York State." As long as they stick to that principle, we shall give them our enthusiastic support.

Charles W. Carson

The report of this Committee deals chiefly with questions of banking districts and mergers. If the commercial banks can agree among themselves, and if their program has the support of the Banking Department, the attitude of the savings banks will be an affirmative one. By the same token we shall support any moves on the part of state-chartered savings and loan associations to be accorded the same privileges which are extended to mutual savings banks.

Branching for Savings Banks

One aspect of the New York State Bankers' committee report should have special attention. They state that "The number of offices of insured commercial banks in New York State increased from 1407 in 1950 to 1934 in 1962." During the same period the number of mutual savings banks' offices in the State increased from 226 to 319. This means that over a twelve year period commercial banks opened 527 new offices compared with 93 new ones opened by savings banks. Their new branch record is more than five and one-half times ours. When this Committee recommends "that liberalization of *de novo* branching should be delayed until after the proposed policy liberalizing mergers has been adopted and its effects evaluated," I assume they refer only to commercial banks. During such a moratorium the savings banks should be accorded the privilege of following their depositors to suburban locations and to occupy a few of the convenient corners that may be still available. If this Committee really means their statement, "We believe strongly in a vigorously competitive banking system," further branch privileges for savings banks would seem to be one way to achieve their objective.

To achieve anything approaching parity there is another area to which we must give attention. Only 18 of the 50 states have mutual savings banks, and that 64 of the 100 United States Senators have no savings bankers among their constituents. The idea of permissive federal charters for savings banks originated in New York State and we have supported the National Association in promoting the proposal for three chief reasons:

First: Savings banks alone among major financial institutions do not have a dual system.

Second: Expansion into non-savings bank states would be facilitated.

Third: If state authorities refuse to expand our privileges, there is another alternative rather than folding our tents.

Although I am heartily in favor of permissive federal charters, I hope that all state chartered institutions will so strengthen their status that we can progress in both directions. Cumbersome as it may be to start a new state chartered mutual savings bank, let us not adopt a defeatist attitude. They did it in Alaska, and it could be done in other states.

In the remainder of this paper I should like to outline some of the contributions which savings banks make to the economy of New York State, what future trends and goals may be, and, finally, what are some of the forces which will determine our destiny.

Supplies Bulk of Mortgage to New York

At present the population of our state is approximately 17.4 million people. It takes a prodigious number of dwelling units to house that many people. Dwellings and commercial enterprises require capital. Who supplies it? New York State savings banks have invested over 11.5 billion dollars in mortgages on properties within the state. This is more than the total of such mortgage loans made by the three other major financial institutions in New York State combined—*i.e.*, savings and loan associations, commercial banks, and life insurance companies.

Only comparatively recently have savings banks had the opportunity to make student loans. What have they done for the youth of our state in that brief period? At Sept. 30, 1963, savings banks had made over 30,000 loans totaling \$23 million—more than a third of the total of \$64.7 million made by all financial institutions in the state.

These are days of superlatives, but a billion dollars is still a lot of money. During this year, 1963, our savings banks will pay that amount in interest-dividends to their depositors. Credited to 11,000,000 accounts, this money feeds into the economic life stream of New York State. Much of it remains in the savings banks to be re-invested and earn still more dividends. Part of it is withdrawn by depositors and used to purchase goods and services, thus immediately benefiting our economy.

What have savings banks done in New York State to demonstrate that they will take advantage of new opportunities offered them? One of the best examples is the development of branch offices authorized by the Omnibus Banking Law of 1960. Forty-four savings bank offices have been established under this new law, and on Sept. 30, 1963, they had \$457 million on deposit in 351,000 accounts. This is also an excellent example of the fact that people want savings banks services made available.

We are proud of our record and feel that we have made, and are continuing to make, a substantial contribution to the economy of our State. This makes it hard to understand why we should labor under restrictive branching limitations, why we should have a lower deposit ceiling than any other savings bank state, and why we are denied the privilege of making small personal loans as savings banks are permitted to do in Massachusetts, Connecticut and other states.

State's Growth Warrants Branching Privilege

May I now ask you to look ahead with me over the next seven years to 1970? The population of our state in that year is expected to be about 19.3 million or approximately two million more than at present. Of this increment it is estimated that over 50% will be children under the age of 18 years. There are some clear implications for us in these projections. If you live in a suburban area, as I do, you have only to scrutinize your school tax bills over the past 15 years to learn that the greatest increase in child population takes place in the suburbs.

If savings banks are to continue to make the contribution to our state's economy that is presently the case, they must cultivate a constituency of youth. School savings programs, in which we are now the major factor, will grow—not in the center city—but in outlying locations. Unless we have additional branch privileges, we cannot meet this challenge. Furthermore, to look ahead to 1970, family formation will jump as this generation of children reach marriageable age. Whether you like it or not, consumer credit has become a part of the American way of life. Only financial institutions which can make personal loans to young married people can attract these potential customers to their doors.

Reference has been made to the volume of student loans made by savings banks. In 1962, there were 246,000 full-time college students in the state. By 1970 the number is expected to rise to 402,000. Including part-time students, the number will go from 436,000 last year to 804,000 in 1970. No greater contribution can be made to the progress of our state and our nation than to lend assistance to our young people as they seek the benefits of higher education.

Meeting Tomorrow's Needs

As population grows it is obvious that additional housing will be essential. Our best estimate is that 1,000,000 new units must be provided in New York State by 1970. The mortgage requirements will amount to about \$14 billion: Will the savings banks which now provide over one-half the residential mortgage money in New York State be able to meet this challenge?

Let's take a look at some of the prospects. At the end of September, 1963, the amount due depositors in New York State savings banks was \$25.3 billion. This represents a gain of \$8 billion over the past seven years. Given present trends, and assuming the provision of adequate branching powers, it seems reasonable to expect that the next seven years will produce an increase of \$12.5 billion, bringing the total close to \$38 billion. Added to deposit increases will be repayments on existing mortgages which will amount to at least \$14 billion in seven years. If we are alive to our opportunities, it looks as though the mutual savings banks could continue to carry their full share of residential financing in our state and have some left for other types of investments.

Some Words of Caution

Lest we become too optimistic, however, let me inject some words of caution. We cannot control entirely our own destiny, and there are those who question whether mutual savings banks are viable and dynamic institutions.

Last summer, the Banking Board rescinded the regulation which set a ceiling on interest-dividends paid by our banks, and placed the responsibility for decision directly in the hands of our Boards of Trustees. We appreciate the confidence which the Banking Board has in our judgment, and I hope that our performance will justify some further liberalization such as a realistic look at the requirement for statutory allocations to surplus. I realize that most changes require enabling legislation, but there are areas within which the Legislature will move only on recommendation from the Banking Department.

Governmental bodies also play a large part in the determination of our future. Mutual savings banking in New York State is a child of the Legislature, and due to the philanthropic nature of our origin, the legislators rightly have felt a benevolent interest in our progress. Well, we're big boys now. We have total resources of over $28 billion; we provide over 50% of the residential mortgage money in the state; we stimulate the economy with interest-dividend payments of a billion dollars a year. Let's be candid about the matter, however. We know that the restrictions placed on us have been due more to the influence of commercial banks in obstructing liberalizing legislation than to any negative conviction on the part of legislators. We shall be happy to rest our case on the principle of "What is best for the economy and for the people of New York State."

Management Quality

Finally, I come to the crucial point of my thesis. The greatest factor in determining our destiny over the next seven years is management. Are the trustees and officers of our banks contented and satisfied, or are they aroused and motivated? As Dr. Eggers has pointed out in his penetrating study, commercial banks have been much more alert to change in the past fifty years and much more flexible in meeting new situations than savings banks.[1] He points out further that this isn't just due to the profit motive because savings and loan associations, also mutual organizations, have been enterprising and opportunistic enough to enjoy phenomenal growth.

There are a couple of examples which I must call to your attention. We are seeking in the next session of the Legislature the power to make personal loans. In the 1920's we were offered this opportunity and we turned it down. A careful study has been made of the possibilities of a mutual fund for savings banks depositors. Anyone who has observed the long term trend of equity prices; anyone who is familiar with the experience of the College Retirement Equity Fund; anyone who has faith in the future of American enterprise must recognize a wonderful opportunity. Yet we are equally divided within our own ranks about the desirability of entering this new field.

Within the next seven years the long term destiny of savings banking in New York State will be determined. Are we content to sit on our distinguished record and watch its slow erosion as more aggressive forces take over, or are we sufficiently aroused and motivated to meet the challenge of a promising future?

1 "Savings Banking in New York State; A Re-Examination of a Traditional Role," by Melvin A. Eggers, Professor of Economics, Syracuse University, N. Y., prepared for Savings Banks Association of New York State, 200 Park Avenue, New York 17, N. Y.

*President Carson's address delivered at the 70th Annual Fall Convention of the Savings Banks Association of New York State on board the S. S. Rotterdam on a cruise to Nassau, Bahamas, Oct. 18, 1963.

Changing Banking Structure And Balance of Payments

By William S. Renchard,* *President, Chemical Bank New York Trust Company, New York City*

Commercial banker tackles two problems requiring proper adjustments to strong pressures prevailing. Mr. Renchard urges bringing into play fiscal, monetary and economic policies necessary to strengthen international confidence in the dollar as the way to rectify our balance of payments difficulties. With regard to our changing banking structure, Mr. Renchard readily makes clear that he disagrees with the "cold war" that some of his fellow members of the commercial banking fraternity have been waging against branching privileges for mutual savings banks. After analyzing and suggesting how we should cope with our balance of payment difficulties, Mr. Renchard restates his views as to how far banks should be permitted to extend their geographic area and to expand their size. He chastises commercial banks for not taking a constructive approach towards the tax question; praises useful function supplied by mutuals; and admonishes banks not to let competition for deposits result in gradual lowering of credit standards.

My subject, Currency Trend in Money and Banking, is a broad one. I decided to concentrate mainly on two areas which seem to have widespread public interest at this time: first, the United States balance of payments deficit and, secondly, the changing structure of banking. I will then conclude with some miscellaneous observations, which I trust you will find constructive.

William S. Renchard

Balance of International Payments

You have heard much and read much in recent months about the fact that the outflow of funds from the United States has been exceeding the inflow by a substantial margin. This is referred to as an imbalance in our international payments, and I believe it is a subject appropriate for this paper, not only because of the wide attention it is receiving, but also because of the direct bearing it has on the outlook for interest rates.

Until the past few years, studies and discussions of international payments balances were confined, for the most part, to meetings in classrooms and among economists, professors and the technical staffs of the Central Banks of the world. Mr. John Q. Public and, in fact, most businessmen and bankers in the United States, has probably never heard much about the subject. The explanation of this is simple enough. The United States economy has always been more of an introvert than an extrovert one, the dollar was generally accepted as being the strongest currency in the world, our foreign trade balance was traditionally on the plus side, and one of our principal concerns was what to do about keeping all of the gold in the world from ending up in Fort Knox.

But our gold supply began to dwindle away, and now we find that, while we have continued each year to export more goods and services than we import, a combination of other factors has combined to produce an excess in the total outflow of gold and dollars over the total inflow, in 12 of the last 13 years. As a result, our gold stock has declined by $8 billion, and the foreign claims against it have increased by $18 billion. These claims, as you know, are comprised of foreign deposits in United States banks, foreign holding of United States Government securities, and foreign holdings of short-term obligations other than Government. Now the big question is how long this trend can be allowed to continue without undermining international confidence in the dollar and placing an unmanageable strain upon our international monetary system. I do not wish to burden you with a lot of statistics but it may be of inerest if I present to you in more or less capsule form a few comments to bring out just what has contributed toward bringing the present situation about, what is being done about it, what I believe should be done, and why its solution has become just about No. 1 on the list of the Nation's economic objectives.

Our international payments dilemma came in for an unusual amount of attention in July of this year, with much of the same type of excitement that it provoked during the speculative boom in the London gold market in October of 1960. President Kennedy and other high officials of the Administration made statements and took certain actions which served to acknowledge the fact that far from being solved, the problem was worse than it has been made to appear before. About the same time, there was released by the Brookings Institute a study prepared for the Congressional Joint Economic Committee entitled "The United States Balance of Payments in 1968," projecting the picture five years ahead. This very provocative document has prompted much comment and enlivened the general debate on the whole subject.

While there are strong differences of opinion as to the form in which the balance of payments statistics should be presented, as well as in their interpretation, it seems quite obvious that the two principal factors which have combined in recent years to offset our favorable trade balance have been the excess of our long-term capital investments abroad over foreign long-term investments here and U. S. Government expenditures abroad for military purposes and foreign aid. With respect to the first factor I have just mentioned, statistics can be produced which demonstrate clearly that, over a period of time, private investments abroad bring back substantial returns which, in the long run, provide support to our balance of payments. Government expenditures abroad, on the other hand, bring no such returns as these represent by far the largest deficit item, the net drain in recent years being in the areas of $3 billion annually.

Administration's Program

In recognition of the importance of the whole payments problems, our Government has embarked on a program involving a series of steps designed to stem the tide. Most of these have been designed primarily toward the curtailment of short-term movements of funds out of this country and protection of the dollar against speculative raids. These measures include the so-called "swap arrangements" among the Central Banks and other devices worked out between our Treasury, foreign central banks and the International Monetary Fund, and I believe it is fair to say that, for the purposes for which they were designed, these steps have been ingenious and highly effective. To supplement these efforts, the Board of Governors of the Federal Reserve System, in July, increased the Federal Reserve discount rate from 3% to 3½%, this step being designed, of course, to help maintain short-term interest rates at such a level as to discourage the withdrawal of foreign short-term deposits from this country. At about the same time, the Treasury announced the proposed Interest Equalization Tax on the flotation of foreign securities in this market. This has become a highly controversial proposal, the desirability of which is open to considerable doubt. The Administration's action program has also embraced measures designed to promote the expansion of our export trade, to attract foreign tourists here, and to provide for a gradual reduction of net Federal expenditures of dollars abroad by a figure estimated at approximately $1 billion over the next 12 to 18 months. Finally, the Administration now seems to be relying heavily on tax reduction on the basis that a substantial cut in both corporate and personal income tax rates is required to restore vitality and growth to our economy and to provide a more favorable climate for investment in this country.

However, there are many who have grave doubts as to whether the steps so far taken by the Government will solve the problem. The American Bankers Association, in a recent study, strongly urges additional measures to attain the desired objectives. These include several items which are somewhat unpalatable politically, including efforts to maintain wage stability and strict control of Federal expenditures. The late Per Jacobsson, Managing Director of the International Monetary Fund, suggested that the most desirable

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Unequal Treatment Stifles Savings Banks' Growth

By Dr. Melvin A. Eggers,* *Professor of Economics and Chairman of the Department of Economics, Syracuse University, Syracuse, New York*

Study blames unfair, outmoded banking regulations for savings banks' declining role in our banking system. Dr. Eggers urges doing away with invidious obstacles he finds handicapping savings banks' growth by according equally to all three major institutions such reforms as: expanded branching privileges; enlarged portfolio investment discretion; and removal of interest rate restrictions on demand or time deposit accounts. The author spells out the reasons commercial banks have been able to challenge successfully savings banks traditional preserve; foresees a larger continuing role for savings banks if they are accorded the competitive flexibility they require, and sees no conflict arising between need for deposit security and suggested competitive flexibility.

One great strength of the American free-enterprise economy is its adaptability to change — to changed needs of its buyers, and to changed technologies of its producers. It is common to boast of the strength of the American economy by reference to its manifold increase in output (Gross National Product) over the years; it is equally common to list in detail old products which have disappeared, new products which have appeared, and changes in ways of doing things.

Melvin A. Eggers

Often overlooked in an accounting of the changed output of the economy is the changing product-mix of the financial sector. Economic growth and rising standards of living have created an entirely new market for the services of financial institutions—the mass market of the average household. The increasing complexity of economic life has created a demand for more involved and intricate financial services. And the ingenuity of members of the financial community itself, and their major equipment suppliers, has provided new ways of performing old tasks.

All major financial institutions have shared in this process of adapting to change—but to varying degrees. This report is concerned with the one which appears to have changed least, the mutual savings bank. Because of savings banks' apparent lack of adaptability, or inability to adapt there are questions of the viability of this institution as a distinctive type of financial intermediary. There have been suggestions that savings banks simply cease to exist, selling their assets to other types of institutions, and proposals of radical changes in savings banks, such as conversion to joint-stock companies, perhaps to commercial banks. Both types of recommendations assume that savings banks, like buggy-whips, are obsolete.

Savings bankers, and many others, including the author, disagree. Savings banks are increasingly willing to re-examine the industry's role in the financial system. This re-examination is compelled not only by the savings banks' need for adaptability, but also by the relative decline in their growth rate, and by growing trends that would make it even more difficult for savings banks to compete.

I.
The Past and the Present

Fifty or a hundred years ago, if you had told a student of financial affairs that the future held a great growth in the mass household market for financial services, and asked him to predict which institution would fulfill these demands, he might well have said "savings banks." These, he might have told you, are the people's banks — the average household's institutions. If you had said, "What about commercial banks?", he might have replied, "They do not do a household business. They deal with business firms." That he would have been wrong points up two interesting observations: First, something has changed radically over the past 50 years. Commercial banks are doing a wide and diversified business. Savings banks are doing about what they were doing then. One responded to new demands, the other didn't.

The student of finance would have been right in characterizing commercial banks as business-serving institutions. They were founded on the financing of working capital, financing "goods in process" and "goods in transit," and as a by-product, creating the money with which the goods were ultimately to be purchased. They only dealt with households as a convenience to executives of firms with which they did business.

Savings banks, as institutions for the average household, were designed to encourage "thrift"—interpreted as financial accumulation—and to "take care of" family savings by protecting them and investing them prudently. Because of their essentially social service function, savings banks were organized as "mutual" institutions. Savings banks were not businesses; they were more like social service agencies. Like hospitals and churches, they attracted leadership to their boards of trustees by virtue of the fact that service was regarded as an honor and a duty.

Commercial banks were always profit-seeking organizations, and remain so today, mostly (now) in the corporate form of organization. The original emphasis of savings and loan associations was on financing the construction of homes, filling a need on the part of both the building industry and the homebuyer. Like the savings banks, they were usually organized along "mutual" lines. There was, however, a clear-cut difference in the origins of savings banks and savings and loan associations. The first were organized because of needs on the deposit side of the balance sheet—a need for a safe savings institution in which small depositors could have faith. The latter were organized because of a need felt on the asset or lending side of the balance sheet—a need for an institution specializing in the financing of home construction and purchase.

Two Areas of Growth

Both the mutual organizations stick closely to their original purposes, satisfying growth needs along these restricted lines. Commercial banks, on the other hand, have satisfied and exploited the major new demands for additional and expanded household financial services, and have even developed some thrift-related business. Some have argued that the reasons for commercial banks' greater opportunism has been that they are profit-seeking institutions. There may be some truth in this

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FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Although Congressional approval of Civil Rights legislation seemingly is not imminent, the odds are against the bill's Southern opponents. The Administration will undoubtedly have to spend six months to secure its passage but it is prepared to do this. The best guess is that it will be next June or July before the bill gets through, if it does. But the chances are that it will occur at that time, because the Southerners will not be able to keep up their delaying tactics forever.

This means, very likely, that the tax bill will not be passed before mid-1964 that is, if as expected, it is put behind a civil rights bill.

The public will have the spectacle of the Congress accomplishing nothing whatsoever for the first six months of next year. Howard Smith of Virginia, Chairman of the House Rules Committee which must give the Civil Rights bill clearance before it can be acted upon by the House, will employ every tactic in the book and some that are not in the book to prevent the bill from reaching the House floor in November. He is an undying foe of the bill. House members are limited in debate and can only delay the bill so much by talk. They can, however, delay it some by offering amendments and talking five minutes on each amendment. In addition to this, they can demand frequent quorum calls and demand reading of every word in the journal of the preceding day's session. This procedure, although irksome, can delay the bill for only a few days.

The so-called modified bill is only slightly less offensive to opponents of the measure than was the original bill. Mainly it applies only to interstate commerce, small retail stores being exempted. It includes a Fair Employment Practices Commission which Mr. Roosevelt tried to get through in war time, but Civil Rights has made considerable progress since then. Senators and Congressmen and President Kennedy meeting in conference several times recently to work out plans to get the bill moving have discussed it in the terms of race riots and general disorder if the bill is not passed.

Senator Russell of Georgia, in a very informative speech recently, declared that if Congress passes this bill it will be able to tell the retail merchant how much he can charge for his commodities as well as what hours he shall keep and whom he will employ. The bill would be passed under the Supreme Court decision that Congress has a right to legislate under the general welfare clause which is the 14th amendment. This amendment has been considerably stretched since the New Deal came in.

House rules provide that any three members could request Chairman Smith to call a hearing. He would have three days to consider such a request and seven calendar days thereafter to schedule a session. If he then refused or failed to do so, a majority of the committee could force a meeting on a specific date and hour by filing a written and signed request with the committee clerk.

In the event of a committee hearing, the committee conceivably could arrange to hear numerous witnesses. The committee ordinarily hears only members of Congress. On a controversial and complex bill such as this, anywhere from 25 to 100 might want to testify. Unlike most House committees the Rules group has authority to meet while the House is in session. Chairman Smith and several other committee opponents of the bill might prefer only morning meetings.

When the Rules Committee votes to clear bills for House consideration they usually are reported to the House within three days. If the Civil Rights Bill is cleared the Chairman would have seven legislative days which can amount to well over a week to call up the rules resolution. If he failed to do so within that time, any member of the Rules Committee could call it up for House action.

The Rules Committee in clearing the Civil Rights Bill also would designate the number of hours for general debate and specify whether the measure would be opened to amendment. In this case an open rule probably would be provided. On such an important measure at least two days of general debate might be permitted. Discussion and voting on amendments could require many hours after that. Thus it will be seen that it will be comparatively easy for opponents of the measure to keep it from the Senate until December.

In that body each Senator can talk as long as he can stand on his feet but, with the session to last a year, it is not expected the opponents can filibuster that long.

Re-Elect Colwell Gov. of M. B. A.

LOS ANGELES, Calif. — Bundy Colwell, President of The Colwell Company, statewide mortgage bankers, has been re-elected a Governor of the Mortgage Bankers Association of America.

Bundy Colwell

Mr. Colwell, who has been active in the mortgage banking industry since 1947 when he helped organize the firm which bears his name, is a past regional Vice-President, Executive Committee member, and Public Relations Committee Chairman of the MBA. He also has served on the Educational and Legislative Committees.

The Colwell Company, whose more than $707 million mortgage loan portfolio ranks it among the top three mortgage banking firms in the nation, maintains mortgage banking services and offices throughout California.

The Current Climate For Savings Banking

By Austin S. Murphy, Ph.D.,* *Managing Director, Savings Banks Association of New York State, New York City*

Today's maelstrom of competitive banking requires rethinking savings banks' course in the financial community. Dr. Murphy does just that in calling for increased loanable assets to meet increased mortgage and consumer credit needs projected for the 1930's. The economists' advisory is to allow savings banks to aggregate their funds so as to improve and increase the variety of services they can provide. The thrift role is envisioned, for example, as a changing one wherein money management would be stressed, instead of the traditional money maintenance, to include small estates and individual retirement programs under the Keogh Act. Discussion also takes note of relative roles of state and federal authorities, and of implications of commercial banks' concerted drive to garner savings deposits—particularly the larger, profitable ones.

I would like to discuss the current climate of thought in banking circles and to develop what I feel ought to be our posture in view of the winds of change blowing about us.

Austin S. Murphy

Today, the financial community is in a genuine dither and has been for over 12 months. Such a general reassessment and struggle among the various segments of the financial community has seldom occurred in our history and I believe has never occurred before in a period of relative prosperity and peace for the overall community. Of the many controversies now raging, I have selected three which it seems to me are of particular significance to the savings banks industry of New York State. The first of these concerns the current controversy over the relative roles of state and Federal authorities with respect to the supervision and control of banking. The second is the concerted drive on the part of commercial banks to obtain individual savings deposits. The third area revolves around interest rates on savings deposits and the related question of the quality of credit.

