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EDITORIAL

As We See It

It is in a way strange that all the current discussions about taxes, larger public outlays for health care for the aged, and the repeated allegation that large deficits are essential to full economic growth—all have not brought the matter of social security and the manner in which it is financed more clearly into the limelight. Or at least it would be strange if understanding of financial matters were more widespread and consistency were the rule in political quarters. Levies on the employed and their employers have been rising and are exacted from a larger part of the wage and salary earners now than in years past—a rising rate of taxation rather than the relatively stable rates which are the target of the proponents of tax reduction. Yet despite the now very large collections of social security taxes, or contributions if one prefers, almost a billion and a half dollars were paid out in 1962 (the latest figures available) over and above all income of the so-called fund. This excess of outpayments has been the rule for a very substantial number of years even if interest on fund investments—which is income to the fund but not to the Treasury—is included.

It is thus very clear that the social security system has been contributing handsomely to the highly beneficial deficit which the powers that be now wish to increase for the sake of promoting public welfare and economic growth. This is a fact which apparently is not always well understood in political circles since present schedules call for a continued increase in the rate of social security taxes. In fact, Washington experts, who have much greater ability to look into the seeds of time than we can ever hope to have, seem to feel that with the presently planned increases in social security taxes the trust fund will have accumulated (Continued on page 20)

Is Inflation Dead—Or Disguised As in the Days of the 1920's?

By Robert Van Cleave,* *Senior Vice-President, C. F. Childs and Company, New York City*

Investment banking authority and author of his firm's well known weekly "Review" charges inflation has been taking place despite price level's stability. He relates the inability of prices to decline in the face of excess capacity and of extraordinary savings-growth to an easy money policy fostering of enormous bank credit expansion; draws a deadly comparison with deceptive events of the 1920's; and points out that the failure to include the large rise of time deposits in money supply definition beclouds extent of today's financing of investments by bank credit in lieu of savings.

A great deal has been said and written about the absence of inflation in recent years. Indeed, highest authorities have assured us that inflation is not only dead, but buried, and beyond any possibility of being revived. This comfortable view has been based upon the existence of unemployed resources, of men and machines and plant; upon "competition" among producers for shares of the existing markets, and upon savings.

Robert Van Cleave

By inflation in this context they mean stability in the official commodity price indexes. Proponents are able to point to a chart exhibiting trends in the BLS wholesale commodity price index, which unquestionably has followed a horizontal course since 1957, and demand triumphantly to be told, "Where is the inflation?"

It is not too strong an assertion if one says that, in fact, people of this mind see inflation itself as nothing more or less than a rise in the price indexes. From this it follows logically that if, by any means whatever, the indexes can be prevented from rising, then inflation does not exist. Thus price controls, to the extent they can be enforced, are an effective barrier against inflation. The evidence of this thinking is in recent official pronouncements, to the effect that the spate of price advances in steel, aluminum, glass, lead, zinc, paper, and many fabricated products using these materials, are being watched with concern. So far, these are not necessarily "inflationary," but if the trend grows and spreads, we are to understand, the higher prices themselves will become inflationary. Clearly implied in this is the threat of formalized price controls, similar to those nominally in effect during war-time—not merely the social suasion embodied in a presidential TV blast at greedy steel producers, or in a Federal grand jury investigation.

Those holding these views are able, with clear consciences, to push by every means possible for easier, cheaper money, and more of it. They see no threat of inflation until the price indexes begin to rise. If the price indexes do not rise, then there is no inflation.

There are three points especially involved here that I should like to discuss. First, is the margin of unused plant capacity inexhaustible? Second, are reported savings real? Third, is it true that inflation cannot exist if only the price indexes remain stable? The first two can be dealt with rather briefly; the third will take a little time.

As business expansion progresses under the spur of easy money, enlarged bank credit, and other forces, the percentage of capacity utilization increases. Easy money ad- (Continued on page 18)

HAWAII FEATURED NEXT WEEK — The economic outlook in the State of Hawaii and the investment opportunities therein will be the subject of a series of articles in next week's issue.

The Security I Like Best...