There are, indeed, many other exciting and sometimes violent controversies taking place today in the financial community. But the three which I have listed have a particular immediate significance to savings banks' expectations during the coming year, and constitute together an important portion of the climate in which we find ourselves and in terms of which we must develop a posture for the next 12 months.

I

The State-Federal Conflict of Authority

The rapid-fire and extensively-reported activities of the Comptroller of the Currency, James J. Saxon, have focused attention on a trend which has been under way for many years in other areas of the economy and which has increasingly affected the banking community in recent months. For the expressed purpose of streamlining the financial community, it has been suggested by some that all banks be made national in terms of charter and regulations, and that the state chartering system be gradually withered away.

On the other side of the coin, Senator A. Willis Robertson, recently articulated a strong brief for the dual banking system in a speech to the Annual Convention of the National Association of Supervisors of State Banks. Senator Robertson, who heads the U. S. Senate Banking and Currency Committee, said that "No one system of bank organziation is so demonstrably superior to all others in all parts of the country that one rule must be prescribed for the whole country."

The Superintendent of Banks of our own State of New York, Oren Root, has expressed a genuine concern over this conflict between Federal and state authorities and the confusion which results from it. He has proposed that the Federal Reserve Board act as the "General" for the whole banking community with the 50 supervisors of state banks reporting to the Board and having the right of appeal to the Board wherever a conflict with the policies of the Comptroller of the Currency arises. The Comptroller would also report directly to the Federal Reserve Board. The Root proposal envisages a true dual system with the State Supervisors having virtually complete authority, especially in the areas of examinations and chartering of banks within their jurisdiction and the opportunity to endorse or appeal any branch applications approved by the Comptroller for national banks.

How does this controversy affect mutual savings banks? The savings banks of New York State are all state-chartered. While Federal legislation now under consideration may some day make it possible for our banks to have a choice of alternative authoritative jurisdictions between state and Federal, we are by charter, by history, by nature, and at the present time, by necessity, very deeply concerned with the preservation and satisfactory functioning of the state side of the dual system of banking.

The present controversy has served to alert our State and its legislators. At the recent September hearings, before the Joint Legislative Commitee to Revise the Banking Law under the able chairmanship of Senator Ernest I. Hatfield, a number of legislators expressed very real concern that the state is losing control over the banking system within its borders. From the discussion at that meeting and the climate of thinking in general resulting from this discussion, it seems reasonable to expect more sympathetic appreciation of the needs of state-chartered banks including mutual savings banks at the next session of the legislature.

It is necessary, of course, that our case be effectively stated in these terms. It is also to be hoped that perhaps for the first time, a degree of cooperation can be developed among the three major areas of the financial community serving the state. In this connection it is hopeful to note, as Mr. Carson[1] has stated, that for the first time the commercial banks are presenting a positive program to the legislature. Unlike the defeat of any legislation, the passage of any program must involve recognition of the needs and interests of others, and in the last analysis some form of compromise, if it is to be successful.

II

The Commercial Banks' Drive For Savings Deposits

Alarmed over their inability to maintain reasonable growth trends in the field of financial activity for which they were organized, namely, short-term loans for working capital to business, commercial banks a few years ago began to consider seriously the attracting of savings deposits. The commercial bank competition during the past several years for individual savings is a reaction to the effects of a post-World War II development in corporate financing. What may be called the "cash-flow" revolution has during the past 15 years found industrial financial managers vying to demonstrate how much of their company's expansion could be financed out of internal and temporarily idle funds.

As a result of the rapidly growing share of internal corporate financing in the whole business picture, commercial banks lost their growth stimulus and truned to individual savings as a source of funds. In 1962 the easing of Regulation Q greatly accelerated the commercial bank penetration of the savings market. Since that time, and attributable in no small part to extensive branching, and with a strong assist from an institutional advertising program designed to develop the concept of a "full service" bank, commercial banks have made substantial gains in savings deposits. Although the total deposits of savings banks have continued to grow in dollars, market penetration by the savings banks ceased to grow five years ago and has been declining steadily.

Savings banks continue to be the dominant medium for personal savings in the State of New York but the percentage of such savings in our institutions has declined from a high of 39.8% in 1958 to an estimated 36% in 1963. During the same period, commercial banks' penetration has moved from 14.7% in 1958 to approximately 23% in 1963. Most of this increase took place in the past two years. As recently as 1961, commercial banks had only approximately 16.6% of individual savings in New York State. During this drive for savings, the savings and loan associations barely held their own and the percentage of individual savings in such institutions has remained unchanged since 1961. Thus, the commercial bank drive has succeeded in arresting the growth of both savings banks and savings and loan associations in terms of relative market penetration.

There is some evidence developing in commerce and industry which seems to indicate that internal business financing has about run its course. In part, this is due to a leveling off and, in some cases, a decline of cash-flow balances available to firms in various industries and in part to a condition which was reported rather widely last month when several major corporations expressed concern over the erosion of service relations with banking institutions which had resulted from their own concentration on internal financing and which had led to some embarrassment and additional cost in recent periods of financial squeeze. It is also true that recently, except in New York City, Commercial banks have found a rising trend in the commercial loan field. These are perhaps straws in the wind. Nevertheless, if the commercial loan field is about to develop a permanently rising trend, it is possible that commercial bank interest in savings deposits may wane again as it has in the past.

Aside from shaking any complacency we may be prone to as we look at our dollar deposit figures, what significance does this analysis have for mutual savings

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[1] Charles W. Carson, President-Elect of Savings Banks Association of New York State, and President of the Community Savings Bank of Rochester, N. Y.

The State of TRADE and INDUSTRY

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

The pace of economic activity—as reflected by the broad measures of personal income and nonfarm employment — rose somewhat more than seasonally during September and preliminary indications in early October point to a further advance, the Office of Business Economics, U. S. Department of Commerce reported in its review of the business situation in the current October *Survey of Current Business*, its official monthly publication.

Total output is being stimulated by a high rate of production in the automobile industry, and by a favorable response of consumers to the new 1964 models. In addition, two other important measures — new orders for durable goods and nonfarm housing starts —both registered increases during September.

Tenth Successive GNP Quarterly Gain Since 1961

Preliminary estimates of third quarter gross national product put the total at a seasonally adjusted annual rate of $588½ billion. This was a rise of $32 billion over the year-ago rate and $9 billion, or 1½%, over the second quarter; allowance for somewhat higher prices in the summer months would make the latest quarterly advance 1%. It was the tenth successive quarterly increase since early 1961, when the present recovery started.

Most major categories of final demand rose during the quarter. Consumer expenditures were higher reflecting increased spending on nondurable goods and continued growth in outlays for services; purchases of durable goods, which continued at a high rate, showed a small dip. The rise in fixed investment was marked, extending to producers' durable equipment, nonresidential construction and residential building. Federal outlays for goods and services were little changed while spending by State and local governments spurted following a small decline in the second quarter.

Personal income, largely in reflection of some increases in employment, average weekly hours and pay rates, rose to a seasonally adjusted annual rate of $466½ billion in September, up about $1½ billion from August and $21 billion from last September. For the third quarter as a whole, personal income was up $5.3 billion over the second quarter rate, a somewhat smaller increase than in the second quarter. With personal taxes rising nearly $1 billion, disposable personal income advanced about $4½ billion in the third quarter.

Although retail sales declined in September, after seasonal adjustment, it appears that the movement was affected by special factors. An early Labor Day pulled into August some sales of general merchandise and apparel stores that normally occur in September; seasonally adjusted August sales for both types of outlets were 3% above July. The quarterly data gives a more accurate picture of consumer buying at retail: third quarter sales as a whole were up 1% from the second quarter and 4% above the year-ago rate — about in line with income changes.

Durable goods manufacturers report a widespread pickup in new orders during September, reversing a decline in progress since mid-spring. Sales, about the same as in the previous month, were less than new orders, so that unfilled orders increased for the first time since May.

In recent weeks producers have further raised quotations on several primary metals products, including aluminum, lead, zinc, and steel. Industrial prices as a group continue to show little change, since price decreases have also occurred in a number of industries; price increases have not been numerous enough to affect the overall index. The BLS weekly wholesale price index of commodity prices for products other than farm and food in early October stood at 100.8% of the 1957-59 average, as against 100.6 in early July and 100.8 in September of 1962. This overall stability comes from several factors—the persistence of excess capacity in domestic industry, foreign competition, and the comparative steadiness in unit labor costs.

Bank Clearings Dip Slightly Below 1962 Week's Volume

Bank clearings in the latest statement dipped fractionally below the year-ago week. They were, 2.2% 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. 26 clearings for all cities of the United States for which it is possible to obtain weekly clearings were down 0.1% from those of the corresponding week last year.

Our preliminary totals were $34,397,521,141 against $34,431,960,007 for the same week in 1962.

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

Week End. Nov.2—	—(000s omitted)— 1963	1962	%
New York	$19,240,538	$19,964,577	— 3.6
Chicago	1,435,844	1,478,808	— 2.9
Philadelphia	1,194,000	1,239,000	— 3.6
Boston	975,523	1,047,895	— 6.9
Kansas City	564,852	518,850	+ 8.9

Steel Output 9.3% Ahead of Year Ago Week and 1.5% Above Last Week for Ninth Rise Out of Past Ten Weeks, 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 Nov. 2 was 1,944,000 tons (*104.4%) as against 1,915,000 tons (*102.8%) in the Oct. 26 ending week.

This fractional rise in output was the ninth non-spectacular weekly advance in the past 10 weeks, and was the highest weekly output since the 2,077,000 tons of ingots and castings produced in the July 13-ending week. 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 three 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 4.4 percentage points above the 1957-59 base period's average weekly output and was approximately 11.6% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 9.3% above the 1,778,000 tons produced in the year-ago week.

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 93,002,000 net tons (*113.5%) which is 11.3% above the Jan. 1-Nov. 3, 1962 production of 83,559,000 net tons. In the comparison with last week's cumulative index total of 113.7%, this week's tally faltered at 113.5% (1957-59=100).

District	*Index of Ingot Production For Week Ending Nov. 2	Oct. 26
North East Coast	103	102
Buffalo	100	99
Pittsburgh	92	93
Youngstown	93	88
Cleveland	105	101
Detroit	154	152
Chicago	109	108
Cincinnati	104	93
St. Louis	118	112
Southern	91	101
Western	116	107
Total Industry	104.4	102.8

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

1963 to Be Year of Improved Profit for Steel Industry

This year will wind up as one of improved profit for the steel industry, *Steel* magazine predicted.

Nine month figures of many steelmakers show gains over the year ago period, and the fourth quarter outlook is for modest improvement in sales and profits.

Third quarter profit performance was a heartening change from the year ago pace. *Steel* reported a 4.5% return ($120 million) on sales for 23 companies representing three-fourths of the nation's ingot production. They earned only a 2% return ($48 million) in the third quarter, 1962.

Although the 4.5% return is slightly better than the industry's annual profit margin in 1962, it falls below the rate in nine other years of the last decade. In 1955, the return was 7.8% of sales.

Reasons for the nine month profit improvement: First, the gain in sales. Second, a determined and highly successful effort by many companies to cut costs. Third, price relief—which is only beginning to be registered in the profit picture.

For the rest of the year, *Steel* predicts there will be little change in order entry and ingot production.

November will be a strong month now that automakers are pumping new life into the steel market. November steel shipments are expected to equal October's instead of trending downward in

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The Market . . . And You

BY WALLACE STREETE

Stocks continued to show ragged sections this week and some of it was due to the normal caution whenever there is a holiday shutdown such as there was for Election Day on Tuesday. A further complicating factor was the increase in margin requirements from 50% to 70%.

There was also a hint that the market had already gone a long way to discount some of the year end dividend news. General Motors, which was more or less universally regarded as a prime candidate for good dividend action, had its easy moments even on the eve of a $2 year-end declaration.

$4 vs. $3 in 1962

General Motor's habit is to include the indicated 50-cent payment in the year-end total. But the $2 payment brought to $4 the payout this year against $3 the year before. A 50-cent extra had been declared earlier in the year.

The mammoth operation that General Motors is today is best illustrated by the fact that the year-end payment will pour well above half a billion dollars into the hands of shareholders. And at a time when American Telephone and General Motors share the distinction of being the only American corporations to ever even earn a billion dollars in a year, General Motors' total payout this year in dividends alone will run above the billion dollar line. More than a million stockholders will share in this largesse.

The shares of G.M. this year have snapped back from below 58 to above 91. But even at the higher figure, the indicated yield runs well above the 4% line which is where equities become competitive with bank accounts.

"By Any Other Name"

General Motors method of designating its payments is somewhat confusing. Its indicated quarterly rate is 50 cents. But in June the company surprised its holders by designating a 50-cent "special" payment. And the current declaration, actually the 50-cent quarterly payment and $1.50 year-end, was only called "a $2 dividend." There are other companies around that also refuse to specify that their payments are quarterly although that is exactly how they are paid.

In contrast, Chrysler's indicated rate on the present shares was only $1 on an annual basis. Pricewise, the shares did as well as those of G.M. despite the indicated lower payout. This speculative faith in Chrysler's comeback was borne out when the company voted a new stock split and a doubled rate, or $2 on an annual basis on the present shares.

A. T. & T. Next?

So far the roster of the giants that are candidates for good year-end dividend action has only been scratched. Chrysler and General Motors are on the record and IBM raised its payment but was something of a surprise since a stock split or large stock payment had been anticipated. One still left to be heard from is American Telephone whose directors meet in a couple of weeks.

After having compiled the longest unchanged payment in the industrial lineup—the classic $9 annual dividend—A. T. & T. since it split in 1958 and upped the dividend payout twice has become something of a perennial candidate for a dividend increase. Moreover, its present indicated payment of $3.60 is now well behind that of G.M. despite a market price for Telephone shares that runs well past that of G.M.

Moreover, it has been a couple of years since Telephone has resorted to a rights offering to finance its expansion so the shares are not only candidates for dividend improvement but for new financing that will entail distributing valuable rights to the holders. In any event, Telephone, which isn't always a fixture on the lists of recommended issues put out by the various brokerages, has been bobbing up on more than is usual for this normally staid issue.

The RCA Picture

Radio Corp., which had popped up on the various lists of recommendations with unusual frequency recently, was at one time a split candidate but it proved a disappointment in this regard since no such action was taken. The issue reacted pricewise but, apparently, is still highly regarded on the basis of its good earnings showing and wasn't stricken as happens in so many cases where hopes, and hopes alone, run to excessive levels.

During that extended period when RCA alone was carrying the ball for color television, and struggling to get a firm foothold in the electronic data processing field with the high attendant expenses, it was not very highly regarded. Radio also was generally listed a company in the entertainment business, through its National Broadcasting Co., or a defense contractor because of its large contracts for government work. Somewhat obscured was its standing as one of the nation's leading electronics operations. Even in bygone days when any company even dabbling with electronics was automatically vested with a mantle of "glamour," Radio failed to participate in the electronic frenzy.

Turning Point Near

With color television accepted, and a breakthrough being made by other makers of receiving sets to get into the field, RCA's gamble on this field is paying off. Still to get to that enviable state is its work in data processing. When RCA entered the field it was with the expectation of making this work the largest profit section in the company's lineup.

The problems and competition were formidable and instead of contributing to profits, its data processing work has been a drain on them. The drag on earnings was figured at $1 a share in 1961, 50 cents in 1962 and perhaps 30 cents a share this year.

The pattern does indicate that the company has made something of a turn in its profit picture with data processing. Present projections is that the losses will end next year and the work will start to live up to the profit potential originally envisioned.

Meanwhile, the heavy costs of the developmental work are behind, the company's position in the field solid—it is third largest in data processing work, and the outlook vastly improved. RCA is still forging ahead, intent on toppling, eventually, Sperry Rand from second place in the field.

Food for Thought

A mundane item in the food section is Beatrice Foods which, despite a strong record of growth running through the last decade, seldom features in the market spotlight. The shares, in fact, have carved out a range of only a bit more than four points through all the stock market gyrations of this year.

The company originally was noted as a dairy operation specializing in butter, egg and poultry lines. It has made important progress in diversifying and, currently, milk and cream account for better than a third of sales, while the butter business is down to 8% and poultry is not on its menu any more.

One bright promise in the future for Beatrice Foods is its expansion into overseas markets. It moved into the Common Market picture a year ago when it acquired a dairy firm in Belgium. The management of the company is highly optimistic. It took a couple of generations for the company's sales to reach the half billion level but management projection is to reach the billion line in only eight more years. Meanwhile the shares are well deflated below the 1961 peak, in fact more than 20% under that high.

[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.]

Joseph E. Seagram Buys Texas Pacific Coal & Oil Co.

Edgar M. Bronfman, President of Joseph E. Seagram & Sons, Inc., announced the acquisition, on Nov. 1, of Texas Pacific Coal & Oil Co., Fort Worth, for $60,579,443 cash, subject to a reserved production payment of $216,000,000. Carl M. Loeb, Rhoades & Co., New York, acted as financial advisor to Seagram.

The properties, totalling almost 1.4 million net acres in oil and gas leases, will be operated by Frankfort Oil Co., a subsidiary, which will change its name to Texas Pacific Oil Co.

Frank Hall With Hayden, Stone

Frank L. Hall has become associated with Hayden, Stone & Co. Incorporated, 25 Broad Street, New York City, members of the New York Stock Exchange as manager of the corporate bond trading department specializing in convertible bonds and arbitrage. Mr. Hall was formerly with Sutro Bros. & Co.

Wertheim & Co. Appoints Two

Wertheim & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, have appointed Alan D. Cohn Director of Research. Robert Bach is supervising partner of the department.

Johnson Director Of World Bank's New York Office

George D. Woods, President of the World Bank and the International Finance Corporation (IFC), has announced that, effective Nov. 1, 1963, the Marketing Department of the Bank and IFC located in New York City will be designated "New York Office," and named Howard C. Johnson as Director. Mr. Johnson has been Manager of Portfolio Sales and Participations in the Marketing Department since joining the Bank and IFC in May 1963.

From 1955 until he joined the Bank and IFC, Mr. Johnson was associated with the United States Steel Corporation, first, as Assistant to the Chairman of the Board and from 1960, as Director of the Stockholder Relations Dept. Mr. Johnson was graduated from Swarthmore College and received his Masters Degree from the Harvard Business School in 1932. From 1933 to 1941 he was in investment banking, first with Lazard Freres & Co. and subsequently with Morgan Stanley & Co. Mr. Johnson was in the United States Navy in World War II, during which he served as Assistant to the Secretary of the Joint Chiefs of Staff. From 1945 to 1952 he was in the Bureau of United Nations Affairs of the State Department where he was Chief of the Division of International Security Affairs and later Adviser on Planning. From 1952 to 1955 Mr. Johnson was with the Ford Foundation.

George Martin, who had been Director of the Marketing Dept. since 1950, resigned as of Nov. 1 to become Vice-Chairman and a member of the Board of Directors of Morgan & Cie, S. A., in Paris.

Laird & Co. Opens Branch in Boston

BOSTON, Mass.—Laird & Company, Corporation has opened a branch office at 75 Federal Street under the direction of Robert R. Detwiler. Mr. Detwiler was formerly with Smith, Barney & Co.

With Equity Research

John I. Shaw, Jr., formerly with Standard & Poor's Corporation, has become associated with Equity Research Associates, 37 Wall St., New York City.

NEWS ABOUT BANKS AND BANKERS

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

Donald H. Black and Loren D. Keys Jr. are named Vice-Presidents of **Bankers Trust Co. New York.**

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Ralph Friedman has joined the Board of Directors of **Bank Leumi le-Israel, New York**

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The **American Trust Co., New York** elected Torleaf H. Benestad, Senior Vice-President.

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Charles H. Stone of Garden City has been elected a Vice-President of **Long Island Trust Co., Garden City, N. Y.**

Mr. Stone comes to the Trust Company from **Manufacturers Hanover Trust Company** where he was employed for many years, most recently as Assistant Vice-President.

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S. J. Balassi, regional Vice-President of **The County Trust Co., White Plains, N. Y.,** will mark the completion of 35 years with the organization this week. Mr. Balassi is in charge of County Trust's Hudson River Region.

Mr. Balassi, joined the **Mechanics Bank of Brooklyn, N. Y.** in 1910. He advanced to teller and bookkeeper there and, in 1918, joined the **National Bank of Commerce, New York.**

In 1928, Mr. Balassi joined others in organizing the **Washington Irving Trust Co. in Tarrytown, N. Y.,** then assumed the duties of Assistant Treasurer in that institution. In the ensuing years, he became Vice-President and Treasurer and a member of the Board of Directors.

In 1947, Washington Irving Trust Co. merged with The County Trust Co. and Mr. Balassi was placed in charge of the Yonkers operation of County Trust. He became regional Vice-President in 1956.

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Richard W. Moulton on Nov. 1 assumed the newly created posts of Assistant to the President and Clerk of the Board of Directors at the **Ashuelot National Bank, Keene, N. H.**

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The Comptroller of the Currency James J. Saxon on Oct. 31 announced preliminary approval of an application to organize a new National Bank in Connecticut, at Westport, with the title, **Westport National Bank,** with an initial capitalization of $450,000.

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The Hartford National Bank & Trust Co., Hartford, Conn. elected Harley E. Brainard and Mae R. Cooke, Vice-Presidents.

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The **Mellon National Bank & Trust Co., Pittsburgh, Pa.,** promoted Robert E. Hudson, Jr., to Vice-President, trust department.

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The **Bank of Virginia, Richmond, Va.** has promoted Jesse H. Ellsworth to Vice-President, effective Nov. 1.

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The **Farmers Bank of Nansemond, Suffolk, Va.,** and The **Seaboard Citizens National Bank of Norfolk, Norfolk, Va.,** merged under charter of the latter bank and new title of **Seaboard Citizens National Bank.**

John F. Baumann has been elected a Vice-President of the **Marine National Exchange Bank, Milwaukee, Wis.** effective Nov. 1.

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The Merchants and Planters Bank, West Memphis, Ark. opened for business Nov. 1 as the **First National Bank in West Memphis, West Memphis, Ark.**

This National Bank will have capital of $200,000 and surplus of $200,000. Its officers are: J. F. Wheeler, Chairman of the Board; H. F. Ohlendorf, President; W. L. Barbour, Jr., Executive Vice-President; Roy Strong, Vice-President and Casher.

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Louis A. Ruebling, has been elected Cashier of **First National Bank in St. Louis, Mo.**

Harry J. Michaely retired as Cashier on Oct. 31 after 52 years of service with the Bank.

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The **Mountain Grove National Bank, Mountain Grove, Missouri,** opened for business Nov. 1 with capital of $150,000 and surplus of $75,000.

Its officers are: Robt. L. Tester, President; John R. Peterson, Vice-President and Velma F. Tester, Cashier.

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The Comptroller of the Currency James J. Saxon on Oct. 30 announced preliminary approval of an application to organize a new National Bank in Sulphur Springs, Texas, with the title **Peoples National Bank of Sulphur Springs,** with an initial capitalization of $500,000.

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The shareholders of The **Bank of California, San Francisco, Calif.,** in a special meeting on Oct. 29, ratified the proposal to merge with the **Security State Bank of Turlock.** Also approved were the stock option and profit sharing plans for Bank of California staff members.

The merger was approved by shareholders of the Turlock bank on Oct. 25th.

Security State Bank shareholders will receive 37,500 shares of Bank of California stock, or 1¼ shares for each of the 30,000 Security State shares.

The Total Resources of the Security State Bank are in excess of $10,000,000. P. L. Peterson, President of Security State Bank, will become Vice-President and Manager. All staff members will be retained and will automatically by included in The Bank of California's pension, medical, and other fringe benefit programs.

The addition of the three offices will increase the Bank of California's coast-wide system to 35 offices and will increase to six the number of Bank of California installations in Stanislaus County. At present there are two branches in Modesto and one in Riverbank, all of which were acquired through merger with the Modesto Bank and Trust Co. in 1957.

Operation of the profit sharing and stock option plans required the approval for issuance of additional 100,000 shares of Bank of California stock. The profit sharing plan, was effective as of Jan. 1.

The Comptroller of the Currency James J. Saxon on Oct. 31 announced preliminary approval of an application to organize a new National Bank in Almeda, California with the title, **Almeda First National Bank,** with an initial capitalization of $1,500,000.