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

This Week's Forum Participants and Their Selections

Photon, Inc.—Eugene Arnold, Jr., Executive Vice-President, Robinson & Co., Inc., Philadelphia, Pa. (Page 2)

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HUBERT F. ATWATER
Analyst, Wood, Walker & Co., New York City

New York Central 3½s of 1997

Contrary to general belief there is still abroad in the land a small company of thoroughly appreciative "bond fanciers." To such students and investors who seek a well-secured bond protected by a substantial equity in junior securities I recommend the purchase of New York Central and Hudson River Railroad Gold 3½s due 1997. These bonds have now been outstanding 66 years. Their security consists of a first lien on the main line of the system from New York to Buffalo, including the section which extends southward along the Hudson River to St. John's Park. In addition, many valuable pieces of real estate in the Grand Central zone, in the west side of Manhattan Island, and at least one substantial parcel in Buffalo, are held in fee by the New York Central and pledged under this indenture. The fee of the Grand Central Station and several adjoining plots is held by the New York and Harlem, but since the latter is leased to the New York Central the revenues from all of this real estate contribute to the security of these bonds. It is now estimated that the rentals from the real estate held contribute a net revenue approaching $4,000,000 per annum.

In my study of the debt structure of the New York Central System ("Chronicle" of Aug. 4, 1949) I pointed out that it had long been a practice of the management to protect the equity of the shareholders in one of the best ways possible, namely, the rapid retirement of debt. The New York Central and Hudson River 3½s originally outstanding in the amount of $94,000,000 have been reduced since Jan. 1, 1958 to less than $84,000,000.

The advance in the art of railroad operation has made it possible for the New York Central to improve its services and at the same time dispose of extraneous real estate holdings, substitute centralized traffic control over a large part of its main line in the State of New York, thus eliminating a part of the four track system. As funds have been received from the sale of property no longer needed for railway operation they have been deposited with the trustee of this mortage and released first for the further improvement of the mortgage property, and secondly for debt retirement.

At their present price of less than 70 these bonds afford a current income of more than 5% and a yield to maturity of 5.60%.

I submit, that these bonds possess an unusual degree of security and afford a return which is not easily to be found.

EUGENE ARNOLD, JR.
Executive Vice-President, Robinson & Co., Inc., Philadelphia, Pa.

Photon, Inc.

It would be much easier (and perhaps safer to report on a prominent, successful company, but I feel that this column offers the opportunity to report on an unknown or overlooked situation which contains the ingredients which could make it tomorrow's success story. There have been two basic innovations in the field of type-setting which have contributed largely to the growth of the printing industry. The first was Gutenberg's movable type and the second was Mergenthaler's Linotype machine. I believe that photographic type composition is a third basic innovation and that Photon has the best approach and equipment. I also believe that this situation contains the essential ingredient of good management which will guide the company to the leading position in its field.

Photon manufactures and sells photographic typesetting and composing machines which eliminate the use of conventional typesetting methods and equipment. It produces optical images on photographic materials from which mechanical printing plates can be made. Inside the Photon machine is a whirling matrix disk with characters set in it. Every time a character is punched on the keyboard (standard electric typewriter keyboard), a beam of light shoots out at the proper instant, catches the proper character as it whirls by, and projects it on to a moving roll of film. Thus it eliminates the pouring of hot metal in setting type and results in the saving of time, space and money. The Photon machine's flexibility is shown by its ability to compose with 16 different type faces in 12 different sizes, to produce 192 different sets of characters on one disk which costs around $2,000. Molds for a type casting machine to do a comparable job would cost thousands of dollars more and weigh around two tons. The most striking example of speed and versatility of the Photon machine is in its application for producing display advertising in newspapers. By conventional methods it is said to take one day to set one page of display advertising for a daily newspaper. With a Photon machine, this is done in 55 minutes. There are other types of photocomposition, but Photon's is unique.

From this original machine (the 200 series) other applications and even more "romantic" concepts have developed. In November, 1961 the company introduced the 500 series which consists of a photo unit with a tape reader so that it can be operated with varying desired capabilities by any of several commercial perforated tapes, such as teletypesetter, monotype or flexwriter. Machines in this series are designed to operate as part of computer systems which have broad potential applications.

The Photon 900 series bearing the name "Zip," has created much interest because of the machine's speed of over 450 characters per second and its capability to serve as the quailty print-out for computers produced by various important manufacturers for the graphic arts. To quote from a recent article on automation which appeared in *Life* magazine: "Zip links the old model T semi-automated photographic typesetting principle to computers capable, when so instructed, of remembering, selecting and giving orders. The result is a device which can set type at the rate of 450 characters a second while, at the same time, revising and updating such rapidly changing material as telephone books. Zip is roughly 50 times faster than the best previous man-machine combinations for doing the same thing. Zip could reset the entire Manhattan telephone directory, all 1804 pages of it, in just 29 hours and 43 minutes." In 1962, the company was awarded the contract to produce the print-out system (being built around the Zip machine) for the Med-Lars project (National Library of Medicine of the Department of Health, Education and Welfare). It is now undergoing tests prior to its delivery to General Electric, the prime contractor for the project which is expected to be in complete operation by Jan. 1, 1964.

The company has not shown a profit since its inception under its present name in 1950. Sales of its machines were partially inhibited by the lack of financial stability as prospects would think twice before spending $50,000 (a series 200 machine) with a company which might not be in business next year. In spite of this, the price range of the shares was 54 high and 10 low during the period 1951 through 1959. In view of the unfavorable results, the relatively high price of the shares underscore the confidence in the product which shareholders and others familiar with it maintained throughout this period.

In 1960, new management came in and put a considerable amount of their own money in the company to keep it in business. There was a "financial housecleaning" in which inventories that were obsolete or slow moving were written off, certain accounts receivable were charged off, and obsolete and other assets were sold at substantial loss. In the face of a loss of $2.82 per share in 1960, the management offered the stockholders debentures (convertible at 5) in the amount of $1,000,000 in December, 1961, and to their great credit, were successful. A loss of $2.67 per share in 1961 was followed by a loss of $0.03 in 1962. Although the first seven months of 1963 show a loss of $365,000, the company feels that it is possible that the final five months of 1963 could be profit-

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

Current Policy Trends In Pension Fund Investment

By John G. Heimann, Manager, Pension Fund Investment Department, Smith, Barney & Co., New York City*

Study reveals investment policies being pursued by pension fund managers in managing the two basic categories of their investment portfolio — i.e., "fixed-income and variable-income" investments. Observations made include: leveling-off in the percentage of new money committed to equities compared to dramatic increases that set in after the mid-1950's; trend away from the across-the-board investment on a formula basis to a greater degree of selectivity; tendency to direct cash flow to investment with greatest profit potential and to invest in smaller quality companies with superior earning growth rate; questioning of the need for marketability accompanying the realization that the pension fund possesses great inherent flexibility permitting keeping up with economic and market developments.

We are all well aware that the statistical data available to the general public on the current trends in pension fund investment is sketchy. The Securities and Exchange Commission releases an annual tabulation on Corporate Pension Funds providing information on their investment diversification, the approximate rate of return experienced and an indication of the investment flow of contributions between the major classifications of securities. In addition, the U. S. Department of Labor has just begun to release some of its findings as a result of the information collected by the Office of Welfare and Pension Plans established by the Welfare and Pension Plan Disclosure Act of 1958. The latest publication, **The 100 Largest Plans, 1959-61,** makes interesting reading though, unfortunately, the facts presented by the Department of Labor are not comparable to the information provided by the SEC, since the former covers all reported plans, whereas the latter is concerned only with the corporate-managed retirement funds. However, all of this information provides an interesting framework within which one can view the investment habits and judgments of many retirement funds.

John G. Heimann

Having noted the lack of reliable statistics, let me introduce the subject by outlining our sources of information. In brief, my firm deals with a large number of self-insured retirement funds across the country, including unilaterally managed corporate funds, union-management or bi-partite funds, and state and local retirement funds. In general, these funds all use some type of investment advisory service and, accordingly, because of our contact with the funds themselves we are exposed to the investment thinking of many banks, independent investment counsellors, and the investment managers of the larger self-administered funds. Our observations of trends and investment techniques are necessarily limited in exposure, though we believe that they are as broad as any available from a private source. We believe that our exposure is of sufficient depth to be indicative of the investment thinking of pension fund investment managers.