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Ralph Friedman has joined the Board of **Bank Leumi le-Israel.**

Nat'l Secs. Names B. J. Greenwald

Burton J. Greenwald has been appointed director of Dealer and Public Relations of National Securities & Research Corporation, 120 Broadway, New York City, it has been announced by Henry J. Simonson, Jr., President.

Burton J. Greenwald

Mr. Greenwald joined the firm in 1957. In his new position, he will assume responsibility, under Senior Vice-President, Philip C. Smith, for developing and coordinating the investment company's marketing programs with its selling group of independent investment dealers across the country, as well as continuing to handle press relations.

Prior to joining NS&RC, which sponsors and manages National Securities Series of mutual funds, Mr. Greenwald was Assistant to the President of A. J. Wood & Co., Inc., marketing consultants in Philadelphia.

Brown Bros. HarrimanAppoints

The banking firm of Brown Bros. Harriman & Co., 59 Wall Street, New York City, has announced the appointment of William J. Blush, Elbridge T. Gerry, Jr., Edmund G. McElroy, Joseph T. O'Keefe and Leighton K. Waters as Assistant Managers in the New York office.

Mr. Blush has been with the firm since 1940 and is in charge of the Securities Custody Dept.

Mr. Gerry came with the firm in 1955 and is an account Manager in the Investment Advisory Department.

Mr. McElroy came with the firm in 1947 and is an account Manager in the Domestic Banks Dept.

Mr. O'Keefe has been with the firm since 1947 and is an account Manager in the Investment Dept.

Mr. Waters came with the firm in 1953 and is an account Manager in the Foreign Investment Dept.

Bishop & Co. To Be Formed in N.Y.

Effective Nov. 14, Bishop & Company, members of the New York Stock Exchange, will be formed with offices at 40 Wall Street, New York City. Partners will be Edward Bishop and Warren Bishop, who will acquire an exchange membership. Edward Bishop is an officer of Levin & Bishop, Inc.

As We See It

Continued from page 1

duction facilities in this country had by 1962 risen not far from 60% from 1947, a year or more after the end of the war. The increase in the cost of new construction was even more rapid.

Additional Cost

This figure, of course, represents the additional cost of the addition of a unit of new facilities or the replacement of a unit of old facilities. Close examination of the figures shows that an unusual amount of new or improved facilities had to be installed to keep abreast of the advances in technology and to keep cost increases to a minimum. After the elimination of the effect of price changes, the increase in expenditures of this sort from 1947 through 1962 was 57%. If we take the figures as they stand, the rise in actual outlays for new and improved capital facilities was 150% from 1947 to 1962. Now, of course, all this investment had to be paid for, and those who put up the funds for its acquirement had to be paid a return on their investment. There is, of course, no way the funds for this purpose could be found except out of the current output of all types of goods and services.

Now return on invested capital is only one of many factors that enter into the total cost of goods offered to the public. A major item of cost is, of course, wages and salaries. If we include the various "contributions," voluntary and involuntary, we find that the compensation of employees rose 150% after 1947, or had done so by 1962. The increase continues. What is more, there are a great many contracts outstanding which will require further increases in the years immediately ahead. If, then, we remember that hours of work have been steadily shortened and that workers do not work at the rate that once they did, we have an inkling of what labor costs have really come to be despite the installation of labor saving machinery in large quantities.

Competition Still With Us

It is, of course, true that we do not have and could not well have precisely the kind of competition possible or even normal in the time of Adam Smith. In most industries heavy overhead has to be carried, and products in this day and time are mostly not exactly comparable from company to company. In most industries there are relatively few really important producers, and it would be folly of the worst kind for each of these producers never to give a thought to what his competitor is doing or may do. Too much is at stake, and the opportunity to shift into the production of some other type of goods is far too limited. Often one producer is large enough to give "leadership" to an industry — and that, whether he plans it that way or not. And the price of products or rather the prices of products are in a sense determined by a relatively small number of producers.

But we should be foolish to label this state of affairs "oligopoly" and condemn it out-of-hand or to try to punish those who do not agree with the views of the politicians or do not trust governmental socialism. Least of all, is there any good likely to come out of remedies centered about governmental control of prices or governmentally directed efforts to break up the existing units of production into many small ones which could not hope to operate effectively. Let us remember, for one thing, that an enterprise which must carry the overhead that most of them now must do simply cannot afford to close down or even drastically reduce production even if and when profit margins are not satisfactory or even disappear altogether. Overhead at least must be earned over any lengthy period if the concern is to remain out of the bankruptcy courts. This implies, obviously, that no company, no matter how large, can so manipulate production as to fix prices arbitrarily—and no group of producers could well do so.

They Could Not Do It

All this means that no company and no producer or group of producers could with the ease seemingly supposed by some of the New Frontiersmen, set up and stick to any set of "administered prices" in the sense that prices can be set arbitrarily by any producer or any set of producers. What in classical economics is supposed to fix limits to the prices is the unwillingness of buyers to take goods at prices that do not seem to them to be right. There is now no more than in days gone by any group of buyers who are bound in any way to take goods they think are not priced right—and few producers in any position to withstand very substantial reduction in the demand for their goods merely for the sake of what they might hope to be a larger margin of profit.

But let us drop all this talk about things that do not exist, and turn our attention to the real difficulty in the current situation. For one thing there is little or no competition, "perfect," "pure" or "imperfect," in the labor market in most of our large industries. Nor is there even a thing so mild as an oligopoly. The situation is plainly and simply a monopoly — and one which the Washington authorities have for years been very energetically cultivating. Nor is there today any indication that there has been a change of heart. The political danger of any change, of course, in this matter is believed too great to appeal to the Administration or to the opposition. Here we have the greatest single cause of the price threat which the authorities are now troubled about. It would be a good thing if talk about "administered prices" were replaced by some plain everyday common sense.

Eaton Mfg. Co., Buys Yale & Towne

The transaction by which Eaton Manufacturing Co. acquires Yale & Towne Manufacturing Co. was completed on Oct. 31, as scheduled, it was announced by John C. Virden, Chairman and President of Eaton, and Gordon Patterson, President of Yale & Towne.

Yale & Towne's assets and business have been transferred to a newly organized subsidiary of Eaton, known as Yale & Towne, Inc. It was stated that the new subsidiary is being directed by the same management team that directed the former Yale & Towne Manufacturing Co.

Kuhn, Loeb & Co. Inc., New York, acted as financial consultant for both firms in connection with the transaction.

Gregory & Sons To Admit Atwell

Gregory & Sons, 40 Wall Street, New York City, members of the New York Stock Exchange, on Nov. 14 will admit John R. Atwell to partnership. Mr. Atwell is a member of the American Stock Exchange.

Joins Harrison

CINCINNATI, Ohio — Herbert Shaffer, Jr., has become associated with Harrison & Company, Fifth Third Bank Building, members of the New York and Cincinnati Stock Exchanges.

Amer. S. E. to Study SEC Report

The American Stock Exchange has reported on its own special study of the Securities and Exchange Commission's Special Study of the securities industry, and said it looked forward to spelling out its reactions "carefully and completely."

The Exchange said "it can be expected to concur with some of the Special Study conclusions and to take issue with others." In some instances, the Exchange said, "alternate methods for accomplishing certain changes may be suggested."

The Securities and Exchange Commission report, nearly two years in the writing, contains well over one hundred specific recommendations for changes in industry and SEC rules, regulations or procedures. "Each demands close scrutiny and evaluation," the Exchange said in an editorial in *American Investor*, its monthly magazine.

"Having put their support behind the proposed 'disclosure' legislation, which grew out of the early chapters of the Study, the stock exchanges and other industry organizations are now weighing the further recommendations," the editorial stated.

The Exchange pointed out that industry spokesmen have avoided hasty, top-of-the-head reactions to the report. It emphasized, however, "this stance should not be taken for inaction." The editorial stated:

"A newly appointed (American Stock Exchange) policy and planning group has, as its primary responsibility, a thorough, item-by-item review of Special Study proposals which would affect the Exchange. When this review is completed, the Exchange looks forward to the opportunity to spell out carefully and completely its reactions."

The Exchange stressed that it wished to discuss the SEC recommendations "in the same quiet, conservative atmosphere that has characterized previous meetings.

"A reasoned reaction to a careful study may produce little noise," the Exchange said, "but it will provide more light for investors."

Customers Brokers To Hold Meeting

The Association of Customers Brokers will hold an educational meeting on the Outlook for the Drug Industry on Nov. 19 at 4 p.m., at 15 William Street. Speakers will be J. Dewey Kolb, III, Paine, Webber, Jackson & Curtis; Walter Rant, Goodbody & Co.; and Ralph Shaw, Standard & Poor's Corporation.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Some Additional Areas for SEC Cooperation With Our Business

At the present time the investment business is studying proposals contained in the recent SEC report to the Congress. Law makers are also giving this study its well deserved attention. In respect to many of the proposals there will be agreement that some changes will be beneficial to the entire country if they are carried out. Today the investment and securities business is solidly in favor of cooperation with the SEC in studying methods of improving its important functions upon which the operation of this government body depends. Let us hope that some substantial gains are made in understanding, in cooperation, and in improvement of the operations of both the Commission and where the entire industry is concerned.

Since this column is concerned primarily with better ways to distribute more securities to the investing public, we would respectfully like to point out that there is one very definite step the SEC could take that would help those of us who have to merchandise our American securities at home and abroad. This would not take much study. It would be relatively easy to put into effect. It would help remove some of the barriers of ignorance, fear, and trepidation that many uninformed people erect when they read a prospectus. I refer to the statement that appears in bold type on the first page of a prospectus.

"These securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense."

I am not an attorney, just a security salesman, for over 30 years. During this time I have talked with hundreds of men who are practical, honest, and devoted members of our selling profession. To a man they tell me that this clause is a deterrent in selling good securities to many unsophisticated investors. There are millions of people who are unsophisticated. They want to invest in American industry. A clause like this just scares them almost into reticence and hesitancy. In the main, these people do not read a prospectus, they cannot understand one, and most of them do not want to take the time to study all the legalisms in these documents. They rely almost 100% on the firm that they do business with and their salesman or registered representative. Whether this is good or bad the true facts are that these people buy millions of dollars worth of securities every year. They invest their money in American industry. Their capital provides jobs and opportunity for all.

Change It for the Better

It would be interesting if the IBA or the NASD took a poll among all of the selling members of this business and asked them several pertinent questions such as:

Do you believe the present clause referred to is helpful or a hindrance to you in selling new issues to the general public?

Do you believe this hedge clause could be improved as to wording, choice of type face, or its position in the prospectus?

Would you like to have informed members of the securities business and the SEC work out a proposal for improving the wording of this clause?

This suggestion is perhaps not of overpowering importance in the wide range of constructive proposals that are being made for improved operations of our business in general. But I pass it along because it is one area that could be explored without lengthy hearings and too much effort by the Commission. Surely with all the well informed legal talent available today, this clause could be rephrased so that it would still inform without scaring some poor souls half to death when they are considering an investment or a speculation that may involve more or less normal business risks.

"John Dutton is the pen name of a registered representative employed by a large member firm of the N. Y. S. E."

The Pillsbury Co. Private Financing

The Pillsbury Co. has announced the private placement of $12,500,000 of its 4⅝% promissory notes due 1988. Goldman, Sachs & Co., New York, and Piper, Jaffray & Hopwood, Minneapolis, negotiated the transaction.

Net proceeds from the financing will be added to working capital and used by Pillsbury to repay short-term borrowings and to redeem its preferred stock.

Pillsbury has called all of its outstanding preferred stock for redemption at a price of $100.18 per share. At the end of Pillsbury's fiscal year which ended May 31, 1963, there were 25,398 shares of the $4 cumulative preferred stock outstanding.

MUTUAL FUNDS

BY JOSEPH C. POTTER

A Comprehensive Study

Those industrious and able people at the Investment Company Institute have gone and done it again. Back in 1958, they published a comprehensive survey of the trade, a study intended to be useful as a reference work for fund members, folks in the securities field, the press, students and the investing public at large.

The second edition has just come off the press, a handsome 53-page booklet entitled "The Mutual Fund Shareholder, A Comprehensive Study." It covers just about every aspect of this $25 billion business, ranging from objectives of purchasers to source of investors' dollars.

We learn, as an example, that there are already more than 3 million fund shareholders out of a total U. S. investor population of 17 million. But a reading of this booklet will provide a better insight to what the modern-day investor is like—such things as age, occupation, income and background.

In an accompanying summary of this newest work, the ICI states:

"The findings of the current report are somewhat similar to the results of the earlier survey, with the balanced financial planning revealed in 1958 continuing in a very much broader shareholder universe today. However, the financial plans today are generally larger than they were five years ago."

An especially interesting segment of this survey analyzes the different classifications of fund holders in relation to their ownership of certain other assets: life insurance, bank accounts, U. S. savings bonds and, of course, individual stocks held directly.

The report is based on a sample of individual shareholders representative of fund investors in general. Twenty-three funds which offer their shares throughout the country participated in the survey by providing the names of their stockholders. Questionnaires were prepared and mailed to 31,631 men and women —19,410 regular account holders of 11 funds and 12,221 accumulation plan holders of 12 mutual funds. Identical questionnaires were employed and replies received were anonymous.

Replies, sufficiently detailed for inclusion in the tabulations, were received from 4,930 regular account holders and from 3,210 accumulation plan holders, and represent returns of 25.4% and 26.3%, respectively.

In view of all this, the ICI is justified in stating: "We believe the results of the study accurately reflect the financial profile of mutual fund investors generally."

The survey first was brought to our attention one night last week at the annual-reports-award dinner of Financial World. A fundman stopped at our table after the magazine had awarded Oscars and just before Senator Barry Goldwater was to begin his address. Speaking hurriedly, he said: "The judges ought to go out of their way on these occasions to honor a job done by the investment community in the interest of all of us. This study of the fund stockholder would have won the prize hands down."

We second the motion, after reading the study, and respectfully inquire of the financial community's Financial World: "Must a prophet remain without honor in his own country?"

Meanwhile, the 1963 study of the ICI probably will be confined to a somewhat narrow audience, largely the folks in the field. They should read it for profit.

The Funds Report

Dreyfus Fund reports that at Sept. 30 net assets totaled $478,047,708, or $17.73 a share. At the end of 1962, assets amounted to $361,365,654, equal to $15.42 a share.

* * *

Insurance & Bank Stock Fund announces that at Sept. 30 net assets were $3,518,109, or $7.53 a share, against $2,122,840 of assets and $5.90 a share a year earlier.

* * *

Investment Co. of America reports that at Sept. 30 total net assets were $285,284,764, or $10.69 per share, compared with a total of $245,226,215, equal to $9.49 a share at Dec. 31, 1962.

* * *

Johnston Mutual Fund reports that at Sept. 30 net assets totaled $34,309,433, or $13.62 a share. A year earlier, assets were $28,058,896, equal to $11.79 a share, and at June 30, 1963, comparable figures were $33,770,451 and $13.44.

* * *

Massachusetts Investors Trust reports that at Sept. 30 net asset value was $15.14 a share, against $12.12 a year earlier and $14.67 at June 30, 1963. Total net assets in the latest reporting period stood at $1,832,358,232, an all-time quarter-end high. Three months earlier, assets were $1,776,806,463.

* * *

Massachusetts Life Fund announces that at Sept. 30 net value of assets was $101,223,894, or $23.45 a share. Comparable figures at the end of 1962 were $84,844,431 and $21.83.

* * *

Nation-Wide Securities reports that at the end of the fiscal year on Sept. 30 net assets were $54,789,957, or $22.08 per share. This compares with $42,110,953 of assets and $19.33 a share at the end of the previous year.

* * *

Peoples Securities Corp. reports that at the close of the fiscal year on Sept. 30 net assets were $15,096,932, or $7.80 a share, against assets of $13,037,555, or $6.73 per share, a year earlier.

* * *

Selected American Shares announces that at Sept. 30 net assets were $123,909,772, or $9.81 a share. A year earlier, assets were $97,543,373, or $7.95 a share, and at the end of 1962, assets were $110,037,310, or $8.97 a share.

* * *

Shareholders' Trust of Boston reports that at Sept. 30 net assets were $72,698,854, or $10.97 a share. This compares with assets of $59,165,247, or $9.73 a share, a year earlier and assets of $72,044,453, or $11 per share, at the middle of 1963.

* * *

Southwestern Investors announces that at the end of the fiscal year on Sept. 30 net assets totaled $9,438,709, or $8.76 a share, against $7,107,003 of assets and $7.38 per share a year earlier.

* * *

Wisconsin Fund reports that at Sept. 30 net assets were $21,524,472, against $19,379,038 on Dec. 31, 1962, and $17,883,898 at the end of September, 1962. Net asset value was $6.99 a share at the latest reporting period, compared with $6.51 at the end of 1962 and $6.02 a year earlier.

Bleakney Dir. Of Fund of Am.

Shareholders of Fund of America, Inc., a capital appreciation mutual fund, have elected Dr. Walker Bleakney, Chairman of the Dept. of Physics at Princeton University, to the Fund's Board of Directors, FOA President Walter Benedick announced.

Walker Bleakney

Mr. Benedick also reported that shareholders had approved a proposal to change the Fund's state of incorporation from Georgia to New York.

Dr. Bleakney is well known for his research in various fields of physics, including mass spectroscopy, shock waves, atomic scattering and nuclear phenomena. The Shock Wave Laboratory at Princeton where he conducts much of his present research was the first of its kind in this country. In recognition of his work in this field, he was elected, in 1959, a member of the National Academy of Sciences, one of the highest honors to be conferred upon an American scientist.

During World War II, he engaged in war work with different divisions of the National Defense Research Committee, Office of Scientific Research and Development, as head of the Princeton Ballistic Project, as a research scientist for the National Research Council in ballistics, and as a consultant to the Army, Navy and Atomic Energy Commission. For his services in the field of terminal ballistics for the National Defense Research Committee, he received a joint Army-Navy Certificate of Merit.

Royal Bank Appointments

The Royal Bank of Canada has announced a number of executive and supervisory appointments in western Canada.

W. A. Hyndman, at present Supervisor of Branches in Saskatchewan, will become Assistant General Manager in charge of branches in Alberta, with headquarters in Calgary. He will succeed J. C. Mayne who will retire at the end of February, 1964.

Appointed Supervisor of Branches in Saskatchewan, with headquarters in Regina, is C. L. Snyder, Manager at Edmonton Branch. He will assume his new position in early December.

T. S. Dobson, Supervisor of Branches in Ontario District (Western Division), has been appointed to the newly-created position of Supervisor of Alberta Branches, with headquarters in the Assistant General Manager's Department, Calgary. Mr. Dobson will assume his new duties early in November.

Newhard, Cook To Admit Three

ST. LOUIS, Mo.—Effective Nov. 14, Newhard, Cook & Co., 400 Olive Street, members of the New York and Midwest Stock Exchanges, will admit to partnership Edward J. Steube, Benton S. Gabbert and William S. Simpson.

McDonald Branch

GRANVILLE, Ohio—McDonald & Company has opened a branch office at 129 West College Street under the management of Harry L. Pierce.

Four Investment Areas Which Warrant Preference

Continued from page 3

when did any business grow by telling people to take losses? In like vein, some of the market letters I read say that the market is going to be sound until the public becomes a factor. Isn't this a little like opening a restaurant and then advertising the fact that the chef gets drunk every night and you have to wait two hours for a table?

Are We Forgetting the Public?

Having been around awhile, I have been a little amused by the great new interest of our profession in the so-called institutional business. Everyone with a mimeograph machine and a Harvard Business School graduate now has an institutional department. But what about serving the public who put us in business—and who will keep us alive? Aren't they entitled to consideration too? Of course they are—and this is where our industry comes in.

Ours really is a great business. It is a lot like show business in the sense that you have to have "heart" — in the sense that you have to tune your approach to your audience. To express it a little differently this is a business which requires perspective and a philosophy of operation. It is not a business, where, like the old-fashioned pitchman, you move your cart to the next town when the heat is on. There is a real pay-off for using a thinking mans filter — in being creative, being original — and being a leader, rather than a follower.

Thoreau one said that most men lead lives of quiet desperation. We have to guard ourselves against this human failing for the stock market unfortunately seems to bring out the worst in human nature. In this connection, I have learned three things over the years. One is the fact that once you understand the nature of the beast — once you recognize that selection can be more important than timing—half the battle is won. The long-term investor knows that all stocks do not make their major high or low at the same time. At the 1962 low in the Dow, which was just about the same as the high recorded in 1956, there were a number of individual stocks that showed handsome profits even if they had been bought at their 1956 high.

How would I apply this broadly constructive background to a specific investment policy today? In my opinion our interests should be in four broad areas—each of which have a special claim to fame in today's environment.

Favors Good Management

For example, over the years I have found that the outstanding success stories in the stock market were represented by companies which had three things in common. Each had aggressive management with a dynamic top person . . . almost all represented smaller companies which were free of management protocol and the gray flannel suit mentality—each foresaw a growing consumer need which could be exploited.

To illustrate the point, I believe American Motors was responsible for the compact car boom—Revlon brought the cosmetic business to respectability . . . Diners Club made credit cards the butt of Bob Hopes' jokes . . . Polaroid revolutionized the camera business.

Before offering a few specific suggestions for today, let me make two things clear: I don't go along with Leo Durochers' comment "good guys don't win ball games." An egotistical management can also be a human management. Nor am I implying that size means a loss of management flexibility or stupidity. In my opinion, General Motors—huge as it is—probably has one of the best managements in the business.

Subject to this explanation, I suggest you examine ARA Services, Crown Cork & Seal—Radio Corp. of America—as candidates for inclusion in this broad catagory. And there are others too.

Changing Age Composition

My second area of interest revolves around the impact the changing age complexion of our population is having on the economy. If you were a member of a local school board 10 years ago, you were in contact with an explosion in the 5-to-14 age groups. But how many realize that there actually were fewer young adults in 1960 than in 1950? This is where a major change is taking place now, for the present decade will see a soaring young adult, as well as teen-age population. In time, and the time is very near, the change will mean more marriages, more children and a big demand for homes, furniture and appliances. This change in the age mix has already resulted in staid Cadillac having cars with bucket seats and a new throaty sound to the exhausts.

To put it simply, it seems to me that a new sales determinant has come into being, inasmuch as teen-agers and young adults are maximum consumers of food, clothing and recreation. Equally important, ours is an affluent, cash rich society. While the consumer is more heavily in debt that ever before, his savings are at record highs and his ability to borrow is better too. To me, the pending tax cut suggests that 1964 will be the 22nd consecutive year of an increase in consumer spending.

The beneficiaries of these considerations include American Telephone—for talk today is big business—Pepsi Cola—for teen-agers are great consumers of soft drinks. Quaker Oats (pancakes, dog foods, cocktail mixes and crackers.) or Greyhound (whose profits should be stimulated sharply by the World's Fair). Don't forget Gillette, for the increase in the shaving age population this decade will be twice as large as it was from 1950-1960. Don't forget Zenith Radio either, for this company is doing a supberb job in color as well as black and white. Or Cluett Peabody, which I believe is a much changed company.

Capital Goods Boom Has Started

My third area of interest revolves around belief that a capital goods spending boom has started. In broad perspective, our economy has had two different cycles since Korea. One was the defense demand of that war which created a deferred demand for hard goods that resulted in a major capital goods boom when the war was over. But capital goods spending peaked out in the 1955-1957 period. After that, industry was busy digesting its physical expansion and the consumer, having satisfied his need for appliances, went off on a service goods spending spree. I am sure we all remember that recreation and leisure time spending was the big financial page headline of the late 1950s and early 1960s.

Now, I believe the third phase has come into being — another period which can be characterized as the best rounded prosperity in almost 10 years. Industrys' ability to finance its spending from within is the best in its' history. Moreover, the replacement and obsolescence factor covering the appliances bought in the middle 50s—plus the beginning of a boom in family formations—should lead to a continuing up-swing in consumer durable goods spending.

Which are the areas of interest? In my opinion, there are a great many beneficiaries of the boom in capital goods spending—the aluminums such as Alcoa—the papers such as West Virginia—the steels such as Jones & Laughlin — the rail equipments such as Amsted—the chemicals such as Dow, Diamond Alkali and Monsanto. The reason I place the chemicals in a cyclical catagory is that I know that some feel that it isn't assured of automatic growth. But I believe the chemicals, as a group, are more reasonably priced in relation to the market as a whole than at any recent time. Furthermore, there are strong signs of price stability and this has been the industry's bugaboo in recent years.