We, in terms of total portfolio diversification, observe a general trend; namely, a leveling in the percentage of new money commitment to equities compared with the rather dramatic increases in this type of investment since the mid-1950s. The SEC reports that the common stock investment as a percentage of net receipts received by pension funds showed the following trends for the past five years:

Year-End	Net Purchases of Common Stocks as % of Net Receipts
1962	54.3%
1961	55.3
1960	50.4
1959	49.5
1958	43.0
1957	36.5

This increase in common stock commitment has led to an inevitable result: at the end of 1962, Corporate Pension Funds reported common stocks as 38.7% of their total book value and 46.5% of total market value. In our opinion, and surely the SEC statistics confirm it, investment in equities has leveled around 50% of net receipts. We expect this to continue unless dramatic changes within our economy force a reevaluation of this policy. We foresee no such dramatic reevaluation on the horizon right now.

Our discussion of current trends, therefore, will concentrate on the investment policies applied by fund managers to their portfolios within the basic categories of Fixed-Income Investments and Variable - Income Investments. The percentage distribution of assets between these two funda-

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OBSERVATIONS...

BY A. WILFRED MAY

THE SWITCHING HOUR—REALISM NEEDED

Issue to issue switching for tax-reducing purposes, so widely advocated at this season, is fraught with investment fallacies as well as illusions tax-wise.

Selling an issue to register a tax loss, at an otherwise depressed market price that takes into account all the adverse investment factors, is rationalized on the basis of subjective investment needs. Thus, a booklet currently published by one of the popular brokers services sweetens the process of selling at depressed levels by suggesting that the security is "no longer right for you and your objectives. If the changing position of companies, or even the course of securities markets, has made some of your holdings less sound for you, now is the t i m e to set your list in order. If individual holdings or groups of holdings no longer fit your investment goals, you should not delay in becoming actively concerned with securities that do."

And we have the following comment from a house soliciting this tax business: "These issues that are currently down (from 29% to 70%) at the extreme low point of their recent price ranges are obvious candidates for tax selling."

Such fancy verbiage is merely camouflage for saying a stock should be sold because it is down, and irrespective of whether the depressed price already fairly reflects the adverse factors.

The seriousness of the investment disadvantages in selling to establish tax losses is highlighted in the listing of pairs of issues arranged according to price similarity, with the exhortation to switch either of the two ways; that is, from the one or the other of the two issues you happen to own, to the one you don't own.

Postponement vs. Extinction

Despite the reality of bird-in-hand psychology, it should be borne in mind that indiscriminate issue-to-issue switching too often is *postponement* rather than permanent extinction of your capital gains tax bill. This is so because of your becoming saddled with an equivalently reduced cost basis on your new investment.

If your new issue rises in accordance with the assumptions, you will ultimately be involved with a proportionate taxable gain.

Also, a potential source of illusion is one's failure to calculate, or else to gloss over, the dollars and cents cost of a switching operation; entailed in brokerage commissions, and transfer taxes; and *leakage* involved in the prices secured in the actual transactions; which tend to reduce the tax-saving unless the registerable loss is sizable.

For example, the expenses in selling and buying stocks, with a par value of $100, selling at $50, total $98—thus necessitating the taking of a minimum loss of four points merely to break even.

This is not to disregard the advantages to be gained from "accepting losses." If substantial losses are disregarded, the dollars to be immediately parted with next April 15 will be greater; the taxpayer will have less dollars to work with; and if genuine investment-motivated losses are taken subsequently when there are no profits around to be offset, an ultimate net increase in the tax bill may result.

But the implications of indiscriminate switching s h o u l d be fully realized!

* * *

OVER-OPTIMISM ON BALANCE OF PAYMENTS

A word of caution is in order in assuming that the substantial reduction in this country's balance of payments deficit in the third quarter will last. It fell to $1.54 billion, versus $5.1 billion in the second quarter and $3.6 billion in the third quarter last year. But it was almost entirely due to the effects of the proposed "interest equalization" tax on United States' citizens' purchases of f o r e i g n stocks and bonds, with its retroactive provision, which is now before the Congress.

From an outflow through net purchases of foreign securities of $52 million in the second quarter, the dollar exodus in the third quarter from this source fell to practically nothing. Similarly, the purchases of new foreign issues totaled only $175 million against $520 million in the second quarter.

As pointed out by Robert V. Roosa, Under Secretary of the Treasury for monetary affairs, even passage of the interest equalization measure will not thus pinch off the market for foreign securities. This is particularly so with foreign borrowers' evidenced difficulties in getting their money elsewhere.

* * *

QUOTATIONS OF THE WEEK

Contradictory versions of the Special Study of Securities Markets and the industry's attitude thereto, by Richard H. Paul, General Counsel; and Milton H. Cohen, Director of the Study By Mr. Paul, November 12 before the Federation of Women Shareholders.

"In the first place, I would like to enter my personal demurrer to the statement in Chairman Cary's transmittal letter to Congress in which he said that the Report was not 'a picture of pervasive fraudulent activity,' and to note again the comment of the *London Economist* to the effect that the characterization w a s 'more politic than accurate.' One may quibble, perhaps, over the meaning of the words 'pervasive' and 'fraudulent,' but one cannot blink the fact that with a relatively modest staff and appropriation the Study turned up instance after instance of highly questionable conduct in the securities markets, carried on not alone by the marginal element of boiler-room operators and the like, but within branch offices of our largest, most respected and most influential securities firms.

"In my view the Commission's transmittal letter was largely responsible for the frequent description of our Report as 'mild'—a characterization which I think unfortunate not only because I regard it as unfair to the Report but also because I feel it will have an unwarranted and adverse effect on the prospects that the Study's recommendations will be carried out.

"The Commission has evidenced a considerable tendency to rush to groups of industry leaders for consultation. Certainly the Commission should not act in ignorance of the views and problems of the industry, and cooperative endeavor is essential to self regulation and a commendable thing. However, the Commission is no more immune than any other administrative agency to the danger of becoming a captive of the industry which it is charged with regulating."

By Mr. Cohen, Nov. 13, before the Bankers and Brokers Division of the American Jewish Committee Institute of Human Relations:

"The Study concludes not that any of the basic market or regulatory institutions should be drastically reconstituted, but that improvements s h o u l d be sought where inadequacies or weaknesses or abuses have appeared.

[Sic] "There has been a most impressive display of government-industry cooperation in meeting worthy objectives with which both sides are in full accord."

Railway Equipment Shares Are Headed for Revivification

By George L. Bartlett, Partner, Thomson & McKinnon, New York City

Wall Street expert discerns definite signs of reviving life for the rail equipment industry in view of: (1) actual, or in the making, freight car shortage; (2) rails' improved prospects for long term lease on life; (3) possibility that rails will give up their own car and equipment manufacturing facilities; and (4) rail equipment companies diversification trend lessening their exclusive dependence on railroading. Table provided lists 14 leading rail equipment companies and some salient data concerning them and the author's preferences. Mr. Bartlett envisions a good year for most rail equipments in 1963, yielding 5% compared to 3.2% for industrials, and expects business will be better in 1964 than this year.

George L. Bartlett

Every generation — sometimes oftener than that — stock buyers tend to run in herds toward some objective, be it growth, as recently, or pharmaceuticals, as a few years ago, or oils, as happened in early 1963. In other years, it was rails, in their reorganization days, electronics stocks in their early heyday and so on. Simultaneously, other stocks fell from their pedestals. For example, rails excluding only a few, seemed to have lost their status almost completely and many others, in numerous groups and with new highs reached in the Dow Jones Industrial average, have recovered little of their erstwhile price prestige.

One such group, the strongly financed and once highly regarded railroad equipments, is a case in point. Most of these companies will do better in 1963 than in 1962. Some of them still offer an annual yield of around 5%. Industrials in general give an average yield of a r o u n d 3.2% currently.

Orders for new equipment are being placed in large volume right now and it seems likely that this will continue for some time. Business placed with the railroad equipment companies, it should be understood, is by no means the full story. Some of the roads maintain their own shops and build their own cars; others do their own repairs and rebuilding. Soon after Nov. 1 some figures were released, showing orders in hand by the equipment companies on Oct. 1 numbered around 11,200 cars; the railroads own shops had unfilled orders for 7,200 units. Subsequently placed business probably added another $100 million to the backlog. But there are unquestionable indications that a freight car shortage is either with us now, or in the making. So the expectation is that while 1963 will prove a good year for the rail equipment business, 1964 should be even better.

Diversification Trend

It should be pointed out that few of the railroad equipment companies are today exclusively concerned with railroading. When Pullman was given its choice between remaining in the "parlor car" business or of sticking to the manufacturing activities, in which it was also engaged, it elected to stay in the latter. Subsequently, it acquired Trailmobile, maker of highway truck trailers and M. W. Kellogg, maker of a variety of industrial equipment and designer and builder of chemical, oil and paper plants among others. Pullman, today, is no longer dependent on railway car building, though a substantial part of its income is still derived from that source. Other companies also have swung over to other lines. To mention a few: American Brake Shoe, N. Y. Air Brake, and A.C.F. Industries now make aircraft and guided missile components. Westinghouse Air Brake has substantial interests in electronic research and production; so too has General Signal.