My last grouping represents the surprisingly large number of good names that haven't been a financial page headline in 1963. True, there is a good reason for this in that each of the companies did not have the obvious claim to fame, of say, the auto industry. But speculation moves in cycles—I think you can almost be assured that there will be new faces on the hit parade in 1964—and the tortoise sometimes out-runs the hare. Thus, I suggest checking Babcock & Wilcox—Eaton Mfg.—Johns Manville—J. P. Stevens—United Carr Fastener and Union Carbide. Each company, in my opinion, has the promise of a better 1964.

This is my broad view—and I purposely have omitted near term market considerations. I don't see conclusive signs of a major top—notwithstanding the immediate debits with which we are all familiar. All I can add is a suggestion to have courage, have faith, and you will stand tall in this wonderful business of ours.

*An address by Mr. Lurie to the Boston Investment Club, Boston, Mass., Oct. 30, 1963.

Arthurs, Lestrange To Admit Partner

PITTSBURGH, Pa.—Arthurs, Lestrange & Co., 2 Gateway Center, members of the New York and Pittsburgh Stock Exchanges, on Nov. 14 will admit Walter C. Servatius to partnership.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Brooklyn Union Gas Company

Brooklyn Union Gas, with annual revenues of $110 million, distributes natural gas to a population of about 4,650,000 in Brooklyn, Staten Island and part of Queens County. The areas served in Brooklyn and Queens are already well developed, but Staten Island is sparsely populated and should have a good growth potential following completion of the Verazzano Bridge in 1965.

Residential sales (including heating) contribute about 71% of revenues, commercial 15%, industrial 12% (of which 7% is firm) and miscellaneous 2%. The average selling price of gas to residential customers is about $1.80 and the price to all customers averages $1.48; the company pays about 46 cents per mcf. Rates are adjusted automatically to the cost of natural gas.

The company obtains its gas supply from three pipeline systems, Transcontinental, Texas Eastern and Tennessee Gas; the company maintains some high btu-gas plants for standby and peak-shaving purposes. Peak day requirements are growing by about 40,000 mcf annually and are projected at 520,000 mcf for next winter. Capability at that time will be 558,000 mcf and in 1964 583,000. Future peak-day capabilities will be increased through both additional storage service and firm pipeline gas. The company has been considering using reserves of frozen gas but nothing definite has been determined as yet.

In the past there has been an upward trend in the price of gas from the pipelines, reflecting higher field prices. Now, however, the FPC has ordered rate cuts (i.e. cancellations of increases put into effect earlier) and refunds received from pipelines amounting to $2.4 million are being passed along to customers. The company's future cost of pipeline gas will be stable, and perhaps less than they are now as a result of negotiated settlements with producers and a five-year moratorium on rate cases.

The company is spending about $18 million for construction this year and probably about $18 to $19 million next year; over the next five years total cost may approach $100 million. This program is being financed currently through bond issues and bank loans. No additional public financing is anticipated before 1965. The present capitalization is 53% debt, 7% preferred and 40% common. Nearly $8 million is cash may be generated internally next year.

The company reached a wage settlement last May calling for an immediate wage increase of $6 a week and an additional $4 on April 1, 1964 plus fringe benefits. The new contract will cost (before income taxes) about $1.4 million this year and $2.4 million in 1964.

The company has been successful in recent years in its campaign to convert Brooklyn homes from other fuels to gas for heating. This year a special conversion burner program, coupled with an "Unconditional Satisfaction Guarantee," has been quite effective. Unit sales in the first nine months gained 14% over the same period of 1962, and total new installations for the callendar year are expected to reach 18,000. Present saturation among one and two-family homes is 36%, so there is still considerable room for growth; 54% saturation is foreseen by 1967.

Share earnings in 1962 were $1.99 compared with $1.65 in 1961 but would have have been only $1.86 if adjusted to normal temperature. Standard & Poor's estimates $2.25 for calendar 1963 (the first half showed a gain of 21 cents) but President Heyke has merely stated that 1963 should at least equal last year if weather is normal in the last quarter. Earnings for the 12 months ended September were $2.07 vs. $1.88.

Earnings this year have again been aided by cold weather. Moreover, the former amortization of charges resulting from conversion to natural gas (including profit and loss) which amounted to $3,134,000 in 1961 and $1,810,000 in 1962 will this year be reduced to only about $200,000. Also, earnings have benefitted in recent years by the use of flow through for tax savings from the use of accelerated depreciation (as required by the New York Public Service Commission) and in 1962 by further tax savings resulting from the investment credit and the use of depreciation guidelines. Thus liberal bookkeeping and tax concessions have been partly responsible for the rapid increase in earnings from $1.33 in 1957 to an estimated $2-$2.25 this year. The tax savings resulting from depreciation accounting for tax purposes were estimated at 54 cents in 1962 by Standard & Poor's and the total saving might be substantially larger this year.

The outlook for 1964 seems favorable even if cold weather is not above normal, since the World's Fair should provide additional revenue. The company has contracted to supply all the gas needs of the Fair although this will probably be low-profit business. The gas industry will build and operate a beautiful gas pavilion called "The Festival of Gas." Brooklyn Union Gas will have 80% of the air-conditioning load at the Fair and almost all cooking, water heating and space heating will be done by gas. President Heyke states: "The World's Fair load will create no bulge in earnings, but it will be no drag on them either. We believe it will provide a tremendous kick-off for the gas industry in the air conditioning market." A more important factor for 1964-5 will be the contracts to supply all of the gas needs for central air conditioning heating and electric generation for two new huge housing developments.

Brooklyn Union Gas has been selling recently around $41\frac{1}{2}$; the current dividend rate is $1.32, making the yield 3.2%. The price-earnings ratio based on the recent earnings of $2.07 is 20.

General Clay to Address Meeting Of Mfg. Chemists

General Lucius D. Clay, Senior Partner, Lehman Brothers, will be the banquet speaker for the 13th Semi-Annual Meeting and Mid-


Lucius D. Clay   Mortimer M. Caplin

year Conference of the Manufacturing Chemists' Association at the Americana Hotel, New York City, on Nov. 26.

General Clay has served as Advisor to two Presidents and has had a distinguished career in the U. S. Army. He retired from the Army in May, 1949, and became Chairman and Chief Executive Officer of Continental Can Company, Inc. in April, 1950.

The banquet will conclude a day-long program of panel discussions centering around areas of interest vital to the chemical industry. Among the subjects to be discussed by the panel members are the investor and the chemical industry, corporate pricing and anti-trust laws, and corporate marketing.

In addition, the chemical industry executives will hear presentations on stock options and their effectiveness as a management tool, the pressures and tensions of corporate activity on executives, and the acceptance of responsibility by management for advance planning of emergency or disaster procedures.

In addition to General Clay, the chemical industry officials will hear a talk by Mortimer M. Caplin, Commissioner of Internal Revenue, who will discuss the new Internal Revenue regulations affecting industrial activity at a luncheon session the same day.

General Clay, in addition to his outstanding military service, served as Chairman of the President's Advisory Committee on a National Highway Program in 1954 under President Eisenhower.

In August, 1961, he was named Personal Representative of President Kennedy, with the rank of Ambassador, to assess the Berlin situation during the critical period following construction of the Berlin Wall by the communists.

General Clay retired from his position with the Continental Can Company in December, 1962, and became a Senior Partner of Lehman Brothers in February, 1963.

State St. Branch

ALBANY, N. Y.—State Street Securites Corporation has opened a branch office at 284 State Street. Thomas Plowden-Wardlaw is resident officer.

Whitman Branch

McKENZIE, Tenn.—Whitman Securities Co. has opened a branch office at 237 North Main Street, under the direction of George N. Winsett.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

WELLS FARGO BANK

Price	Dividend	Yield	Estimated Earnings for 1963	Price/Earnings Ratio
$88	$1.60	1.87%	$4.00	22.0x

The banking picture in California is unusual as compared to the Nation as a whole. In a state where branch banking is permitted at present only one banking institution may be considered as having statewide representation. That bank is the Bank of America. The expected opinion of the court regarding the Crocker-Anglo and Citizens National merger will place the combined institutions in a favorable competitive position with the Bank of America. At the present time, the United California Bank has representation in both Northern and Southern California. However, many areas are not represented. The two remaining institutions of size are the Security First National Bank (Los Angeles) and the Wells Fargo Bank (San Francisco).

The allowance of a merger of the Crocker and Citizens may well bring about consolidation talks by the Wells and Security First but any conjecture at this point as to the possibility of future merger is foolish. The more rapidly growing bank in terms of earnings over the last five years has been the Wells Fargo Bank. This institution has had, in this period, some years of disappointing earnings. This may be attributed to the expenses of merger and also the electronic data processing program. These problems are now behind the bank and, as indicated above, earnings for the year are estimated at $4 per share which represent an increase of close to 20% over the year-end earnings for 1962. It is possible that favorable dividend treatment will occur in view of the past history of pay-out. In addition to favorable earnings for 1963, the outlook for the following year is good with a continuation of the recently adopted aggressive branching policies. Also, the economic complex of Northern California appears suitable to favorable long term growth in banking.

The recent question raised by a Federal Governmental agency regarding rates paid by California savings and loan associations may well bring a halt to the competitive situation in California, whereby banks have had to raise rates to retain savings accounts. Without this future threat, there is no possibility of a year such as 1962 where commercial banks' earnings were unduly penalized. In addition, the Wells Fargo Bank has not chased the certificate of deposit in recent months. This reluctance to compete is favorable and represents a constructive change over the prevailing attitude in New York City. Also, no increase in the municipal portfolio suggests that these bonds have not been used to pay income on certificates of deposit. This practice is conservative as compared with many of the Eastern banks' policies.

As indicated above, the branching policy of Wells Fargo has been aggressive with more than 160 branches now open. In addition, there are 20 applications before the State Banking Commissioner for additional offices. As compared with the Crocker-Anglo Bank, which has offices totaling 129, their competitive position in Northern California is strong. The Bank also is one of the oldest in the West, dating to 1852. Management has always been considered extremely able and aggressive. It would seem that the stockholder over the long run would benefit well by holding the equities of Wells Fargo Bank.

Growth in Assets and Earnings
(In Thousands)

Year End	Deposits	Capital Funds Excluding Reserves	Capital Funds As % of Deposits	Net Operating Earnings	Dividends As % of Earnings
1962	$2,941,295	$210,706	7.2%	$16,846	47.3%
1961	2,711,984	201,299	7.4	18,700	42.2
1960	2,448,804	188,431	7.7	19,439	42.0
1959	2,384,127	166,925	7.0	17,421	36.0
1958	2,321,026	157,277	6.8	14,826	41.1
1957	2,131,537	149,795	7.0	13,289	45.9

Per Share Figures

Year	Net Operating Earnings	Book Value
1962	$3.39	$42.35
1961	3.79	40.79
1960	4.04	39.19
1959	3.66	35.05
1958	3.11	33.02
1957	2.79	31.45

"Gutless Leadership"

By Kenneth McFarland, Topeka, Kansas, Guest Lecturer, General Motors Corporation and Educational Director, American Trucking Associations, Inc.*

Exponent of progressive conservatism terms "gutless leadership" in all walks of life as mankind's biggest curse. Cites, as contrary example, the qualities of leadership exemplified by Winston Churchill.

I did a prodigious amount of work in support of the legislation to make Sir Winston Chuchill an honorary citizen of the United States. I did this for two reasons:

Dr. K. McFarland

(1) History is certain to record Sir Winston Churchill as the greatest man in the whole world for the first half of this century. Thus, I felt that in honoring Sir Winston — whose mother was an American — we were honoring ourselves.

(2) Churchill personifies the qualities of leadership we must have if free nations and free institutions are going to survive. We must have this kind of leadership from the highest echelons of government clear down to the individual homes.

A few years ago Charles Brower, of New York, made a great speech entitled, "The Age of the Goof-Off." Charley is sick and tired of salesmen who don't want to sell, workmen who don't want to work, and laundrymen who don't want to wash shirts. He's fed up with preachers who don't want to preach and teachers who don't want to teach. But Charley overlooked my pet phobia. I am the sickest and tiredest of leaders who don't want to lead.

The more I study the problem the more I become obsessed with the fact that one of mankind's biggest curses is gutless leadership. This is true now and in all ages past. I used to teach history, government and economics. As my knowledge in these fields grew I came to increasingly detest people who take the titles of leadership, the honors, and the income—but just take part of the job — the pleasant part. From Pontius Pilate to the present moment mankind has suffered unspeakable agonies because of such people.

John Masefield, the poet-laureate of England, said of Winston Churchill:

"This man in darkness, saw; in doubtings, led; in danger, did; in uttermost despair shone with hope that made the midnight fair. The world he saved calls blessings on his head."

One of the most inspiring of all human experience is the fact that little people can know the same qualities of greatness that we find magnified a million fold in such magnificent men as Churchill. If we can live our lives in ways that lift other lives that touch ours, then we, too, can be called blessed.

*Abstract of a talk by Mr. McFarland before the 30th Annual Convention of the National Security Traders Association, Colorado Springs, Colo.

Meller & Co. To Admit Partner

Meller & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, on Nov. 14 will admit Robert Volpe to partnership.

Changing Banking Structure And Balance of Payments

Continued from page 13

method to improve our payments position would be to maintain stable wages, or at least to hold wage increases within the increase in productivity of labor. An effective program must also include steps to bring our domestic budget into balance and protect the buying power of the dollar. There is no way to quarantine inflation within the borders of any country. Internal financial improvidence serves only to obstruct rather than advance the establishment of equilibrium in international exchange. We cannot escape the obvious conclusion that, if we are to maintain the value of the dollar and international confidence in our currency, we have no choice but to reject inflation as a way of life.

Solution Is a Strong Dollar

The solution to the balance of payments problem can be simply stated. It is to make the dollar so good that the return on its investment in the United States, whether equity earnings or interest received, is at least as attractive as that which can be obtained abroad and for the U. S. Government to confine its expenditures abroad, whether direct military, military assistance or economic aid, to the net balance earned by the non-governmental or private sector of the economy. The actual solution, however, is less simple. Shakespeare stated three centuries ago: "I can easier tell 20 what were good to do than be one of the 20 to follow my own advice."

Rectification of the balance of payments requires governmental—and that means essentially political-discipline. Willingness to exercise that discipline is the price that must be paid if a balance is to be achieved in our international transactions. It is impossible for one to have his cake and eat it too. If we endeavor to maintain long-term money rates well below world levels, we must expect that foreign borrowers will endeavor to take advantage of the bargain we offer. If, whether because of increases in labor costs exceeding gains through technological progress or because of tax rates that deter capital investment, the net result is a cost-price squeeze and profits that are lower than can be gained through investments abroad, then capital will flow out of this country. Minimum requirements for progress are, therefore, both interest rates and profit levels competitive with the outer world.

Justifying Creditors' Confidence

Our position has an analogy to that of a commercial bank—it survives because of the confidence of its creditors, as the head of the Austrian Central Bank remarked at the Vienna Monetary Conference in 1961. Addressing himself to the two countries holding the bulk of foreign monetary reserves, Britain and the United States—he said, must remember that their position is no different from that of a bank.

A well-managed bank does not need large reserves, but no amount of reserves will maintain the solvency of an improvidently managed bank. The problem of the United States is to retain and justify the confidence of its creditors. This cannot be done on the basis of the record of the last several years. The contribution government can make and must make, if the balance of payments problem is to be solved, is the combination of fiscal, monetary and economic policies as are necessary to make the dollar sought after rather than distrusted.

The consequences of failure involve risks of an economic and political nature, the full impact of which is difficult to assess. These might conceivably go so far as initiating worldwide recessionary forces and shrinkages in international trade and commerce, with all of the related effects on our own internal economy.

Before you begin to classify me as a pessimist or prophet of doom, I would like to reassure you by saying that I have complete confidence in the basic strength of the American economy and in our ability to solve this problem if we are willing to attack it with determination. The Administration has given its solemn pledge to preserve the value of the dollar in relation to gold. Wage-price inflation in Europe is working in our favor and has a tendency to bring world prices gradually closer to equilibrium. A number of European bankers with whom I have talked recently have expressed grave concern about the trends in their own countries, and I would say there is still a good deal of faith in the long-range value of the dollar. I strongly urge all of you, when you go abroad, to express your own confidence and to boost the U. S. A. rather than to talk it down. No other country has ever achieved the standard of living we enjoy in the U. S. A., and with good management there is no reason why the American dollar should not continue to be the most respected currency in the world.

Our Changing Banking Structure

In recent years there has been so much spoken and so much written about our banking structure, it must be obvious to all that strong pressures are at work to adjust our system to the new requirements and conditions of the day. To me, these pressures are a natural consequence of the great changes which have taken place in our economy and the shifts in population which have virtually blotted out city lines, not to mention in some cases even state lines, in the large metropolitan centers of our country. Technological advances, improvements in communications and tranportation, the growth and development of industries with broad geographic markets, the mass movement of people from the cities to suburbia—all of these factors have combined to force a re-appraisal of the adequacy of our present structure to meet the banking needs of today and to raise grave questions as to the capability of the supervisory agencies, as presently constituted, to deal with the situation on either an equitable basis or in the best interests of the banks and the public they serve.

Recognition of these pressures has been reflected in a variety of proposals from both government and private sources, and there have been several significant legislative and judiciary developments. The latter include, of course, the passage of the Federal Bank Merger Bill, the so-called Omnibus Banking Bill of New York of New York in 1961 and, most recently, the decision of the Supreme Court of the United States in the Philadelphia case, which held that Section 7 of the Clayton Act applies to bank mergers.

Favors Broader Branching Area

The Chemical Bank New York Trust Company and I, personally have frequently expressed our strong support of proposals to broaden gradually the geographic areas which our banks are permitted to serve. In February of 1960, I appeared before the Joint Legislative Committee in Albany and stated at that time that we had no plans for the formation of a bank holding company, nor did we seek to engage in statewide banking activities. We did, however, see very compelling reasons for the enlargement of the area in which the New York City banks were permitted to conduct their business. On Jan. 30, 1963, I appeared again before the Joint Legislative Committee in Albany to support further liberalization of the law and to discuss primarily why we believe the so-called "Home Office Protection" provision, as presently written, is archaic and a hindrance to the growth of competitive, efficient and sound banking in this State. On this same occasion, I also submitted reasons why, in our judgment, the present composition of banking districts in and around the New York City area is not consonant with present-day realities and urged the inclusion of Nassau, Suffolk, Westchester and Rockland Counties and the five boroughs of New York into one single banking district.

Subsequently, I addressed communications to the legislative leaders urging their favorable consideration of a bill which was introduced to consolidate the first and second banking districts into one. I might add that, in these communications, I also stated the position of our bank as follows:

"Moreover, although we are not in favor of maintaining the status quo with respect to branching privileges for savings banks . . . but rather would be agreeable to a further liberalization thereof, the proposed bill, as enacted, would not affect . . . such type of institution."

Still later, I expressed to Governor Rockefeller, Senator Mahoney and Superintendent Root our unqualified support of the so-called "Root Bill." This was, in my judgment, a forward-looking bill, which I believe was endorsed by many of the savings bankers, and, of course, you all know what happened to it.

I could quote many responsible authorities in support of our own convictions with respect to the need for modernization of our banking structure, as well as the need for adjustment of the philosophies of the supervisory agencies with respect to bank expansion and especially the need for improved liaison and cooperation between the various supervisory authorities in matters so vital to the growth and development of our banking system. In the interest of time, let me quote just one for whose judgment I have great respect, which I hope is the case with you also. Alfred Hayes, President of the Federal Reserve Bank of New York, in a speech delivered before the Thirty-Fifth Annual Mid-Winter Meeting of the New York State Bankers Association on Jan. 21 of this year said, and I am quoting:

"We are all aware of the vast changes that have occurred over several decades in the nation's organization for the production and distribution of goods and services to the consumer. In these developments we have seen a clear tendency toward larger, more flexible, and more efficient enterprises operating in extended market areas which seldom respect "banking district" . . . lines. Against this background there has been an understandable feeling on the part of commercial bankers that they, too, must adjust to long-range trends of this kind and must be prepared to offer the most complete and efficient banking services possible to these larger industrial and commercial units, as well as to the public at large.

"Perhaps one hopeful line of approach to the problem of banking structure would be to emphasize the 'trading area' as an appropriate field of banking operation.

"Specifically, I think a good case might be made for allowing any bank considerable freedom to operate branches (or affiliates if it were to prefer a holding company setup) throughout the economic area in which its head office is located. . . .

"I am wondering, too, whether the current uncertainty and confusion resulting from so much divided authority on bank supervisory matters might not be reduced through a greater degree of decentralization, whether or not accompanied by a concentration of authority in a single organization at the Federal level, as has been suggested. I would hope that, whatever the ultimate solution at a national level, perhaps a way might be found to place with a regional authority the initial responsibility for ruling on all questions of mergers, new branches, holding company acquisitions, and bank charters in a given area. There is a rough analogy, at least, for this kind of decentralization in our Federal court system, where only the most important issues involving matters of principle are carried to Washington for decision."

Other responsible people have recently embraced the concept of some sort of regional authority over bank mergers, branching and new charters. I am inclined to endorse this idea myself and, in fact, have made suggestions along this line to members of the Federal Reserve Board in Washington.

Cites Carter Glass

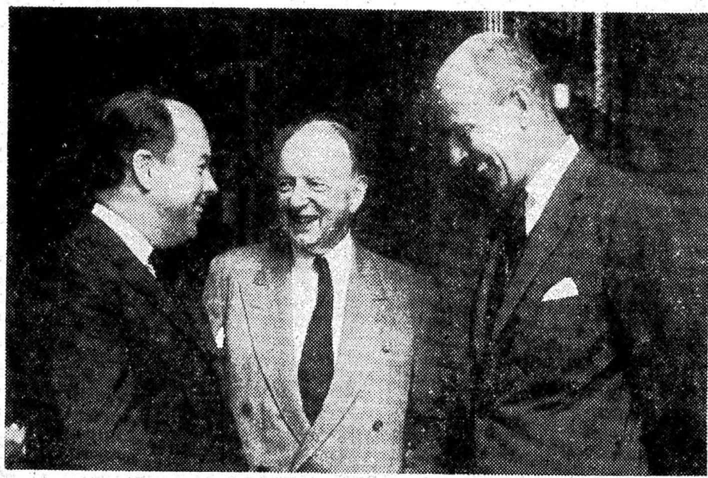
There is, of course, nothing very new about the debate over bank branching. A way back in 1932, a well-known Senator, and a leading member of the Banking and Currency Committee, said:

"I assert here that never in that whole period has any merchant or businessman having relationships with banks ever protested against branch banking. The appeal of the little bank, so-called against the 'monopolistic' tendencies of branch banking, is misleading when we come to reason about it. The fact is that the little banker is the 'monopolist.' He wants to exclude credit facilities from any other source than his bank. He wants to monopolize the credit accommodations of his community. He doesn't want any other bank in his state to come there."

These words were spoken by none other than Senator Carter Glass, whose name is one of the most famous in the history of Federal bank legislation.

The fact that the debate on bank expansion and branching continues in a vigorous way is, in my judgment, a good thing, and I feel sure some constructive changes will ultimately come out of it. Our own State Banking Department, in its report for 1962, pointed out that it is conducting a major study, expected to be released in 1963, of problems relating to the structure of banking. Recently, a seven-man study committee of the New York State Bankers Association released a report recommending that the State Legislature modify or abolish restrictions on mergers. The report expressed the feeling that there are certain communities, particularly up-state, which lack

At Tax Bill Hearings



WASHINGTON, D. C.—Senator Harry F. Byrd (center), Dem., Va., Chairman of the Senate Finance Committee, chats with two industry witnesses during a recess of the Committee's public hearings on the Administration's tax bill. Howard B. Dean (left), partner of Harris, Upham & Co., and Millard F. West, Jr. (right), partner of Auchincloss, Parker & Redpath, testified as Governors of the Association of Stock Exchange Firms. They urged enactment of the capital gains provisions of the House-passed bill, and retention of the 4% dividend tax credit.

adequate banking facilities and which, therefore, would benefit from the entry by merger of relatively larger banks from the major cities. The smaller banks, of course, fear entry by branching and are strongly opposed to any modification of the Home Office Protection clause now part of the law.