The past few years also have seen considerable diversification in the activities of the car leasing companies. This sub-group, includes such important concerns as General American Transportation, Union Tank Car, A.C.F. Industries, North American Car and Pittsburgh Forgings. Through a natural desire to expand into a broader industrial base and thus modify the highly cyclical nature and effects of contraction in the railroad domination of our transportation system, practically every company in this field has undergone radical changes.

The U. S. has been through this sort of thing before. At the turn of the century, the first great wave of expansion brought into being the first great concentrations of industries and capital. These became the feared and hated "trusts" of that day and generation. World War I laid bare numerous of our industrial deficiencies, but also those of Europe; this phase ended in 1929. Before these lessons were well absorbed, World War II was upon us. Though nearly two decades have passed since it ended, peace has not come and economic theories and practice are as muddled as ever they have been.

We mention these matters because there is much to wonder about in the diversity of effort to create broader earnings bases for established companies. Some of these mergers and purchases really have little relationship to each other and holders of such surviving stocks face testing of management, earning power in times of stress, and financial strength. These considerations are particularly applicable with respect to the rail equipments. It is a highly cyclical industry, as much so as railroading. When business recedes, shipments of bulk raw materials feel it first and as the carriers perceive it they are quick to reduce expenditures. Maintenance is likely to be skimped here and there. Buying of equipment is halted. Some branches of the industry, such as car leasing, are relatively stable because the bulk of their volume is under term leases.

Encouraging Prospects

As the country knows, railroads are enjoying a relatively favorable political climate and several highly important decisions are being eagerly awaited. Also, since late 1962, rail earnings have shown substantial improvement. Arbitration awards in the carriers' work rule changes are due and while the merger trend is strong, results have been slow in developing. Nevertheless, railroads appear to be in for another long-term lease on life, and that on favorable terms. This means that the railway equipment industry is likewise in for another revivification. This combination of stimuli should prove quite potent in promoting a change-over to larger, more specialized freight cars such as covered hopper cars, tank cars tailored to specific needs, special "piggy back" equipment and so on.

There also has been considerable talk in some quarters that rail managements have been questioning the wisdom of their own car building set-ups in the light of the newer requirements. This involves especially some if the big, assets-rich eastern lines, such as the Pennsylvania system. The current situation is one of substantial over-capacity except in years of intense activity which normally would be few. This, of course, would mean removal from the shoulders of the railroads of a heavy burden of expense in difficult times. The manufacture of cars and other equipment is simply not the business of the railroads and it will become less attractive as the years pass. This is an age of specialists. To dispose of such doubtful side-lines would be of considerable help to the industry.

Various tax changes have been put into effect among the railroads since 1956-57 but these constituted a relatively small segment of the roads and did not include the big eastern carriers, since they were not paying much in income taxes. The western and southern roads did benefit.

Favorable Conclusions

Drawing together these several factors, the following conclusions would seem to emerge:

(1) The railroads appear to be on the verge of a new lease on life, but the time of realization cannot yet be predicted.

(2) Railway equipment companies have sharply reduced their dependence on the raidroads for their earnings. This improves their stability and broadens their earnings base to some extent, but leaves them relatively cyclical in nature.

(3) There is a possibility that the railroads will ultimately dispose of their equipment manufacturing activities. Little information on their costs is available but the subject is under study. Effects on the equipment industry could be widespread and beneficial to its stocks.

(4) New, efficient equipment, embracing size, weight and design in cars and freight handling devices, pays off rapidly.

The accompanying table shows the leading companies in the rail equipment field and some salient data concerning them. We think there are some attractive purchases, although the yields in some cases are not necessarily the best that the list affords. Problems of growth in other directions are involved, as well as former and recent performance and tax considerations. Our selections include: American Brake Shoe, Pullman, General American Transportation, Union Tank Car and Westinghouse Air Brake for investment. ACF Ind., N. Y. Air Brake, North American Car appears suitable for capital gains but involve speculative risks.

PRINCIPAL RAILWAY EQUIPMENT MAKERS

	Recent Price	Div.	% Yield	Net Per Share 1963	Net Per Share 1962	Current P/E Ratio
ACF Industries	55	1.40	2.5	2.70	2.11	20.4
Alco Products	23½	0.40	1.7	*2.00	1.05	11.7
American Brake Shoe	50	2.40	4.8	*4.30	4.27	11.6
Amsted Industries	39½	1.60	4.0	2.59	2.51	15.2
General Amer. Transp.	76	2.40	3.1	*3.75	3.41	20.3
General Signal	28½	1.20	4.2	*2.00	1.70	14.2
General Steel Industries	23½	1.00	4.2	*2.35	1.79	10.0
N. Y. Air Brake	29	1.60	5.5	*2.20	2.42	13.4
North American Car	23½	0.80	3.4	*1.45	1.35	16.2
Pittsburgh Forging	21	1.00	4.7	*2.10	1.60	10.0
Poor & Co.	18½	1.00	5.4	*1.50	1.13	12.3
Pullman	30½	1.40	4.6	*1.50	1.23	20.3
Union Tank Car	33	1.60	4.8	*2.25	0.11	14.7
Westinghouse Air Brake	30½	1.40	4.6	*2.20	1.97	13.9

*Estimated.

Haack To Be Pres. of NASD

The Board of Governors of the National Association of Securities Dealers Nov. 20 elected Robert W. Haack of Milwaukee to the newly-created position of President of the association to take effect April 1, 1964.

Robert W. Haack

Mr. Haack is a partner of the investment firm of Robert W. Baird & Company and has been a member of the Board of Governors of NASD for two years. The association said he will be paid $80,000 a year.

His election took place at a special meeting of the Board of Governors in New York. He was proposed for the job by a "Selection Committee" which was given the task of choosing a candidate for the position of executive head of the association when Wallace H. Fulton announced he will retire as Executive Director next April 1. The "Selection Committee" was composed of the following:

Avery Rockefeller, Jr., Committee Chairman, partner of Dominick & Dominick; George J. Leness, President, Merrill Lynch, Pierce, Fenner & Smith, Incorporated; Howard E. Buhse, partner, Hornblower & Weeks; Hudson B. Lemkau, partner, Morgan Stanley & Co., all of New York; Frank H. Hunter, partner, McKelvy & Co., Pittsburgh; G. Shelby Friedrichs, Howard, Weil, Labouisse, Friedrichs and Company, New Orleans; Merl McHenry, partner, J. Barth & Co., San Francisco; George A. Newton, partner, G. H. Walker & Co., St. Louis.

Their recommendation of Mr. Haack was unanimous.

Mr. Haack had previously been nominated by a Committee of the NASD Board to serve as Chairman of the Board of Governors—an unsalaried position — in 1964. His election as President means, the NASD statement said, that he will become Chairman of the Board next Jan. 15, serve in that capacity until April 1 at which time he will become President when Mr. Fulton retires. Mr. Haack will resign as Chairman at the same time. Mr. Haack said he expects to move his family to Washington, headquarters of the NASD, early next year.

Mr. Haack is a graduate of Harvard Business School which he attended under a scholarship provided by Milwaukee alumni of the school. He had attended public schools in Wauwatosa and then graduated from Hope College, Holland, Mich. His first job in the financial community of Milwaukee was as a bank runner. He went to work for the predecessor of his present investment firm upon graduating from Harvard Business School in 1940. His first job was in the analytical Dept.

He enlisted in the Navy in 1942, saw overseas duty in the South-west Pacific with an aviation replacement squadron. Upon release from military service he returned to the investment business in November 1945 and has since been head of the Baird Company trading department, syndicate manager, institutional sales manager and member of the firm's Executive Committee. He was elected an NASD Governor in 1962 and had one more year to serve on the Board. He had previously been a member of the NASD District Committee No. 8 for the three years, one as Vice Chairman of the Committee.

Mr. Haack this year has been Chairman of the National Business Conduct Committee of the association. This Committee reviews all disciplinary cases handled by the NASD's 13 district committees.

Murray Brown With Isard, Robertson

TORONTO, Canada — Murray A. Brown has become associated with Isard, Robertson and Co., Limited, 217 Bay St., and its affiliate, Isard, Robertson, Easson Co., Limited, members of the Toronto, Montreal and Canadian Stock Exchgs. Mr. Brown, who was formerly with Gairdner and Company Limited, is Chairman of the Toronto Bond Traders Association.