Personally, I do not oppose this recommendation, although I believe the proposed legislation has certain obvious defects, and I would prefer to see state-wide banking develop more gradually, beginning with a further broadening of the areas which banks are permitted to serve. Further, I do not believe we are ready to accept the arguments that have been advanced for branching across the state lines, although I recognize that a pretty strong case could be made for including parts of New Jersey and Connecticut in the New York City banking district. The very fact that the whole subject of our banking structure is receiving so much study and attention is a most encouraging sign and, no doubt, some legislative developments in the right general direction will come out of it. To me, it seems imperative that the banking system of the United States be freed of some of its shackles and be permitted to expand in such a way as to adequately serve the other elements of our free enterprise economy in which it plays such a vital role.

Attitude Toward Mutual Savings Banks

Now, just in case any of you may be hatching a secret plot to drop me over the side of this ship some dark night, I should like to express my feelings and the policy of my bank with respect to the "cold war" being waged against the "mutuals" by some of the commercial banking fraternity.

I have referred already to the position we have taken on certain legislative proposals, which I believe gives you some assurances as to our open-minded attitude with respect to the extension of additional branching privileges to savings banks. While we are, of course, members of both the American Bankers Association and the New York State Bankers Association, this should not be taken to imply that we are in accord with the official positions taken by these organizations on all subjects. We are not now, nor have we been at any time, supporters of the Bankers Committee for Tax Equality, and we have taken no direct participation in the campaign to tax the mutuals. We have registered our objections from time to time with the Foundation for Commercial Banks in regard to some of its advertising copy, which we have considered inappropriate and in poor taste. As far as the tax question is concerned, I have a personal philosophy which is opposed, as a matter of principle, to directing an attack on the other fellow's tax status and I have never subscribed to this approach. I believe that a more constructive attitude for the commercial banks would be to concentrate their efforts on making a case for lower income tax rates, more equitable treatment with respect to bad debt reserves and such other items as may be related to their own income tax status.

It is our feeling that the mutual savings banks of New York have supplied a useful function and performed it well over a long period of years, during the greater part of which the large commercial banks, at least in New York City, really showed no great interest in savings deposits or in mortgage lending. I recall very clearly the occasion when the Chemical Bank & Trust Company —it was around 1940, I believe— addressed a communication to all of its compound interest accounts advising them that as of a certain date their funds would be placed on a non-interest bearing basis. It is quite true that the large commercial banking systems are today competing aggressively for a share of the savings business and we will continue to endeavor to attract their business to the best of our ability, as we do in all other areas of service that we are in a position to render. However, we believe in fair competitive practices and a "live and let live" attitude.

Finally, if any of you have any doubts about the value we place on the close ties we enjoy with the mutual savings banks of New York City, I simply point out that we now have 11 savings bank officers serving as members of our various branch advisory boards around the metropolitan area, 10 of them presently holding the position of either Chairman or President of their respective banks. Personally, I can see no reason whatsoever why the commercial banks and the mutual savings banks in New York cannot continue to live side by side in an atmosphere of cooperation rather than antagonism.

Word of Caution

Now for a word of caution. I have already referred to the impact of the balance of payments problem on our country's monetary policy, which presently is directed toward maintaining and perhaps futher increasing the level of short-term interest rates. In spite of much opposition mostly political it seems very likely that this policy will be continued for the immediate future, subject always to modification in event there should be a substantial downturn in economic activity. In such event, the monetary authorities would, indeed, be confronted with somewhat of a dilemma.

In periods of rising interest rates, it is only natural that competition for deposits should become keener, and I believe it is timely for us to consider the possible effects of over-zealous bidding for business, particularly where it involves solicitation of so-called "hot money or investment money," as contrasted with the usual form of savings. I was amazed, when visiting a bank in Paris earlier this year, to find that it had arranged through a broker to invest $1,000,000 in the shares of a group of savings and loan associations in this country. This, of course, followed the usual pattern where the amount placed with any one association was limited to the insured figure of $10,000. Financial history demonstates clearly that rate competition of this kind gradually drives the most conservative bankers toward more speculative and risky types of loans and investments and the gradual lowering of credit standards. Superintendent Root, in making his address to the Trust Division of the New York State Bankers Association on April 18 of this year, sounded a note of caution and stated he had recently urged his bank examiners to be vigilant for signs of laxity or lowered standards in the institutions supervised by his department. Chairman Martin of the Board of Governors of the Federal Reserve System has expressed himself a number of times recently along the same lines and, in fact, in his testimony in July of this year before the House Committee on Banking and Currency, said the following:

"I cannot recall a time in recent years when lenders have been so aggressively seeking employment for their funds. In every part of the country, individual businessmen, engaged in both large and small enterprises, tell me that banks and other financial institutions are actively urging them to come in for loans to expand their operations."

I happen to know that Mr. Martin's concern is primarily in the field of mortgage credit, which he believes is being extended too freely and on too liberal terms.

A note of caution in this respect seems timely, and I strongly suggest the exercise of some degree of voluntary restraint and statesmanship in this area in order that we may successfully avoid some of the mistakes of the past and the consequent imposition of additonal regulations and controls.

Conclusion

In closing, may I say that I believe the banking business—and, of course, I include mutual savings banks—is a good business to be in. Certainly no one can say that the life of a banker is not an interesting and stimulating one. I believe in the fundamental strength of our present banking system and the generally progressive and capable manner in which it is being managed. To me, the future of our business is bright. While it is inevitable that we will be confronted with a variety of new problems and conditions, I have confidence in our ability to deal with them effectively and to continue to earn the position of respect and confidence which the banker traditionally enjoys in his community.

***An address by Mr. Renchard delivered at the 70th Annual Fall Convention of the Savings Banks Association of New York State, Cruise to Nassau, Bahamas, on S. S. Rotterdam, on Oct. 19, 1963.**

Customers Brokers Holding Meetings

The Association of Customers' Brokers will hold an educational meeting on the outlook for the retail industry on Nov. 11 at 15 William Street, at 4 p.m. Speakers will be Theodore E. Wolff, Coggeshall & Hicks, and Jerome H. Buff, Burnham and Company.

The meeting being held today (Nov. 7) at the Wall St. Club, will discuss the Union Pacific Railroad and the Chicago, Rock Island & Pacific Railroad Co. Speakers will be Arthur E. Stoddard of Union Pacific and R. Ellis Johnson, Chicago-Rock Island, who will discuss the outlook for their respective roads as well as the reasons for the proposed merger.

Chicago Analysts to Hear

CHICAGO, Ill.—E. Claiborne Robins, A. H. Robins Co., will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today (Nov. 7) in the Maximilan Room of the Bismarck Hotel.

Rexall Drug & Chemical Co. will be the subject of the Nov. 14 meeting and American Potash & Chemical of the meeting to be held Nov. 21.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Short-term interest rates here continue to remain competitive with those in other free world money centers and in this way we are giving aid to our balance of payments problem. In addition, the favorable rate of return available in money market issues makes it profitable for more investors to make commitments in these securities. The lessening of the yield spread between near-term and long-term issues raised the question as to when there will be a movement in some size from the longs into the short-term obligations.

The opinions that are around now are to the effect that money market rates will show an upward trend for at least the balance of the year. The extent of this rise will depend upon the free world trend of these rates. The most distant Government issues as well as the non-Federal bonds remain relatively stable in a fairly narrow price range.

Money Rates to Advance

The money market is still under the discipline of our balance of payments problem, which means that we will have to meet the competitive near-term rates abroad. This is developing a bit of caution among some of its specialists because there are indications that the trend here will be upward. It appears as though the need for funds to finance the usual fall and winter business will cost a bit more even though the monetary authorities will give some help in the providing of the reserves which will be required by the member banks to meet the financial requirements of the economy.

The excess reserves of the Federal Reserve System are being brought down by the monetary authorities and this, along with the financing of the new money requirements and refunding needs of the Treasury in the short-term or the money market, is tending to bring about an upward bulge in money market rates.

The modest increase in near-term interest rates is the focal point of the pattern to give help to the dollar and our gold holdings so that money which will seek the highest rate of return in free world money centers will stay here because our short-term rates are high enough to meet these competitive conditions. This not too sizable rise in short-term rates has so far been helpful in our balance of payments problem.

Impact of Tax Reduction

With the business pattern in what is called a plateau the question rises as to what the monetary authorities will do about near-term interest rates should the expected cut in income taxes bring about a more dynamic economy here. It is generally believed that a tax reduction will result in a more aggressive economy, accompanied by greater needs for larger working capital as well as additional capacity. Accordingly, a further modest uptrend in short-term interest rates should not be unexpected under conditions such as these. Moreover, the inflationary pressures which are developing in Europe should be watched closely because higher interest rates and less plentiful credit conditions are the ways generally used to prevent such conditions from going into a boom and bust.

Because we must remain competitive with free world money market conditions it may be that our own short-term rates will have to advance more rapidly and more sharply than is being forecast at this time. Our near-term rates, now dependent upon foreign conditions to a very great extent, will not become domestically controlled rates until we get rid of our balance of payments problem.

Long Rates to Remain Static

Long-term interest rates have advanced only very modestly in spite of the fairly noticeable rise in money market rates, because there has not been the same pressure put on the capital market to move these rates up as there has been on near-term interest rates. There is very little question but what the Government does not want capital market rates to advance since the financing of new money requirements as well as refunding operations has been confined mostly to other sectors of the market. This, along with the not too sizable amount of new corporate bonds being offered to the public, seems to indicate that long-term interest rates will stay pretty much in the area where they have been. In addition, the very large amount of money seeking an outlet in long-securities is a favorable force in keeping these rates from going up too much.

The increase in margin requirements from 50% to 70% by the Federal Reserve Board is an indication of a more moderately restrictive credit policy.

The Current Climate For Savings Banking

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banks in New York State? In my opinion, it raises the question, "Is this development which we have just described good for the public interest?"

The increasingly expressed concern of commercial banks over the cost of savings deposit accounts leads one to believe that it is not to the public interest for commercial banks to usurp the position of savings institutions in the handling of individual savings accounts. The Vice-Chairman of the First National Bank of Chicago, Gaylord A. Freeman, Jr., speaking to the ABA Convention in Washington three weeks ago, made a strong plea to commercial banks to stay in the market for savings despite the high cost involved. Making note of the argument that new savings funds attracted have to be "invested in assets whose average yield was in excess of 8%" to enable the commercial banking system to break even and that, therefore, "Commercial banks should move back to the old rate level, eliminating a large part of their fixed cost structure," he asked the question, "Are not the increased interest costs now being borne by commercial banks in the nature of capital expenditures?"

Mr. Freeman continues, "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." In view of past history and the remarks of other commercial bankers, might one fairly speculate from the very intensity of Mr. Freeman's remarks, that a reduction in interest rates is a likely future prospect once the saver is safely within the commercial bank fold? Perhaps even the addition of a service charge for accounts whose activity does not justify the small balance maintained therein may be anticipated.

That such a move is a very real possibility on the part of commercial banks at some near future stage in their acquiring of savings deposits is substantiated by the actions of some of the banks themselves. One New York commercial bank in its annual report, for instance, told its stockholders of a decision not to pay interest on savings accounts with balances of less than $500 and that it had notified depositors with small balances that they might better transfer their accounts to savings institutions if they expect to obtain interest on them. Another New York commercial bank notes in its annual report that it is feeling more and more the profit-squeeze resulting mainly from the higher cost of savings and time deposits.

A recent editorial in *The American Banker* took cognizance of this problem by suggesting that commercial banks accept "very small accounts on the condition that they remain inactive or that some small maintenance charge be applied on them for withdrawals until the accounts become large enough to cover the bank's cost of handling." If the commercial banks were to succeed in taking over savings deposits, the average individual depositor could look forward to a rather bleak situation. Not only would he receive no interest rate on his savings, but he would probably be paying a charge for reclaiming portions of his savings at various times of need.

May we assume that the real interest of the commercial banks is limited to those large accounts on which profitability is possible? If this is so, is their action in the public interest? Approximately half of savings accounts have balances of under $500. Nevertheless, savings banks have not balked at paying uniform interest dividends to depositors of virtually any balance. They can continue to do so only if they are able to maintain total savings deposits in amounts sufficient to aggregate lending facilities which will result in sufficient earnings to offset the high cost of servicing thousands of small accounts for the one of every two depositors who cannot maintain deposits above $500. I submit that the savings banks have a very significant part to play and that their ability to assist the ordinary depositor in building his small savings account ought not to be inhibited or deteriorated by any encouragement of self-seeking interests on the part of such banking institutions as may seek to skim off only those savings accounts upon which a profit can be made.

III
The Interest-Rate Controversy

One of the problems of great concern to all banking institutions recently has been the trend in interest rates outside of New York State. We have seen a helter-skelter jump in interest rates on the part of savings and loan institutions in certain parts of California and we have been subjected to rather provocative interest-rate advertising in our own local newspapers by these institutions. This situation was particularly exasperating while we were unable to adjust our own interest-dividends payments. Its significance has diminished somewhat since the lid on interest and dividends was removed last July by the Banking Board. The trend toward 5% dividends in California and the accompanying blatant advertising in New York papers has been unsettling to the savings market and raises considerable question as to the long-term quality of the loans which must be made by these institutions to sustain such rates, especially in view of the currently soft mortgage market. It is gratifying to note just very recently that Federal Home Loan Bank Board Chairman, Joseph B. McMurray, has formally expressed concern over the California trend and that the Home Loan Bank Board has begun to establish new regulations to ensure quality control of lending procedures among these savings and loan associations.

It is especially gratifying since the savings banks in New York State have maintained a truly remarkable record in mortgage financing while adhering to the highest standards of loan quality and maintaining economical rates for home purchases. We presently as an industry hold about 75% of our portfolio in home mortgages and have maintained a steady increase in our large commitment to home mortgages in the face of an overall weak mortgage market. I think we may expect within the next six months to find that our governing principles from which we have not departed during these hectic controversial few years, will be thoroughly vindicated.

IV
What Should Be the Savings Banks' Posture at This Time?

Speaking recently before the Associated Industries of New York State, Baldwin Maull, President of the Marine Midland Corporation, delivered a well-reasoned and comprehensive analysis of banking needs in New York State during the 1960's and of the commercial banks' thinking in that respect. In the course of his remarks he projected the growth rate of increase by 1970 of 100% for mortgage credit, 88% for consumer credit and 66% for business credit.

Against this growth he estimated a 57% increase in total commercial bank resources. He then asked the question: "How can the banks handle this increase in credit demands under such conditions?"

While it is certainly demonstrable that the need for credit of all kinds will grow considerably by the end of this decade, the commercial banks are not alone in this concern. Especially in the area of mortgage credit where the greatest increase is anticipated, mutual savings banks in New York State should and can be expected to use their special capabilities and their large funds for this purpose. There is every reason in view of these projected growth rates in credit, that savings banks should be encouraged to increase their loanable assets so that they can assist in meeting the increased demands both for mortgage credit and consumer credit.

We must be prepared to aggregate our funds and to improve and enhance the variety of our services so that we can help substantially to solve the problem which Mr. Maull realistically projects.

It seems to me that there are three ideas in the light of the Eggers report, which we must develop in our savings industry, we must re-examine our concept of *thrift* and turn our attention to money management and away from money maintenance. People today need help in getting the most out of their income. The problem is no longer, as it was a hundred years ago, simply to find a place to put hard-earned dollars which would be ready in the event of a rainy day. Our economy is much more complex today, and we should turn to the concept of thrift expressed by the Greek philosopher Aristotle in his definition of economy, viz. the management of all available resources in such manner as to attain the most effective and complete use of those resources.

Closely aligned to the re-examination of a concept of thrift is the idea of *service*. We need to be ever alert to changing demands on the part of our depositors.

It has become increasingly difficult, for instance, for the executors and heirs of relatively small estates of $100,000 or less to obtain economically, or at all, the effective financial management they need. Ought perhaps the savings banks to consider this problem seriously and with an open mind? The establishment of individual retirement programs under the Keogh Act is another area which needs exploration and in which perhaps the savings banks can give very real help.

Perhaps we could offer through our auxiliary institutions assistance to retirement pension funding and management by small businesses and by unions. These are IDEAS to stimulate discussion.

Finally, we are *specialized* institutions. The commercial banks have made much of the full service, one-stop idea. In so doing they have identified themselves by analogy as "department stores of finance." But department stores do not put specialty stores out of business. On the contrary, specialty stores tend to cluster around department stores, because customers who want service will create demand for them.

We are a vital industry, we are deeply involved in a highly controversial period in financial history. Problems should be our challenges, not our consternation. With bold vision we must assess our opportunities for service and determine what we need to perform that service effectively. We must assign realistic priorities to our objectives. Then we can present our case to the public and to the legislature in terms of responsible industry solidarity. We can then expect to be heard and to realize the full public service potential toward which we strive.

*An address by Dr. Murphy delivered at the 70th Annual Fall Convention of the Savings Banks Association of New York on board the S. S. Rotterdam on a cruise to Nassau, Bahamas, Oct. 19, 1963.

Unequal Treatment Stifles Savings Banks' Growth

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assertion, but two recent developments cast doubt upon it:

(1) The phenomenal recent growth of savings and loan associations suggests that these "mutual" institutions are often as opportunistic and enterprising as the profit-seeking commercial banks.

(2) The rapid growth of credit unions—also non-profit-seeking—suggests unfilled needs on the part of households for certain types of financial services, especially for personal loans. The growth of these small financial institutions testifies to both the failure of "mutual" institutions to fulfill clear family needs, and to the importance of differential government restrictions in inhibiting some and encouraging others among various types of financial institutions. In the latter connection, it is worthy of note that unlike most other institutions, the accounts of credit unions are not covered by deposit insurance; that unlike mutual savings banks, credit unions may make personal loans on a cash basis or for the purchase of durable goods and even houses; that, unlike mutual savings banks, credit unions are eligible for Federal as well as state charters; and that they enjoy tax advantages over other types of financial institutions.

The evidence implies strongly that both in the past and in the present, there have been financial needs mutual savings banks could have fulfilled or helped fulfill, and that their failure to do so has had much to do with their declining role.

II.
Flexibility and Financial Institutions

The financial sector of the economy, and especially its major deposit institutions, are among the most highly regulated of all types of business. Regulation, both in the form of hard-and-fast rules and statutes, and in the form of strict traditional rules guiding bankers and inspection teams, govern virtually every important aspect of financial institutions' business, from their establishment; choice of business lines; quality, composition, and amount of assets; types of liabilities; prices paid and prices received; to their merger or liquidation. Such a highly regulated sector in the midst of an unplanned, free enterprise economy raises some important questions.

The reason given for this extensive regulation is protection of the integrity of deposit accounts. The holders of accounts are thought today to have a socially-recognized right to the principal value of their deposit holdings. Because there have been bank failures, both during "panics" and during prosperous times, concern over deposit integrity is real enough.

But deposit integrity is only one standard upon which the system of financial intermediaries must be judged. A more general test of performance would require that financial intermediaries provide the best product of which they are capable, and at the lowest possible cost to the public. In this context, "product" means not just deposit accounts, but loan services and indeed all services of financial institutions; and "best" means not only deposit integrity but such things as convenience of access for customers, and a diversified and up-to-date product-mix, providing whenever possible new services customers want whenever and wherever they want them. If the present high degree of deposit integrity could be retained and other performance standards raised, the financial system would be improved. But it is widely held that performance standards cannot be raised without endangering deposit integrity.

What Competition Means

According to traditional free-enterprise economic theory, the way to achieve the best product at the lowest cost is through the forces of competition. By competition, the economists would definitely not mean (as those discussing banking often do mean) maintaining the highest number possible of independent banking firms. That definition, unfortunately, leads to a conclusion that protection of a relatively inefficient or poorly managed banking firm for the sake of maintaining a large number of separate institutions could be described as "maintaining competition." On the contrary, in traditional economic theory, competition would imply that every firm constantly faced the threat of failure. If a firm did not provide the latest and best products at the lowest cost, it would fail. The survivors would be those which could meet the necessary performance standards.

The conflict between achieving

high performance standards through competition and maintaining deposit integrity should be clear. Failure of inefficient banks would obviously penalize innocent depositors. The existence of the conflict has led to widespread regulation of two types: First, inefficient financial firms are protected from the forces of competition. This is done through limits on business lines of different types of organizations, limits on branching, limits on interest payments permissible, etc. The second type of regulation is implied by the first. If you are not to rely on competition to maintain high performance standards, then some minimum performance standards must be set by law or other regulation.

These regulations necessarily make for a lower standard of performance on the part of the financial system as a whole. They limit the scope of action for aggressive and enterprising bankers, and make it more difficult for banking institutions to recruit competition-minded personnel.

It is well worth asking whether some of the regulations in existence cannot be abandoned without endangering deposit security, and whether others cannot be made less stringent and more flexible, with the objective of improving the performance of the financial system.

A Flexible Financial System

The essential social function of financial intermediaries is that they allow those who create new financial instruments by borrowing to create them in one form—in the form of government and corporate bonds, mortgage notes, etc.—while allowing those who save to hold their savings in another form—deposit accounts of various kinds, pension rights, cash-value life insurance, etc. Financial intermediation, then, adds a great deal of flexibility to the financial system. But the flexibility so added is greatly limited when the financial intermediaries are limited in their ability to accept accounts and to make loans.

For maximum flexibility, it is essential that the financial system as a whole be able to offer the types of deposit accounts desired by the public, without reference to the types of assets held, and be able to acquire assets without reference to the types of deposit accounts held by the public. Such flexibility might bring radical changes in the financial structure; but if these changes did occur, their appearance would be a sign that they are wanted by the public.

Two other important aspects of flexibility should be noted. First, it should not be necessary for the total loans in one area to be equal to the total amount of saving in that area. Flexibility implies quick and easy inter-area transfers of funds. Second, services of financial institutions must be flexible with respect to their accessibility. These flexibility requirements imply such institutions as loan participations, correspondent accounts, bank-by-mail services, etc. They also suggest a need for flexibility with respect to the privileges of financial intermediaries to open or acquire branch offices. The present restrictions on these privileges differ so widely from state to state, and from one type of institution to another as to seriously reduce economic efficiency by encouraging patterns of growth other than those which would be created simply by response to public demands.

Deposit Security

Deposit security need not conflict with the objective of a flexible and responsive financial system. Indeed, many of the changes in the financial system which make a repetition of the financial panics of the 'thirties and before so unlikely today—such as the end of a specie system, the greater integration of the financial system and the decline of the unit bank, and the development of secondary markets for many bank assets—were changes making the financial system more flexible at the same time they increased deposit security.

The greater strength of the financial system today permits reexamination of the question of what is needed for deposit security. The principal dangers the depositor needs protection against today are bad asset selection, illiquidity of assets, overbanking, and bank failure through inability to compete effectively.

A rigorous examination of each of these potential perils must lead to the conclusion that the present restrictions go far beyond what is necessary for depositor security. For instance, to protect a depositor against losses arising out of bank assets going "sour," effective capitalization requirements and systematic inspection by supervisory agencies is virtually all that is needed. But existing statutes limit the *types* of assets that various institutions may acquire, going to the extreme, in the case of savings banks, of providing *lists* of eligible securities. Another example is provided by the danger of overbanking. In the first place, new banks are unlikely to be organized, and new branches unlikely to be established, where their establishment would result in overbanking, simply because bank managers do not intentionally move into an unprofitable location. But even allowing for these unlikely contingencies, the supervisory agencies have a complete and absolute power to deny applications for the establishment of new banking offices. Yet the legal limits on branching powers of banking institutions are often defended on the basis that they prevent overbanking!

Uneven Laws

A rigorous examination of each of the perils also leads to the conclusion that they are very unevenly recognized in the laws regulating the different types of banking institutions. For instance, the institution most restricted when it comes to asset selection is the savings bank. These relatively greater restrictions have their basis in the original conception of savings banks as public service "trustees" for the public's savings, which implied that depositors in savings banks were to be protected against loss as a matter of public policy. In the intervening years, the idea of the depositor's right to the integrity of his account in a savings bank has not been dropped; indeed, *it has been extended, as a matter of public policy,* to virtually all deposit institutions. There is no longer a reason why rules applying to savings bank assets should be *more* restrictive than for commercial banks and savings and loan associations.

Another example of the uneven recognition of dangers appears in bank needs for *liquidity.* The obvious fact that liquidity needs relate to the compatibility of assets and deposit liabilities points up the fact that *the restrictions in force have very little to do with the various institutions' needs for liquidity.* If restrictions were drawn up in a way related to actual liquidity needs, commercial banks would be the most restricted, both because of the very nature of checking accounts as demand deposits and because savings accounts at commercial banks have a consistently higher turnover rate than at thrift institutions. But commercial banks are the least restricted, can make the most kinds of loans, have no "legal list" and fewer portfolio restrictions, etc.

Flexibility Desired

The restrictions actually needed to protect depositors against loss are indeed quite simple. Capitalization requirements and supervisory inspections must, of course, be retained, although more flexibility, and perhaps better depositor security, could be provided if these could be administered less mechanically. Limits on types of assets to be acquired, both loans and investments should be very broad, limiting acquisition of real estate, equities, and certain other assets; and they should be the same for all types of deposit institutions. Supervisory agencies should be left the job of preventing over-banking. In general, less reliance on statute, and more on supervisory agencies, and less on rigid rules and more on a flexible approach to evaluation of performance, should add considerable flexibility to the system.

But if the banking system is to become competitive instead of protected and restricted, isn't there a danger that banks may be forced out of business just out of their inability to compete effectively, thus penalizing depositors? Indeed, if competition is to be effective enough to prod financial institutions into providing a better product at a lower cost, it must perforce involve some threat of reduced earnings, perhaps even failure. This threat is what most observers have in mind when they reject competition in banking because "banking is different."

Two Replies

There are two replies to this position.

First, it is exaggerated. Because supervisory agencies will be expected to use their powers to prevent overbanking, the competitive pressure on each institution will be diminished. Moreover, the threat of reduced earnings is one thing; the threat of failure seems more remote, especially if capitalization requirements are effective.

Second, a bank which is unable to compete can be and should be absorbed by other, stronger institutions, with no danger to the depositor. Unlike failures resulting from bad asset selection or illiquidity, potential failure resulting from inability to compete effectively will be obvious years ahead of time, permitting adequate opportunity to arrange either for new management or for new ownership, or both.

Suggested Reform

In sum, a great deal more flexibility can be added to the financial system, to the benefit of the public and of enterprising banking institutions, without sacrificing deposit security at all. No danger to depositors would result if these needed steps were taken in New York State: (1) Expanded branching privileges, with the same powers to branch given all three major types of institutions. This probably implies Federal charters for savings banks, to give them the same unlimited intrastate branching powers as are now given to Federal savings and loan associations. (2) Abolition of strict portfolio eligibility rules, including the "legal list," and replacement with broad, general rules with no greater restriction on any one of the three institutions than on any other. (3) Abolition of rules preventing thrift institutions from lending for nonreal estate purposes. No greater restrictions should apply to thrift institutions than to commercial banks. (4) Removal of restrictions on the payment of interest on deposit accounts, demand or time. The stated purpose of the present restrictions was to limit competition; they have no place in a flexible financial system.

Of course, this does not exhaust the list of unnecessary restrictions. There are many others, such as the unneeded limits on savings and loan associations' power to acquire out-of-state mortgages, the ability of savings banks to accept large deposits or to issue certificates of deposits, and the fact that commercial banks alone must maintain required reserves against their savings accounts. Any such unequal treatment interferes with adequate performance in the public interest, providing as it does noneconomic incentives and disincentives which lead to results other than those which would have been the outcome of market forces. The benefit of the doubt should be given to the free market, since it best reflects the current wishes of the public and of current technological possibilities.

*From a summary of Dr. Eggers study "Savings Banking in New York State—A Re-Examination of a Traditional Sale" prepared for the Savings Banks Association of New York State and released on the occasion of the Association's 70th Annual Fall Convention held on board the S.S. Rotterdam on a cruise to Nassau, Bahamas, Oct. 18, 1963. A limited number of full texts of the study are available from the Savings Banks Assn. of N. Y. State, 200 Park Ave., N. Y. C.

Bad Business!

"The practice of granting wage increases spread over several years is becoming increasingly adopted in Britain. Quite recently the workers of the building industry received a substantial increase, to be applied gradually in three annual installments. The white-collared employees of Local Government authorities received an increase on similar terms. Many employers are tempted to follow these examples in order to be spared the bother and uncertainty entailed in annual wage dispute. Circumstances are liable to develop, however, in which that advantage might prove to have cost too heavy a price.

Paul Einzig

"Three years are a long period, in the course of which many things might happen. Even if the employers may feel at the time of concluding the long-term wage agreement that they would be able to afford the successive increases, business conditions might well change against them. The general situation, or the conditions in that particular industry, or even those in their own individual firm, might deteriorate considerably in considerably less than three years."—Paul Einzig in The Chronicle.

As everyone knows, this has become a practice in this country, too. Analogous procedure has long been common policy in Congress, which finds it easy to increase next year's budget or the next year's without too much risk of paying any penalty from the rank and file of voters who rarely look ahead.

It's all bad business.

Reynolds Sponsoring Life Life Ins. Stocks Forum

NEWARK, N. J.,—Reynolds & Co., members of the New York Stock Exchange, will sponsor a forum on life insurance stocks at 8 P.M. in the Military Park Hotel, on Tuesday, Nov. 12.

Principal speaker will be John G. Haslam, vice-president and treasurer of Capital Shares, Inc. Mr. Haslam is also president of Haslam Associates, Inc., an investment counselling firm, and president of Mutual Investment Company of America.

"Outlook for Life Investment Stocks" will be Mr. Haslam's topic for the evening. A question and answer session will follow his address.

Form Annuity Plans

MINNEAPOLIS, Minn.—Annuity Plans Inc. has been formed with offices at 1406 West Lake St. to engage in a securities business. Officers are Henry L. Bardin, President; Herschel L. Wilson, Jr., Vice-President, and Richard J. Williams Secretary and Treasurer. Mr. Williams was formerly with Edling Williams & Associates.

STATE of TRADE and INDUSTRY

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the conventional year-end pattern. If they reach 5.8 million tons, they'll be the largest of any November in the last seven years.

If there's a market downtrend, it will come in December and for strictly seasonal reasons. Shipments will undoubtedly decline in December, partly because of the holidays, but also because of the taxes that some states levy on yearend inventories.

Mills are maintaining ingot production at a rate above 62% of unofficial capacity. Output this week is expected to be about the same as the 1,920,000 tons that *Steel* estimated the industry poured last week.

The scrap market declined last week. After holding for nine straight weeks, *Steel's* price composite on No. 1 heavy melting steel was down $1 a gross ton to $26.

The optimism accompanying the profit improvement in the steel industry should splash over into industries supplying steelmakers with capital equipment.

Optimistic Capital Equipment Sales Prospects

In fact, *Steel* said, the climate for selling equipment to industry in general is the best it has been in years.

The new depreciation guidelines and the 7% investment tax credit are estimated to be adding more than $2 billion a year to industry's cash flow.

The improved aftertax profits being reported by firms in all sectors of the metalworking industry are also boosting new equipment funds.

The object of much equipment buying: Replace old equipment and gain the advantage of newer and better ways of doing things. Although over-all capacity may not be raised significantly, it will be more efficient capacity.

End of Steel Inventory Cutbacks in Sight

The end of steel inventory liquidation is now in sight, *Iron Age* magazine reported.

For all intents and purposes, excess steel inventories held by the auto industry will be normal by the end of December. After that. the pace of auto sales and the level of the national economy will dictate the strength of the steel market.

Iron Age said some automakers are now ordering at nearly 100% of need. Others will have excess steel cleared up by the end of November. December should see the cleanup virtually complete.

The fresh flow of auto business in recent days has caused individual mills to raise their sights for December. Some mills now forecast gains of as high as 15% in automotive tonnage for December.

But *Iron Age* cautioned that no big surge in shipments and production is expected through the year. The cutbacks in construction steel buying are overdue and are just starting to show up. Unusually warm and dry weather throughout most of the nation has held up production of construction steels probably a full month longer than normal.

But the sudden quickening of automotive steel buying is more than offsetting negative seasonal factors in the steel market.

Steel Protectionism Mounts Abroad

In a special report from Europe, *Iron Age* said that a weak steel market there is leading to a return of protectionist sentiment among some of Europe's leading steel producing nations.

Prices are weak, production is off, wage costs are rising, imports are growing, and profits are anything but good, *Iron Age* said. Joined with this is a slow down in the rate of expansion of West European industry in the face of continued increases in world steel capacity.

Iron Age said this could threaten further integration of the European Common Market, the stability of the decade-old European Coal and Steel Community, and even undermine harmony within Euratom.

It will not be without its effect on the upcoming "Kennedy" round of GATT negotiations, *Iron Age* said.

Iron Age said a survey of automotive tool and die shops indicates big changes are in the works for 1965 models.

These tooling shops make the dies and fixtures for the giant auto makers. The flow of orders placed many months in advance of production is a good indicator of auto design and production trends.

Shops are working ten-hour shifts five days and eight-hour shifts on Saturdays to meet deadlines and to handle volume.

Two trends that are apparent are a movement to larger, more prominent bumpers and a styling that is away from body chrome and trim.

Week's Auto Output 8.3% Higher Than Year-Ago

Auto output in the U. S. during October rose to a record level for any month, as expected, despite a wave of strike threats along with two actual walkouts in protest to '64 model production demands.

On a preliminary basis, *Ward's Automotive Reports* said passenger car output in October matched the 794,015-unit level production reached in March of 1955. The industry's bid for an 800,000-unit month, however, appeared thwarted by strikes at two major assembly plants.

The statistical agency said output of both cars and trucks in the month did set a new peak in automotive production, however. *Ward's* said some 139,400 trucks produced in the month was a 151-month peak (dating to 1951).

Ward's noted that with subsidiary operations in Canada, output of North American-type vehicles pressed near 1,000,000 units in the month.

U. S. passenger car production last week, however, was in decline — to an estimated 176,278 units, compared with the year's high of 181,240 assemblies of the previous week. The week's program did persist 8.3% above 162,-787 cars made in the corresponding period a year ago.

The Chevrolet plant at Norwood (Ohio), which had received a five-day strike notice from the UAW International Oct. 23, was hit by a walkout a week ago last Monday. Sole source in '64 of the Chevy II car, the strike has thus far set back schedules at the plant about 4,000 units. Additionally, Chevrolet and GMC trucks are made at this plant.

Along with the shutdown at Norwood, an adjacent Fisher Body plant was forced to close; a week earlier, a combination Chevrolet-Buick-Oldsmobile-Pontiac plant at Doraville (Ga.) was struck. Strike votes have been taken at 18 more Big Three plants over "production standards."

Of car making last week, GM Corp. was expected to account for 49.6%; Ford, 30.3%; Chrysler Corp., 13.2%; American Motors, 5.7%, and Studebaker 1.2%.

Rail Ton-Miles and Carloading Exceed Year Ago Week's

Loading of revenue freight in the week ended Oct. 26, totaled 624,581 cars, the Association of American Railroads announced Oct. 31. This was a decrease of 1,599 cars or three-tenths of 1% below the preceding week.

The loadings represented an increase of 9,949 cars or 1.6% above the corresponding week in 1962, but a decrease of 22,968 cars or 3.5% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Oct. 26, 1963, are estimated at approximately 13.8 billion, an increase of 6.5% over the corresponding week of 1962 and 7.2% over 1961.

The 62 class I U. S. railroad systems originating piggyback traffic reported loading 16,918 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Oct. 19, 1963 (which were included in that week's over-all total). This was an increase of 1,452 cars or 9.4% above the corresponding week of 1962 and 3,885 cars or 29.8% above the 1961 week.

Cumulative piggyback loadings for the first 42 weeks of 1963 totaled 644,449 cars for an increase of 76,275 cars or 13.4% above the corresponding period of 1962, and 172,990 cars or 46.7% above the corresponding period in 1961.

Truck Tonnage Up 1.2% Over Last Year for Fourth Weekly Gain in a Row

Intercity truck tonnage in the week ended Oct. 26 was 1.9% ahead of the volume in the corresponding week of 1962 the American Trucking Associations announced. Truck tonnage was 2.1% below the volume for the previous week of this year.

For the fourth 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 16 of the last 19 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 24 localities, with 10 points reflecting decreases from the 1962 level. Two 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, 10 metropolitan areas registered increased tonnage, while 24 areas reported decreases. The week-to-week decline is consistent with that experienced during comparable periods in past years.

Week's Lumber Output 1.6% Above 1962 Rate and Up 1.2% From Last Yeek

Lumber production in the country totaled 230,878,000 board feet in the week ended Oct. 26, according to reports received from regional lumber associations. This output rose 1.2% in the latest week-to-week change.

Compared with 1962 levels, production climbed 1.6%, shipments rose 12.1% and new orders rose 10.3%.

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

	Oct. 26 1963	Oct. 19 1963	Oct. 27 1962
Production	230,878	228,131	227,158
Shipments	239,172	248,744	213,252
New orders	241,651	236,023	218,995

Electric Output Shows 7.4% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 2, was estimated at 17,457,000,000 kwh. according to the Edison Electric Institute. Output was 196,000,000 kwh. more than the previous week's total of 17,261,000,000 kwh. and 1,210,000,000 kwh. above the total output of 16,247,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 7.4%.

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.

Business Failures Edge Up Slightly

Commercial and industrial failures edged up to 285 in the week ended October 31 from 279 in the preceding week, reported Dun & Bradstreet, Inc. However, after running relatively close to the 1962-1961 levels a week ago, casualties dropped appreciably from the 320 occurring in the comparable week last year and the 344 in 1961. Some 10% fewer businesses succumbed than in 1939 when the prewar toll came to 318.

Failures involving liabilities under $100,000 accounted for the week's slight increase, rising to 246 from 235 in the prior week but staying below the 277 in this size group a year ago. On the other hand, large casualties with losses of $100,000 or more dipped to 39 from 44 a week earlier and 43 in 1962.

The toll among manufacturers climbed to 62 from 53 last week, among wholesalers to 35 from 21, and among service concerns to 34 from 27. Construction casualties slipped fractionally to 40 from 44, while the week's only noticeable decline occurred in retailing, down to 114 from 134. In both retailing and construction, mortality ran below 1962 levels, whereas in other industry or trade groups tolls equalled or exceeded last year.

Wholesale Commodity Price Index Fractionally Higher This Week

Inching up and down fractionally during the past week, the wholesale commodity price level stood at 268.32 this Monday, reported Dun & Bradstreet, Inc. Export buying exerted upward pressure in corn and wheat quotations, but a longshoremen's dispute lent uncertainty to lake vessel movement with a resulting sell-off in grains. Consequently, although corn, rye and oats made a net gain for the week, wheat fell slightly. Coffee rose as Brazil began restricting exports. Lambs fell, reflecting a slow demand at retail, and hogs declined on liberal receipts.

The Daily Wholesale Commodity Index rose to 268.32 on Monday, November 4, from 268.28 a week earlier but remained below the 269.66 of a month ago and the 269.73 of the comparable date of 1962.

Wholesale Food Price Index Hits Fifteen-Week High

Boosted by substantially higher quotations for coffee, molasses and prunes, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., advanced 0.5% to $5.96 on Nov. 5. This peak had not been touched in any previous week of 1963 since July 23 when the year's record of $5.98 was set. For the fifth consecutive week now, the index has exceeded comparable 1962 levels, this week pushing 1.4% ahead of the $5.88 a year ago.

The Dun & Bradstreet, Inc. Wholsesale Food 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.

Weather Still Pares Gains in Retail Purchases

While apparel buying was still stifled by the prolonged stretch of unseasonal weather, healthy home goods and automotive activity saved over-all sales in the week ended Wednesday Oct. 30, 1963, from being snuffed out in comparison with year-earlier volume. Rain in the North East on Monday gave a spark of life to rainwear purchases for the first time in months, but the rainy winds were too severe to encourage shopping in general. Retailers in Portland, Oregon, basked in the rarity of frosty air and soaring fallwear volume. Nation-wide, zest for 1964 model cars and for home entertainment equipment gained momentum, and pre-holiday promotions helped already thriving demand for housewares.

The total dollar volume of retail trade in the week ended Wednesday ranged from 2 to 6% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: West North Central —4 to 0; East and West South Central —2 to +2; Mountain —1 to +3; Middle Atlantic 0 to +4; New England and East North Central +2 to +6; South Atlantic +3 to +7; Pacific +4 to +8.

Nationwide Department Store Sales Decline 3.0% Below Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were down 3% for the statement week ending Oct. 26 compared with the like period in 1962. The week's decline below the year-ago week marked the first reversal in total department store sales in the past 23 weeks. Out of the 12 Federal Reserve districts only Atlanta, Kansas City and San Francisco forged ahead of last year's week. The weekly sales index without seasonal adjustment reveals sales were down 8.2% from last week.

In the four-week period ended

Oct. 26, 1963, sales gained 2% 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. 26), 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. 26 fell 1.0% below the comparable year-ago week's figure and were up, however, 2% 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. 26-ending week were *down* 2.0% from the corresponding period a year ago, and sales in the latest four weeks were 2.0% below total retail dollar volume from the year-ago period.

A *flash figure* for New York City's sales for the Nov. 2-ending sales week revealed a minus 3.0% 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 3.0% 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. 26-ending week's sales unchanged from the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 4.0%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

Confidence in Government... The Magic Key to Progress

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the highly restrictive amendments. Cumbersome requirements, new clinical investigation regulations, vastly increased costs, all combined to bring an unforeseen result: One by one the drug firms, big and small, were forced by sheer good business sense to sharply revise current and future research programs, dropping numerous projects of immense promise to public health. Drug firms now will concentrate on the development and more energetic merchandising of existing drugs, which are having a longer market life. Since the amount of sampling and advertising of an old product is much less than on a new one, profit margins are aided, and earnings increased.

Only the public will suffer, possibly even some Congressmen whose lives conceivably could be lengthened by drugs still undiscovered. Everyone should read the imposing report on the subject by Dr. Austin Smith, President of the Pharmaceutical Manufacturers Association, before the Federal Bar Association in Washington.

Business leaders fret no end over the political and economic philosophies of administration advisers and others close to the White House.

A Matter of Socialism

"Look at it this way," said a corporate head. "Let's say you are president of a giant industrial company with an army of stockholders. To help fashion vital economic policies involving the corporate future you suddenly add to your team Professor Arthur Schlesinger, Dr. Walter Heller, Professor John Galbraith, and others who sneer at 'Puritan' financial thinking.

"In a twinkling the shareholders, Democrats and Republicans alike, would be down your throat. Before you could add 'Soapy' Williams, Chester Bowles, Franklin Roosevelt, Jr., or any of a score of like thinkers, you would lose your corporate scalp. Now isn't our government as important to the taxpayers as any single business unit?"

He went on to say that before leaving his post as ambassador to India, Professor Galbraith told an Indian audience their socialist government had nationalized only 14% of the economy. In America, Galbraith was reported as boasting, one-fifth of the industrial capacity is planned, fully controlled and disposed of by government.

"Now," asked the industrialist, "do you wonder why that indispensable factor of public confidence is slipping . . . slipping . . . slipping? And why projecting the future has become a guess as to political tides?"

Government Deceit

As one means of bolstering business optimism overnight, the chief of a trade group recommended a quick end to government deceit. He ticked off some main areas of deceit:

Dollar depreciation that diminishes the value of publicly held government bonds, life insurance policies, some education and pension funds, savings accounts, and the like. . . . Gross misinformation as to the actual requirements of foreign aid and defense. . . . Abetting unions in preserving featherbedding, destructive alike to worker and business. . . . Misleading the public with incomplete unemployment figures. . . . Stubbornly squandering huge sums for unwanted and uncalled-for farm programs.

Conservatism Is on the Rise

A flicker of hope is found by the business fraternity in the fact that conservatism is on the march. Signs are indisputable. A surprising number of young men and women are joining the cavalcade. People are disturbed and angry over the pressures of big government, big budgets, frightening deficits and big unions. They are disillusioned by results in world affairs after so many years of effort and sacrifice.

With a tinge of panic Liberals realize that thinking does change, that the flamboyant gospel of 30 years has an irritating grate in the world of today, that extreme doctrines have registered abject failure when tried in other lands. A left-winger whose latest brain child met a cold shoulder from his constituants sighed:

"Our country seems to have only a middle class left."

The typical Liberal is affable, smiling, and not too profound. He distinctly dislikes those political opponents who campaign on an intellectual level and demands facts . . . facts . . . facts. He must depend for votes on emotional appeal, on the weaknesses and desires of minority groups, and the prejudices against the old order.

His basic theme, stripped to the bare bones, is that big central government, by spending and spending, will provide a safe and happy life for all the poor, including the lazy. He doesn't admit that first the money must be taken from the people themselves.

He is capable of quick anger. Should you mention that, after all, Alexander Hamilton did evolve a financial system, broad, comprehensive and minute, which endured over the years, he may flush and snap that this is not the Puritan age, that in today's economy Hamilton might be a hat check boy.

His very special dislike falls upon that large body of professional, orthodox economists, here and abroad, who denounce his doctrine of perpetual planned deficits. He bristles with anger when they disparage the "slickwit university boys" who fashion and advise on the New Sophisticated Economics.

The Liberal, said an economist of international repute, has a one-track mind bent solely on spending.

"If the parson's daughter is assaulted and stabbed on a dark side street the Liberal may demand an appropriation to rehabilitate the high-spirited lads who thus sin, charging that a cold and hostile society has made them feel rejected."

Voters' Perspective

Meantime realistic business leaders anticipate no abrupt reversal of welfare state policies, nothing that actually would restore full public confidence, a factor which they regard as the magic key to progress.

They are convinced, however, that a great body of voters are fast attaining a broader perspective of good government; that they are weary of the shrieks for more social workers, more public housing and more youth clubs, while the nation is in fact getting more crime, more illegitimate children, more delinquents, and a rising tide of chiselers.

These restive voters are learning there must indeed be confidence in government, for confidence breeds courage, and courage is one of man's most priceless possessions.

It was men of courage who built our villages and towns and cities, who crossed the sprawling plains in wagons ballooned over with white canvas, who spanned the continent with steel rails, and created the greatest industrial and agricultural empire in the history of the world.

This mighty achievement was not the handiwork of big central government. There were no "planners" breathing down the necks of men fired with the spirit of free enterprise. There were no long tax fingers reaching into every pocket; no up-side-down economics.

America was a dream, and they made it come true.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

Lewis H. Serlen

Salvatore J. Rappa

James T. Gahan

James V. Torpie

Bernard Weissman

The Security Traders Association of New York, Inc. is quoted herewith:

"It shall be the duty of the Nominating Committee to nominate five Officers, four Directors, eight to 15 candidates for the Nominating Committee for the following year, three National Committeemen and five Alternates."

In accordance with these provisions, the following candidates have been nominated to hold office for the year 1964:

President—Lewis H. Serlen, Josephthal & Co.

First Vice-President—Salvatore J. Rappa, Mergott, Rappa & Co., Inc.

Second Vice-President — James T. Gahan, E. F. Hutton & Co., Inc.

Secretary—James V. Torpie, Torpie & Saltzman, Inc.

Treasurer—Bernard Weissman, Gold, Weissman & Frankel, Inc.

Directors (Two-Year Term): Vincent M. Gowen, Goldman, Sachs & Co.; Raymond J. Kiernan, Merrill Lynch, Pierce, Fenner & Smith, Inc.; Wilbur Krisam, John C. Legg & Co.; and Daniel D. McCarthy, Eastman Dillon, Union Securities & Co.

National Committeemen: John S. Barker, Lee Higginson Corp.; Samuel F. Colwell, W. E. Hutton & Co.; and Edward J. Kelly, Carl M. Loeb, Rhoades & Co.

National Committeemen Alternates: Walter Filkins, Troster, Singer & Co.; John M. Fitzgerald, W. C. Pitfield & Co., Inc.; Michael J. Heaney, Michael J. Heaney & Co.; Samuel E. Magid, Hill, Thompson & Co., Inc.; and Walter F. Saunders, Dominion Securities Corp.

Nominating Committee (Four Members To Be Selected): Bernard J. Conlon, B. J. Conlon & Co., Inc.; William M. Doherty, Fahnestock & Co.; Richard H. Goodman, Shields & Co.; E. Michael Growney, Gregory & Sons; Walter V. Kane, Shearson, Hammill & Co.; Paul J. Lane, Kidder, Peabody & Co.; John M. Mayer, Merrill Lynch, Pierce, Fenner & Smith Inc.; Herman D. Meyer, Wood, Walker & Co.; Barney Nieman, Carl M. Loeb, Rhoades & Co.; G. Harold Noke, Francis I. duPont & Co.; and John D. Ohlandt, New York Hanseatic Corp.

Members of the Nominating Committee Were: Elbridge H. Smith, Stryker & Brown, Chairman; Leslie Barbier, G. A. Saxton & Co., Inc.; Thomas Greenberg, C. E. Unterberg, Towbin & Co.; William J. McGovern, Blyth & Co., Inc.; John J. Meyers Jr., John J. Meyers & Co.; George L. Collins, American Securities Corp. and Joseph D. Krasowich, Gregory & Sons, alternates.

Parker House Branch

SHERIDAN, Wyo. — The Parker House of Billings, Montana, has opened a branch office in the Redle-Wolf-McEwan Building under the management of Joseph Evangeline.

With Emling Managm't

WAUKESHA, Wis. — Russell W. Long is now connected with Richard F. Emling Management Associates, Inc. He was formerly for many years with Merrill Lynch, Pierce, Fenner & Smith Inc.

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)	Nov. 2	1,944,000	1,915,000	1,883,000	1,778,000
Index of production based on average weekly production for 1957-1959	Nov. 2	104.4	102.8	101.1	95.4
Unofficial indicated steel operations (per cent capacity) The American Iron & Steel Institute discontinued issuing this data late in 1960	Nov. 2	0.635	0.625	0.615	61.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 25	7,608,260	7,610,110	7,578,410	7,339,760
Crude runs to stills—daily average (bbls.)	Oct. 25	8,663,000	8,432,000	8,498,000	8,227,000
Gasoline output (bbls.)	Oct. 25	30,889,000	31,606,000	30,790,000	30,146,000
Kerosene output (bbls.)	Oct. 25	3,009,000	3,093,000	2,731,000	3,425,000
Distillate fuel oil output (bbls.)	Oct. 25	14,416,000	14,344,000	14,532,000	13,881,000
Residual fuel oil output (bbls.)	Oct. 25	4,579,000	4,168,000	4,883,000	4,887,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Oct. 25	178,089,000	*179,234,000	182,227,000	177,149,000
Kerosene (bbls.) at	Oct. 25	37,102,000	*37,184,000	35,180,000	38,168,000
Distillate fuel oil (bbls.) at	Oct. 25	185,886,000	183,465,000	173,774,000	180,830,000
Residual fuel oil (bbls.) at	Oct. 25	52,941,000	52,712,000	52,350,000	54,790,000
Unfinished oils (bbls.) at	Oct. 25	83,801,000	83,134,000	81,713,000	84,706,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 26	624,581	626,180	620,139	614,632
Revenue freight received from connections (no. of cars)	Oct. 26	519,130	518,375	508,265	511,522
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 26	9,550,000	9,615,000	9,875,000	8,689,000
Pennsylvania anthracite (tons)	Oct. 26	406,000	427,000	397,000	351,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Oct. 31	$694,200	$682,200	$929,000	$711,700
Private	Oct. 31	397,600	508,900	367,100	156,300
Public	Oct. 31	296,600	173,300	562,000	555,400
State and Municipal	Oct. 31	262,400	156,300	380,800	154,800
Federal	Oct. 31	34,200	17,000	181,200	400,600
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Oct. 26	112	122	119	116
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 2	16,247,000	17,261,000	17,106,000	16,247,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 31	285	279	287	320
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 27	6.368c	6.368c	6.279c	6.196c
Pig iron (per gross ton)	Oct. 27	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Oct. 27	$26.50	$26.83	$26.83	$23.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 1	30.600c	30.600c	30.600c	30.600c
Export refinery at	Nov. 1	28.350c	28.400c	28.350c	28.450c
Lead (New York) at	Nov. 1	12.000c	12.000c	11.750c	9.500c
Lead (St. Louis) at	Nov. 1	11.800c	11.800c	11.550c	9.300c
‡Zinc (delivered at)	Nov. 1	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Nov. 1	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Nov. 1	23.000c	23.000c	22.500c	24.000c
Straits tin (New York) at	Nov. 1	124.625c	122.750c	117.000c	111.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 5	88.40	88.59	89.03	90.21
Average corporate	Nov. 5	88.40	88.54	88.54	87.99
Aaa	Nov. 5	91.34	91.48	91.48	92.20
Aa	Nov. 5	89.78	89.78	89.78	90.20
A	Nov. 5	88.40	88.54	88.67	87.45
Baa	Nov. 5	84.43	84.43	84.30	82.52
Railroad Group	Nov. 5	86.51	86.65	86.65	84.04
Public Utilities Group	Nov. 5	89.51	89.51	89.51	89.92
Industrials Group	Nov. 5	89.23	89.23	89.37	90.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 5	4.08	4.04	3.96	3.69
Average corporate	Nov. 5	4.53	4.52	4.52	4.56
Aaa	Nov. 5	4.32	4.31	4.31	4.26
Aa	Nov. 5	4.43	4.43	4.43	4.40
A	Nov. 5	4.53	4.52	4.51	4.60
Baa	Nov. 5	4.83	4.83	4.84	4.98
Railroad Group	Nov. 5	4.67	4.66	4.66	4.86
Public Utilities Group	Nov. 5	4.45	4.45	4.45	4.42
Industrials Group	Nov. 5	4.47	4.47	4.46	4.39
MOODY'S COMMODITY INDEX	Nov. 5	373.4	373.9	366.9	363.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 26	380,562	350,572	367,134	350,817
Production (tons)	Oct. 26	383,964	381,314	378,520	360,702
Percentage of activity	Oct. 26	99	99	98	97
Unfilled orders (tons) at end of period	Oct. 26	622,302	623,801	610,968	453,263
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1959 AVERAGE=100	Nov. 1	99.49	*99.35	99.36	99.01
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 11	2,984,200	2,729,860	3,780,570	1,530,570
Short sales	Oct. 11	506,220	570,650	707,710	332,970
Other sales	Oct. 11	2,468,290	2,195,270	2,983,600	1,209,950
Total sales	Oct. 11	2,974,510	2,765,920	3,691,310	1,547,920
Other transactions initiated off the floor—					
Total purchases	Oct. 11	832,200	703,620	712,910	352,200
Short sales	Oct. 11	111,900	92,200	94,400	48,200
Other sales	Oct. 11	737,270	572,300	672,900	289,010
Total sales	Oct. 11	849,170	664,500	767,300	337,210
Other transactions initiated on the floor—					
Total purchases	Oct. 11	1,334,265	1,198,865	1,431,104	576,543
Short sales	Oct. 11	205,230	188,550	210,910	112,942
Other sales	Oct. 11	1,091,960	890,625	1,139,261	518,638
Total sales	Oct. 11	1,297,790	1,079,175	1,350,171	631,580
Total round-lot transactions for account of members—					
Total purchases	Oct. 11	5,150,665	4,632,345	5,924,584	2,459,313
Short sales	Oct. 11	823,350	851,400	1,013,020	499,112
Other sales	Oct. 11	4,297,520	3,658,195	4,795,761	2,017,598
Total sales	Oct. 11	5,120,870	4,509,595	5,808,781	2,516,710
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. 11	1,555,136	1,456,581	1,881,835	1,000,188
Dollar value	Oct. 11	$86,189,204	$80,856,440	$99,096,142	$45,526,094
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 11	1,817,530	1,742,909	2,345,966	1,148,194
Customers' short sales	Oct. 11	29,290	19,116	18,385	56,038
Customers' other sales	Oct. 11	1,788,240	1,723,793	2,327,581	1,092,156
Dollar value	Oct. 11	$91,681,548	$89,855,519	$117,136,733	$52,275,401
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 11	701,160	625,750	926,240	411,050
Short sales	Oct. 11	------	------	------	------
Other sales	Oct. 11	701,160	625,750	926,240	411,050
Round-lot purchases by dealers—Number of shares	Oct. 11	395,140	357,500	425,430	259,830
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. 11	1,279,620	1,200,170	1,340,860	1,029,020
Other sales	Oct. 11	22,463,400	20,509,270	27,281,790	11,223,050
Total sales	Oct. 11	23,743,020	21,709,440	28,622,650	12,252,070
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Oct. 29	100.2	100.4	100.3	100.8
Farm products	Oct. 29	94.7	95.2	95.7	98.8
Processed foods	Oct. 29	101.8	102.1	101.2	102.0
Meats	Oct. 29	91.1	92.2	91.6	100.4
All commodities other than farm and foods	Oct. 29	100.7	100.7	100.7	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.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE—			
Steel ingots and steel for castings produced (net tons)—Month of August	7,780,000	8,653,544	7,097,916
Shipments of steel products (net tons)—Month of August	5,895,343	6,459,994	5,402,161
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	15,197	15,893	14,955
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of August (Millions of dollars):			
Manufacturing	$58,960	*$58,930	$56,970
Wholesale	14,470	*14,380	13,880
Retail	27,820	*27,940	27,050
Total	$101,240	*$101,250	$97,900
CASH DIVIDENDS — PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of September (000's omitted)	$2,230,600	$454,300	$2,137,900
COKE (BUREAU OF MINES)—Month of Sept.:			
Production (net tons)	4,231,813	*4,277,061	3,743,200
Oven coke (net tons)	4,158,115	*4,200,920	3,691,300
Beehive coke (net tons)	73,698	*76,141	51,900
Oven coke stocks at end of month (net tons)	2,802,611	*2,730,135	4,173,816
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumer, month of September	662,637	667,382	660,594
In consuming establishments as of Sept. 28	1,023,058	1,086,606	1,171,074
In public storage as of Sept. 28	11,792,103	9,911,933	8,712,678
Linters—Consumed month of September	106,460	114,253	100,767
Stocks, Sept. 28	502,429	484,737	538,769
Cotton spindles active as of Sept. 28	15,758,000	15,757,000	16,543,000
COTTON GINNING (DEPT. OF COMMERCE):			
As of Oct. 18, running bales	7,869,586	------	7,264,254
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Sept. 28	19,343,000	19,300,000	19,504,000
Spinning spindles active on Sept. 28	15,758,000	15,757,000	16,543,000
Active spindle hours (000's omitted) Sept. 28	7,903,000	7,870,000	8,034,000
Active spindle hours for spindles in place Sept. 28	395.2	393.5	401.7
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of August (000's omitted)	72,793,450	70,287,639	67,067,099
Revenue from ultimate customers—Month of August	$1,195,035	$1,161,624	$1,120,596
Number of ultimate customers at Aug. 31	62,073,665	61,964,054	60,775,453
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of September:			
All manufacturing (production workers)	12,893,000	*12,701,000	12,840,000
Durable goods	7,160,000	*6,992,000	7,064,000
Nondurable goods	5,733,000	*5,709,000	5,776,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	121.4	*118.1	117.8
Estimated number of employees in manufacturing industries—			
All manufacturing	17,370,000	*17,184,000	17,249,000
Durable goods	9,772,000	*9,598,000	9,638,000
Nondurable goods	7,598,000	*7,586,000	7,611,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
Death benefits	$352,300,000	$325,000,000	$311,600,000
Matured endowments	63,900,000	65,900,000	54,500,000
Disability payments	13,500,000	12,400,000	12,000,000
Annuity payments	80,300,000	73,500,000	70,900,000
Surrender values	150,100,000	147,800,000	149,000,000
Policy dividends	138,200,000	200,300,000	135,400,000
Total	$798,300,000	$824,900,000	$733,400,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of August (000's omitted):			
Ordinary	$5,048	*$5,134	$4,568
Industrial	579	557	560
Group	1,177	1,276	1,173
Total	$6,804	$6,967	$6,301
MANUFACTURERS' INVENTORIES & SALES— Month of August (millions of dollars):			
Inventories—			
Durables	$33,730	*$33,720	$32,690
Nondurables	25,230	*25,210	24,280
Total	$58,960	*$58,930	$56,970
Sales	70,130	*70,680	66,110
MONEY IN CIRCULATION—TREASURY DEPT. As of August (000's omitted)	$35,800,000	$35,700,000	$33,900,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Second Quarter:			
Net railway operating income	$234,360,242	$125,393,559	$158,285,466
Other income	73,514,125	74,197,290	69,128,593
Total income	307,874,367	199,590,849	227,414,059
Miscellaneous deductions from income	16,419,841	16,159,695	14,054,549
Income available for fixed charges	291,454,526	183,431,154	213,359,510
Total fixed charges	91,735,962	91,520,873	92,173,373
Income after fixed charges	199,718,564	91,910,281	121,186,137
Other deductions	10,950,399	10,371,517	10,299,575
Net income	188,768,165	81,538,764	110,886,562
Depreciation (way & structure & equipment)	167,420,866	165,484,328	160,272,549
Federal income taxes	63,141,619	34,025,026	76,415,426
Dividend appropriations:			
On common stock	98,468,456	77,626,469	86,446,665
On preferred stock	4,559,051	11,811,413	4,459,683
Ratio of income to fixed charges	3.18	2.00	2.31
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES BUREAU OF MINES — Month of August (in long tons):			
Stocks in beginning of period	26,290	27,125	31,610
Receipts	7,165	5,700	5,685
Supply	33,455	32,825	37,295
Stocks at end of period	26,875	26,290	31,020
Total processed	6,580	6,535	6,275
Intercompany scrap transactions	110	110	125
Consumed in manufacturing	6,470	6,425	6,150
Primary	4,530	4,770	4,175
Secondary	1,940	1,655	1,975
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of September:			
Net sales	------	------	------
Net purchases	$373,122,000	$33,534,000	$325,513,500
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of August (000's omitted):			
Exports	$1,908,500	$1,816,000	$1,681,300
Imports	1,461,200	1,504,600	1,356,000

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 Realty Trust (12/2)**
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. (12/2-6)**
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.

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.**
Oct. 16, 1963 filed 1,793,750 ordinary shares and 5,147,-500 "A" ordinary shares being offered for subscription by stockholders on the basis of one new share for each two like shares held of record Nov. 7. Rights will expire Nov. 25. **Price**—$1.22. **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.

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.

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. Rights will expire Nov. 29. **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.

● **Charvos-Carsen Corp.**
Oct. 29, 1963 filed 100,000 common. **Price**—$5.50. **Business**—Distribution of engineering, surveying and drafting instruments and supplies. **Proceeds**—For debt repayment. **Office**—50 Colfax Ave., Clifton, N. J. **Underwriter**—Arnold, Wilkens & Co., Inc., New York. **Offering**—Expected in mid-January.

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.

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).

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.

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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**—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.

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.

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.

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.

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. (11/18-22)**
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. (11/11-15)**
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).

● **Imperial '400' National Inc. (11/25-29)**
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 working capital. **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 expansion. **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).

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.**
Sept. 5, 1963 filed 8,983 common being 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. (11/18-22)**
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**—To be named. **Offering**—Indefinitely postponed.

● **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 Cali-

fornia, 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. **Offering**—Expected in mid-December.

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. (11/18-22)
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.

Kinemotive Corp.
Oct. 29, 1963 filed 50,000 common. **Price**—$6.50. **Business**—Design, manufacture and sale of deposited metal bellows and basic assemblies therefor. **Proceeds**—For equipment, sales promotion, and working capital. **Office** — 2 Engineers Lane, Farmingdale, N. Y. **Underwriter**—Andresen & Co., New York.

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.

● Mid-Continent Telephone Corp. (11/18-22)
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.

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NEW ISSUE CALENDAR

November 7 (Thursday)

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

Midwest National Life Insurance Co. — **Common**
(Stifel, Nicolaus & Co., Inc.) $1,120,000

Mohawk Airlines, Inc. — **Debentures**
(Smith, Barney & Co., Inc.) $6,000,000

Mosler Safe Co. — **Common**
(Blyth & Co., Inc.) 350,000 shares

Union Planters Nat'l Bank (Memphis) — **Cap. Stk.**
(Offering to stockholders—underwritten by M. A. Saunders & Co., Inc.) $6,000,000

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

Heck's, Inc. — **Common**
(Charles Plohn & Co.) $450,000

Ramo, Inc. — **Debentures**
(First Nebraska Securities Corp.) $2,000,000

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

Russ Togs, Inc. — **Class A**
(Shearson, Hammill & Co.) 141,035 shares

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

Okliana Corp. — **Units**
(Equity Underwriters, Inc.) $3,500,000

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

Great Lakes Homes, Inc. — **Common**
(The Milwaukee Co.) 160,000 shares

Israel Baby Food Co., Ltd. — **Debentures**
(Brager & Co.) $190,000

Israel Baby Food Co., Ltd. — **Ordinary Shares**
(Brager & Co.) $140,000

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

Life Affiliates Corp. — **Common**
(First Philadelphia Corp.) $275,000

Life Insurance Co. of Florida — **Common**
(Pierce, Wulbern, Murphey, Inc.) 400,000 shares

Mid-Continent Telephone Corp. — **Common**
(The Ohio Co.) 150,000 shares

Ultronic Systems Corp. — **Common**
(Bache & Co.) 150,000 shares

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)

Atlantic Coast Line RR. — **Equip. Trust Ctfs.**
(Bids 12 noon EST) $3,390,000

Bridges Investment Fund, Inc. — **Capital Shares**
(No underwriting) 200,000 shares

Ford Motor Co. — **Common**
(First Boston Corp.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Kuhn, Loeb & Co., Inc.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc., and Dean Witter & Co.) 4,000,000 shares

Puget Sound Power & Light Co. — **Bonds**
(Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc.) $40,000,000

Ralston Purina Co. — **Debentures**
(Kidder, Peabody & Co., Inc., and Goldman, Sachs & Co.) $35,000,000

Union Electric Co. — **Preferred**
(Bids 12 noon EST) 200,000 shares

Union Electric Co. — **Bonds**
(Bids 11 a.m. EST) $30,000,000

November 22 (Friday)

Ryder System, Inc. — **Debentures**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $5,500,000

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

Imperial '400' National Inc. — **Units**
(P. W. Brooks & Co., Inc.) 11,500 units

Masco Corp. — **Common**
(Smith, Barney & Co., Inc.) 200,000 shares

Macco Realty Co. — **Debentures**
(Kidder, Peabody & Co., Inc., and Mitchum, Jones & Templeton Inc.) $4,000,000

Missouri National Life Insur. Co. — **Capital Shares**
(Sterling, Grace & Co.) 103,500 shares

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

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

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)

American Realty Trust — **Ben. Int.**
(Offering to stockholders—underwritten by Stifel, Nicolaus & Co., Inc.) 132,300 shares

Applied Technology, Inc. — **Common**
(Mitchum, Jones & Templeton, Inc.) 54,200 shares

Bergen Drug Co., Inc. — **Debentures**
(F. Eberstadt & Co.) $1,250,000

Bergen Drug Co., Inc. — **Class A**
(F. Eberstadt & Co.) 125,000 shares

Garan, Inc. — **Common**
(Bache & Co.) 100,000 shares

Nationwide Corp. — **Common**
(Kuhn, Loeb & Co., Inc., and J. C. Bradford & Co., Inc.) 1,750,000 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 9 (Monday)

Hardeman (Paul) Inc. — **Debentures**
(Hemphill, Noyes & Co.) $7,000,000

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) $75,000,000

December 12 (Thursday)

Texas & Pacific Ry. — **Equip. Trust Ctfs.**
(Bids 12 noon CST) $2,700,000

December 23 (Monday)

San Morcol Pipeline, Inc. — **Units**
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

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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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. (11/7)
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.

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. (11/25-29)
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.

Musicaro Brothers, Inc.
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.

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.

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.

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. (11/15)
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 Northwest Bell Telephone Co. (11/25)
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.

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. (11/25-29)
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).

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, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., New York.

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. (11/11-15)
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. (11/12)**
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. (12/23-27)**
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.

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).

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.

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.

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 world-wide 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. (11/18-22)**
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.

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.

● **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**—To be named.

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.

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.

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.

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.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutuel 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

★ **Consumers Cooperative Association**
Nov. 4, 1963 filed $9,000,000 of 5½% subordinated certificates of indebtedness due 1988; 120,000 shares of 5½% preferred stock; 40,000 shares of 4% second preferred stock; and 400 common. **Price**—By amendment. **Business**—A cooperative wholesale purchasing and manufacturing association for local farmers' coop's in the mid-

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west. **Proceeds**—For general corporate purposes. **Office**—3315 N. Oak Trafficway, Kansas City. **Underwriter**—None.

★ **First Western Real Estate Investment Trust**
Oct. 25, 1963 filed 200,000 shares of beneficial interest. **Price** — $5. **Business** — A real estate investment trust. **Proceeds**—For development of real estate. **Office**—2037 Thirteenth St., Boulder, Colo. **Underwriter**—Grondrezick Securities Corp., Boulder, Colo.

★ **Ford Motor Co. (11/20)**
Nov. 1, 1963 filed 4,000,000 common. **Price**—By amendment. **Proceeds**—For the selling stockholder, The Ford Foundation. **Address**—American Road, Dearborn, Mich. **Underwriters**—First Boston Corp.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Kuhn, Loeb & Co. Inc.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc.; Dean Witter & Co.

★ **Garan, Inc. (12/2-6)**
Nov. 6, 1963 filed 140,000 common, of which 100,000 shares will be sold for the company and 40,000 for certain stockholders. **Price**—By amendment. **Business**—Manufacture of men's and boy's sport shirts. **Proceeds**—For general corporate purposes. **Office**—112 W. 34th St., New York. **Underwriter**—Bache & Co., New York.

★ **Greater Continental Corp.**
Oct. 28, 1963 ("Reg. A") 70,000 common. **Price** — $3. **Business**—Company is engaged in the sale of life insurance, real estate and mutual funds. **Proceeds**—For debt repayment, working capital, and purchase of a promissory note. **Office**—10 Commerce St., Newark, N. J. **Underwriter**—None.

★ **Hardeman (Paul) Inc. (12/9-13)**
Nov. 4, 1963 filed $7,000,000 of convertible subordinated debentures due 1978. **Price**—By amendment. **Business**—Construction of missile launching bases and related facilities for the Armed Forces, and complex facilities of various types for other government agencies, private industry, and foreign governments. **Proceeds**—For debt repayment. **Address** — Stanton, Calif. **Underwriter**—Hemphill, Noyes & Co., New York.

★ **Hobam, Inc.**
Nov. 4, 1963 filed $850,000 of 6% convertible subordinated debentures due 1978, and 25,500 shares of class A stock to be offered in units consisting of $500 of debentures and 15 shares. **Price**—$510 per unit. **Business**—Manufacture of new equipment principally for the food and drug industries. **Proceeds**—For working capital, and loan repayment. **Office**—1720 Military Rd., Tonawanda, N. Y. **Underwriter**—Doolittle & Co., Buffalo, N. Y.

★ **Hudson House, Inc.**
Oct. 28, 1963 ("Reg. A") $250,000 of 6% redeemable subordinated debentures due 1973. **Price**—At par. **Business**—Operation of wholesale grocery houses in Oregon and Washington, four packing plants and a bakery. **Proceeds**—For working capital. **Office**—326 N. River Rd., Milwaukie, Ore. **Underwriter**—None.

★ **Industrial Electronetics Corp.**
Oct. 25, 1963 ("Reg. A") 25,000 common. **Price** — $12. **Business**—Design, manufacture and sale of specialized electronic instruments and devices. **Proceeds** — For loan repayment, equipment, sales promotion, new products, inventory and working capital. **Address**—Third & B St., Melbourne, Fla. **Underwriter**—Hampstead Investing Corp., New York.

★ **Nationwide Corp. (12/2-6)**
Nov. 1, 1963 filed 1,250,000 class A and 500,000 class B common. **Price**—By amendment (max. $17.50). **Business**—A holding company, primarily for life insurance concerns. **Proceeds** — For prepayment of bank loans, and expansion. **Office** — 246 North High St., Columbus, O. **Underwriters**—Kuhn, Loeb & Co., Inc., and J. C. Bradford & Co., Inc., Nashville.

★ **Nuveen Tax-Exempt Bond Fund, Series 6**
Nov. 1, 1963 filed 150,000 units of interest in the Fund. **Price**—By amendment. **Business**—The Fund plans to invest in government and municipal obligations believed to be exempted from Federal income taxes. **Proceeds**—For investment. **Office**—135 So. LaSalle St., Chicago. **Sponsor**—John Nuveen & Co. (same address).

★ **Macco Realty Co. (11/25-29)**
Oct. 30, 1963 filed $4,000,000 of convertible subordinated debentures due 1978. **Price**—By amendment. **Business**—Residential real estate development. **Proceeds**—For debt repayment. **Office**—7844 E. Rosencrans Ave., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., Inc., New York and Mitchum, Jones & Templeton Inc., Los Angeles.

★ **Masco Corp. (11/25-29)**
Nov. 1, 1963 filed 200,000 common. **Price**—By amendment (max. $20). **Business**—Manufacture of plumbing valves and fittings, automotive parts, and pre-shool-age toys. **Proceeds**—For selling stockholders. **Office**—2400 Buhl Bldg., Detroit. **Underwriter**—Smith, Barney & Co. Inc., New York.

★ **Mott's Super Markets, Inc.**
Nov. 1, 1963 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Operation of super markets and liquor package stores in Conn. **Proceeds**—For working capital. **Office**—59 Leggett St., East Hartford, Conn. **Underwriter**—W. C. Langley & Co., New York.

★ **Ralston Purina Co. (11/20)**
Nov. 1, 1963 filed $35,000,000 of sinking fund debentures due 1988. **Price**—By amendment. **Business**—Production of commercial animal and poultry feeds, the sale of soybean oil, and grain merchandising. **Proceeds**—For equipment, additional inventonries and working capital. **Address**—Checkerboard Square, St. Louis. **Underwriters**—Kidder, Peabody & Co., Inc., and Goldman, Sachs & Co., New York.

★ **Tidmarsh Ventures, Inc.**
Oct. 28, 1963 ("Reg. A") 42,850 common. **Price** — $7. **Business**—General construction, equipment leasing and installation of cryogenic and hydraulic systems. **Proceeds**—For new construction projects, debt repayment, and working capital. **Office**—15618 Broadway, Gardena, Calif. **Underwriter**—Quinn & Co., Albuquerque, N. M.

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."

Bank Leumi le-Israel B. M.
1,793,750 ordinary shares and 5,147,500 "A" ordinary shares being offered for subscription by stockholders at $1.22 per share, on the basis of one new share for each two like shares held of record Nov. 7. Rights will expire Nov. 25. Kuhn, Loeb & Co., Inc., New York, is the principal underwriter.

Charleston Rubber Co.
16,750 common offered at $17.50 per share by Johnson, Coleman, Manning & Smith, Inc., Charleston, S. C.

First Railroad & Banking Co. of Georgia
$1,048,750 of unsecured 5% convertible debentures due Aug. 1, 1988 offered at 105%, plus accrued interest from Aug. 1.

Forst (Alex.) & Sons, Inc.
100,000 common offered at $5.50 per share by Arnold, Wilkens & Co., New York.

Intra State Telephone Co.
8,983 common being offered for subcsription by stockholders at $100 per share, on the basis of two new shares for each five held of record Oct. 21. Rights will expire Dec. 16. No underwriting is involved.

Shaker Properties
180,000 shares of beneficial interest being offered at $15 per share by McDonald & Co., Cleveland.

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.

★ **Atlantic Coast Line RR. (11/20)**
Nov. 4, 1963 it was reported that this road plans to sell $3,390,000 of equipment trust certificates due Dec. 1, 1964-78. **Office**—220 East 42nd Street, New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Nov. 20 (12 noon EST), at above address.

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)**
Oct. 31, 1963 the company stated that it plans to sell $75,000,000 of first and refunding mortgage bonds, due Dec. 1, 1993. **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.

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. **Business**—Manufacture of seat belts, business machine parts and parachutes. **Proceeds**—For expansion, loan repayment and working capital. **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.

★ Livingston Oil Co.
Nov. 6, 1963 it was reported that the company plans to file a registration statement shortly covering an undisclosed number of common shares. **Business**—Exploration and development of oil and gas properties. **Proceeds**—For expansion. **Office**—210 Mid-Continent Bldg., Tulsa, Okla. **Underwriters** — Hayden, Stone & Co., Inc., and Shearson, Hammill & Co., New York.

Long Island Lighting Co.
Aug. 29, 1963 the company announced plans to issue $25-to-$30,000,000 of first mortgage bonds in each of the years 1964 to 1968 inclusive, to help finance its $285,-000,000 5-year construction program. **Office** — 250 Old Country Rd., Mineola, N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); W. C. Langley & Co.

Louisiana Power & Light Co.
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.

★ Powr-Pak, Inc.
Nov. 4, 1963 it was reported that the company plans to file a registration statement covering 1,000,000 of convertible debentures. At the same time, certain stockholders plan to sell 125,000 outstanding common. **Business**—Manufacture of various types of aerosol products. **Proceeds** — For loan repayment, and working capital. **Address**—Bridgeport, Conn. **Underwriter**—S. D. Fuller & Co., New York.

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 Systems, Inc. (11/22)
Oct. 30, 1963 it was reported that the ICC had authorized the company 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. 22. Rights will expire Dec. 6. **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 re-

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payment 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.

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) (11/7)

Oct. 23, 1963 it was reported that stockholders voted to increase 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.

Dealer-Broker Recommendations

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ments on **Yuba Consolidated Industries, Financial Corp. of America** and **Portland General Electric.**

General Motors—Comments—Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005.

General Motors—Comments—Coggeshall & Hicks, 50 Broadway, New York, N. Y. 10004.

Gillette Co.—Report—Edward D. Jones & Co., 300 North Fourth Street, St. Louis, Mo. 63102.

Inland Natural Gas—Comments—Gairdner & Company Limited, 320 Bay Street, Toronto 1, Ont., Canada.

International Mineral & Chemicals—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004. Also available is an analysis of **Transcontinental Bus System.**

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

Massey Ferguson—Comments—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Armstrong Cork, Ford Motor of Canada, Foxboro Co., Timken Roller Bearing, Caterpillar Tractor,** and **Philadelphia Electric.**

Massey Ferguson Ltd.—Survey—Abraham & Co., 120 Broadway, New York, N. Y. 10005. Also available is a survey of **Pennsalt Chemical Corp.**

Maust Coal & Coke Corp.—Analysis—Gerstley, Sunstein & Co., 211 South Broad Street, Philadelphia, Pa. 19107.

McLouth Steel Corp.—Analysis—Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005.

Murray Ohio Manufacturing Co.—Analysis—Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga. 30301.

Old Line Life Insurance Company of America — Analysis — Gordon, Kulman Co., 50 Broad Street, New York, N. Y. 10004.

Ormont Drug & Chemical Co.—Report—Havener Securities Corp., 111 Broadway, New York, N. Y. 10006.

Pacific Homes—Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis. 53095.

Paddington Corp. — Report — Scheinman, Hochstin & Trotta, 111 Broadway, New York, N. Y. 10006.

Sinclair Oil—Comments—Evans & Co. Incorporated, 300 Park Avenue, New York, N. Y. 10022. Also available are comments on **Ingersoll Rand, Minnesota & Ontario Paper, Johns Manville, Pittsburgh Plate Glass, Armco Steel, Woolworth, Philip Morris, Youngstown Sheet & Tube** and **U. S. Rubber.**

Steel Co. of Canada Ltd.—Analysis — C. M. Oliver & Company, Limited, 821 West Hastings Street, Vancouver 1, B. C., Canada.

Swank, Inc.—Analysis—Bell & Farrell Inc., 119 Monona Avenue, Madison, Wis. 53703.

Union Carbide Corp. — Analysis — Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005.

Wall Street Transcript — Full original texts of brokers comments and reports reprinted and cross-indexed—Current issue $1 —Wall Street Transcript, Dept. 928, 54 Wall St., New York, N. Y. 10005.

Walter Reade - Sterling Inc. — Analysis—Van Alstyne, Noel & Co., 40 Wall Street, New York, N. Y. 10005.

Green, Erb Adds

CLEVELAND, Ohio — Irwin S. Payton has been added to the staff of Green, Erb & Co., Inc., The Superior Building, members of the Midwest Stock Exchange. He was formerly with Morrow & Co. and Prescott & Co.

NYSE Comments On Margin Rise

A spokesman for the New York Stock Exchange, has issued the following comment on the Federal Reserve Board's action Tuesday in raising margin requirements:

"The Exchange is fully aware of the responsibility of the Federal Reserve Board for maintaining healthy credit conditions in the economy. But the Exchange does not believe that the current level of securities credit warrants such substantial steps as those taken by the Federal Reserve yesterday.

"The latest figures on securities credit, issued monthly by the Exchange, show that such credit is generally in line with the growth in the number and value of shares listed. Securities traded on the New York Stock Exchange include many issues which were previously traded over-the-counter and on which broker/dealers could not extend credit to their customers. At the end of September, the amount of credit extended to customers by member firms of the Exchange was $5.3 billion, or 1.35% of the market value of all shares listed on the Exchange at that time. This percentage has remained within a narrow range since World War II. Moreover, the market value of collateral in margin accounts was approximately $16 billion at the end of September, or about three times the amount of the credit.

"In the past decade, the number of shares listed on the New York Stock Exchange has grown from about three billion to more than eight billion. The value of these listed shares has increased from $117 billion at the end of 1953 to about $400 billion today."

Trust Division Elects Officers

Edward J. Veitch, Vice-President of Irving Trust Co., New York City, has been elected Chairman of the Trust Division of the New York State Bankers Association. He recently served as Chairman of the Trust Estate Committee, Trust Division.

By his election, Mr. Veitch becomes a member of the Council of Administration — the Association's official governing body. He succeeds Thomas E. McFarland, Vice-President and Senior Trust Officer of The Lincoln Rochester Trust Co. of Rochester.

The election took place at the Seventeenth Annual Trust Conference of the Trust Division of the New York State Bankers Association at the Hotel Manger in Rochester. The Trust Division represents all the active trust departments of banking institutions in New York State.

Eugene H. Morrison, President of the Orange County Trust Co., Middletown, was elected Vice-Chairman.

Delegates also elected the following three men to serve as members of the Trust Division's Executive Committee for terms of three years:

Claude F. Shuchter, Executive Vice - President, Manufacturers and Traders Trust Co., Buffalo.

Howard C. Judd, Vice-President, Morgan Guaranty Trust Co., New York City.

Joseph B. Koechel, Vice-President, Bank of New York, New York City.

Joins Lakeland Secs.

MADISON, Wis. — Richard J. Goglio has joined the staff of Lakeland Securities Inc., 1438 North Stoughton Road.

TAX-EXEMPT BOND MARKET

Continued from page 6

also for a 3.85% coupon, was submitted by B. J. Van Ingen & Co. and Newburger, Loeb & Co.

Other major members of this group are Dominick & Dominick, American Securities Corp., J. C. Bradford & Co. and R. D. White & Co.

Reoffered to yield from 2.60% in 1965 to 3.80% in 1985, the present balance in group is $383,000. The 1986 to 1990 maturities were sold pre-sale.

There were no sales of importance last Friday (11/1), or on Monday or Wednesday of the Current week.

Major Transactions

The largest sale of this week involved $31,000,000 Oklahoma Turnpike Authority, Eastern Turnpike Revenue term (2003) bonds. The account led jointly by *Merrill Lynch, Pierce, Fenner & Smith, Allen & Co., White, Weld & Co., John Nuveen & Co., B. J. Van Ingen & Co.* and *Leo Oppenheim & Co.* purchased this issue through negotiation from the Turnpike Authority. This issue consisted of $21,000,000 4¼% Series A bonds and $10,000,000 5% Series B bonds which were offered at 100 and were immediately sold out.

Other major members of this account include Bache & Co., J. C. Bradford & Co., Inc., Alex. Brown & Sons, C. J. Devine & Co. and others.

Proceeds of this sale will be used to finance a 40.2 mile four lane, divided expressway with fully controlled access from the junction of Interstate 40 and the Henryetta East by-pass southeasterly to a connection with U. S. Route 69, five miles from McAlester. The continuum is from Tulsa to the southeast (Texarkana-Shreveport).

Also, on Wednesday, a group headed by *Banco Credito, Phelps, Fenn & Co., Ira Haupt & Co., Dean Witter & Co.*, purchased $9,530,000 of various municipalities of Puerto Rico Public Improvement Bonds of 1963, maturing serially from July 1, 1964 through 1983, comprised of $500,000 municipality of Aguadilla, $3,240,000 municipality of Bayamon, $2,350,000 municipality of Carolina, $2,000,000 municipality of Guaynabo, $840,000 municipality of Mayaquez and $595,000 municipality of Ponce.

The bonds were publicly offered at prices to yield from 2.25% out to 3.60%.

Bonds maturing 1974 through 1983 of Bayamon, Guaynabo, Mayaquez and Ponce were not reoffered.

Unsold balance at close of business yesterday was $3,300,000.

Market's Status

As we close this short commentary the state and municipal bond market appears to have turned exceptionally quiet. The increase in stock margin requirements appears to have thrown some scare into the municipal bond people. With commercial bank buying abruptly diminished, and with long-term Treasury issues groping into new low ground, the bond market atmosphere is temporarily, at least, very blue.

On the brighter side, bond men may balance these considerations with the knowledge that the total volume of bond financing for the remainder of the year will not be especially voluminous. With the Treasury requirements more or less settled for 1963, and with corporate and municipal bond calendars of moderate proportions, there would appear to be no serious technical pressures on the near-term bond market.

Investors Clinic For Women to Be Held Nov. 12

Richard H. Paul, chief counsel for the SEC Study of Security Markets, and Kathryn Granahan, Treasurer of the United States, will address the all day Sixth Annual Woman Investors Clinic sponsored by the Federation of Women Shareholders in American Business, Inc. at the New York Hilton Hotel, Nov. 12.

Wilma Soss

Lecturers include: William F. Butler, vice-president and director of economic research, Chase Manhattan Bank on the economic and business climate. The climate for the dollar and common stocks versus gold will be covered by Dr. Franz Pick, publisher "Pick's World Currency Report" now in Pakistan. Dr. Edith Waters, senior research analyst for the Tax Foundation and David Boyd Chase, senior partner, J. K. Lasser and Co., who is adjunct Professor of Taxation, New York University, will discuss the tax climate and investment planning.

The afternoon session will be devoted to changes in the Wall St. climate and the social and economic climate for women. Edmund Tabell, chartist and vice-president, Walston and Co., New York City, will discuss the perennial topic: "Are Stocks too High?" Lucien O. Hooper, who insists on the identification CFA (chartered financial analyst), and who is director of research for W. E. Hutton & Co., and former president of the National Federation of Security Analysts will discuss common stocks NOW.

The early bird session will be devoted to updating estate planning. Lecturer: Rene A. Wormser, senior partner, Wormser, Koch, Kiely, Allesandroni author of some ten books and an authority on foundations.

Question and answer periods will be a feature of the clinic.

Wilma Soss, president of the Federation of Women Shareholders in American Business, Inc. will chairman the afternoon session. Mrs. Beatrice Kelekian vice-president, and former observer to the United Nations will chairman the morning session.

Tickets: $12 for non-members. Men escorts welcome. Proceeds go toward eliminating financial illiteracy among women.

Splaine & Frederick Add

MILWAUKEE, Wis. — Walter A. Richardson has become affiliated with Splaine & Frederick, Inc., Cudahy Tower. He was formerly with The Milwaukee Company and Raymond J. Plunkett & Co.

NASD Announces New Exams For Principals of Member Firms

The National Association of Securities Dealers has announced that a completely new qualification examination, designed exclusively for principals and officers of member firms will be put into effect on Dec. 1, 1963, at the Association's 69 test centers.

The new Qualification Examination for Principals must be taken, in general, by all applicants new to the securities business who are to be principals, partners or officers of NASD members. The examination will be given to prospective principals in place of the NASD Registered Representative Examination.

The new, four-hour test consists of objective and short-answer, essay type questions dealing with those fields of knowledge that must be understood by individuals in positions of authority, policy making, or supervision in the securities business. Included in the examination will be questions requiring the analysis of sample financial statements of an industrial corporation and investment companies.

The new principal examination also covers among other things certain SEC rules on record keeping, net capital, hypothecation of customers' securities and the Statement of Policy on sales of investment company shares. NASD rules regarding supervision of salesmen, and the Uniform Practice Code are also included.

A Supplemental Study Outline for the Qualification Examination for Principals, containing additional topics not found in the Study Outline for the Registered Representative Examination, is now available from the Association, 1707 H St., N. W., Washington, D. C. Applicants preparing to take the Examination for Principals should use both the Study Outline for the Registered Representative Examination and the Supplemental Study Outline.

The NASD Training Guide released on Aug. 29, 1963, will also be found to be a valuable aid in studying for the Examination for Principals.

Candidates for registration as a partner, officer or sole proprietor will not be qualified by the NASD to assume managerial or selling functions until they have passed the Examination for Principals. In the event an applicant fails the test but his capital is needed by his firm, the applicant may request "limited partner" status. Under such circumstances, however, the "limited partner" may not participate in the managerial or selling activities of his firm until he has passed the Examination for Principals and becomes a "full partner."

The NASD is a national self-regulatory association with 4,500 member firms who deal in over-the-counter securities. The Association gives examinations and registers securities salesmen of its members. At present there are more than 90,000 representatives registered by the NASD.

Two With Disbro

CLEVELAND, Ohio — John C. Bartell and George R. Tenbusch have become associated with Disbro & Co., Superior Building. Both were formerly with Morrow & Co.

Shaker Properties Stock Offered

McDonald & Co., Cleveland, is offering publicly 180,000 shares of beneficial interest in Shaker Properties at $15 per share. Net proceeds will be used for investment, principally in the Shaker Square properties in Cleveland.

The company, headquartered at 1857 Union Commerce Building, Cleveland, was organized in Ohio on June 26, 1962 and plans to qualify as a real estate investment trust under Sections 856-858 of the Internal Revenue Code.

Now Proprietor

SEATTLE, Wash.—John K. Piper, formerly a partner in Herrin Co., 1117 Second Ave., is now sole proprietor of the firm.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — A new bill aimed at curbing unfair competition by the Federal Government with private enterprise was tossed in the hopper a few days ago by the assistant Republican leader in the Senate.

The measure by Senator Thomas H. Kuchel of California provides more aid and strength to a pending similar measure introduced earlier in the year by Senator Wallace F. Bennett, Republican of Utah.

Senator Kuchel maintains there is a constant trend in our ever-growing Federal Government to minimize, and in some cases even abolish the competitive system. Senator Bennett insists that something should be done to curb Government competition and he is trying to rally support for his measure.

The Bennett proposal has some solid backing, as well as some opposition. The opposition comes from the Bureau of the Budget and the Department of Defense, two powerful branches of the Executive Department.

The Barge Line Sale

It was during the Eisenhower Administration that the then Secretary of Commerce Weeks made some headlines, particularly on the financial pages and in business columns, with the sale of the Federal Barge Lines to private enterprise. At the time there was hope that other similar sales would be made by the Government, because the barge line sale was worthy of note.

Since the sale of Barge Lines, Congressional sources estimate that the Government has made new investments in business by at least a couple of billion dollars. However, there has been a substantial offset in this figure by the sales of plants by the Department of Defense. There are no immediate figures available on these totals, but it is a large sum.

Some Congressional sources say the United States Government has as much as $150 billion invested in businesses and services that compete with private enterprise.

Under Study

No hearings have been conducted on Senator Bennett's bill, but the Senate Committee on Government Operations has received requests for hearings or communications expressing interest in the proposal. Because of the renewed interest in the legislation, Senator John L. McClellan, Democrat of Arkansas, the committee chairman directed a comprehensive staff study of the situation under the direction of Dr. Eli E. Nobleman.

The bill is designed to establish a national policy, compatible with national security and the public interest, to get the Federal Government out of the competitive field as much as possible because of the detriment to the private enterprise system. There are some areas of course where it is necessary for the Government to perform some manufacturing in security areas, but this admittedly is very limited.

In addition to Chairman McClellan, Senator Bennett has as co-sponsors of his bill Senator Harry F. Byrd, Democrat of Virginia; Strom Thurmond, Democrat of South Carolina; Karl Mundt, Republican of South Dakota, and John G. Tower, Republican of Texas.

No Action This Year

The proposal by Senator Bennett is not new by any means. Similar measures have previously been introduced, but even if they did not make much headway along the legislative channels, they served a good purpose.

It is certain that the bill will not get passed by the Senate this year, but it will be alive when the second session opens in January. A bill is technically alive for two years in Congress, although such a measure might still be in committee. As an example, a measure introduced in the first session of the existing 88th Congress is alive until the new 89th Congress opens in January, 1965.

Over the years various Congressional committees have conducted hearings and have had studies made of the Government competition. Likewise some studies have been made by the executive branch of the Government in the broad area. In 1954 the executive branch launched a comprehensive Government-wide study for the purpose of either terminating or reducing such competition. The Senate Small Business Committee has maintained surveillance over this program.

Government's Philosophy

Although considerable progress has been made, it is certain that there are numerous activities that the Government should abandon in favor of private enterprise. At the same time it must be conceded that there are some areas concerning national security and public interest where activities should be conducted by the Government.

While the Kennedy Administration has some high powered drum beaters for more and more public power, the official anti-competition policy of the Administration is contained in the Bureau of the Budget Bulletin 60-2.

The policy declares that "the Federal Government will not start or carry on any commercial-industrial activity to provide a service or policy for its own use if such product or service can be procured from private enterprise through ordinary business channels," unless it is found advisable in the public interest.

The legislation recommended by Senator Bennett and his cosponsors would establish no new organization or structure and would not confer on the President or the Executive Branch department or agency officials any authority they do not now possess.

Purpose of Bill

The Senate Government Operations Committee report declares that the principal effect of enactment of the Bennett bill would be to provide a policy declaration of Congress concerning Government competition with private business; statutory procedure for the receipt and examination by the Secretary of Commerce of complaints from private enterprise, relative to Federal competition, and negotiations with department and agency heads, and procedures and limitations on executive branch departments and agencies involving the commencement of any new business.

Opposition to the measure by the executive branch is expressed on the ground that the legislation is unnecessary, because the policy of the White House is absolutely against starting any new business in competition.

There are many Government-owned facilities including shipyards, and plants operated under private contract. A study several years ago showed that the Government manufactured paint, ice cream, lumber, ammunition, clothing, electric power, fertilizer, furniture, maps, flags, among other things.

Government's Primary Function

Numerous arguments have been presented as to why the Government should abandon its competition with private business. In the first place it has long been recognized that it costs Government substantially more to do business than a private firm. It is an old argument that if private business operated business like the Federal Government, private business would soon go broke.

The major arguments are that private enterprise is deprived of business which it should rightfully have; taxpayers money is being used to finance competing activities, and the Federal Government as well as local and state governments are being deprived of the revenues that should be going into these channels. Furthermore, the paramount reason for a government is to govern, and not to get in business.

On the favorable side of the picture it should be pointed out that the Defense Department has sold a number of industrial plants during the past year, and others are expected to be sold. More than 50 Department of Defense industrial plants were up for sale to private industry for the past year or more. Nevertheless, the Pentagon still has control of scores of other plants.

The No. 1 argument for our Government to command control of some of our national defense area plants is to avoid the disclosure of highly classified information. Perhaps nearly all Americans will go along with that contention.

[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.]

"The 1964 political conventions should boom air conditioning stocks—think of how many machines they'll need to blow away all the hot air!"

Forms Iowa Bank Sales

CARROLL, Iowa—John J. Juergens is conducting a securities business from offices at 616 McCoy Drive under the firm name of Iowa Bank Sales.

COMING EVENTS

IN INVESTMENT FIELD

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.