Murray A. Brown

Tax-Exempt Bond Market

BY DONALD D. MACKEY

Subsequent to reporting a week ago, further easiness developed throughout the bond markets carrying state and municipal bond prices down by another quarter of a point by Friday's closing. The weekend uncovered no particular bond market negatives and, despite the typically quiet Monday session, the market evidenced less nervousness than has been the case for many a Monday. Although dollar bond quotations were but little better, and retail sales appeared to be of relatively small consequence, the market's tone was better in a more or less vague way.

Generous Yields Available

At Tuesday morning's opening the dollar quoted issues were better in some instances by small fractions and small gains were variously held throughout the session although trading was light. There was little evidence of optimism in the day's events, but there was an inkling of activity that may soon foreshadow a less reluctant attitude on the part of investors to partake of the generous tax exempt bond yields and values currently available in an unusually replete marketplace. The assortment of offerings has rarely been broader.

Despite the slightly better feeling pervading the market the better grade 20-year general obligation bonds are available at higher yields today than they were a week ago and, as a matter of fact, our records show that yields have not been as generous since early Feb., 1962.

The Commercial and Financial Chronicle's yield Index averages out at 3.13%. A week ago the high grade 20 year bonds involved averaged out at 3.114%. Thus the market was down about three-eighths of a point on the offered side in the course of the week. This further weakness developed early in the period and partly generated the investor interest that has contributed to the alleged "better market tone."

More Meaningful Index

As we have often pointed out, the yield Index is often not immediately responsive to the more subtle market changes. In this respect the Index based upon dollar quotations is more immediately meaningful. The *Chronicle's* Revenue Bond Index which utilizes the quotes on 23 actively traded long term toll road, toll bridge and public utility revenue issues indicates some very slight market improvement over the week. The Index dropped from 3.60% to 3.59%. However, the subtle market reversal was indicated by this seemingly insignificant change.

We have the feeling that tax exempt bonds are now relatively well priced to a degree that investor interest must soon broaden and in fact there are elements of interest now participating in a small way that presage a little more active market.

Individual investors have been showing increased interest in tax exempts and frequently they show the way. Many of the professional buyers have become so accustomed to the market's downside momentum over the past six months as to preclude their averaging purchases at the best yields.

Diminutive Volume Ahead

As far as supply is concerned the fourth quarter seems not likely to break any volume underwriting records. The calendar of new issues thus far scheduled or tentatively scheduled for the remainder of the year totals less than $350,000,000 as set up as of Nov. 20. Within this period the largest issues scheduled involve $53,400,000 Minnesota bonds selling Nov. 26 and $50,000,000 San Francisco Bay Area, Rapid Transit District, California bonds up for sale on Dec. 10. Moreover there are now no large negotiated deals ready for flotation that might further swell the schedule of tax exempt bond financing.

As noted before, the proposed $60 - $70 million Toledo - Lucas County, Ohio Port Authority issue managed by *Blyth & Co., Inc.* may reach market by the year end. With a fuzzy financial year a forgone conclusion among dealers, the year end prospects for productivity appear limited.

Inventory Lower

The inventory situation could basically change but very little in the course of a week but there are symptoms of improvement at least in the last few days. Many accounts have been at long last broken up with appropriate price adjustments to the end that a large volume of former inventory has metamorphosed to portfolio.

The ever useful *Blue List* casts a hint that inventories may be less heavy in the aggregate with total state and municipal listings under $500,000,000 in Tuesday's edition. The total at press time was $512,233,000. Recent totals have been higher.

Recent Awards

State and municipal new issue volume sold at competitive bidding during the past week totaled about $191,000,000. This volume was liberally sprinkled with important loans. Bidding attitudes were more relaxed than in recent weeks as underwriters sought to thus attract general investor demand. To date this demand has been spotty with some issues off to an excellent start and others still having volume to go.

Last Thursday there were two important loans up for bidding. The City of Clear Lake, Texas sold $5,400,000 Water and Sewer System Authority (1969 - 1993) bonds to the syndicate headed jointly by *John Nuveen & Co.* and *Rowles, Winston & Co.* at a net interest cost of 3.8674%. The runner-up bid, a 3.889% net interest cost, was submitted by Underwood, Newhaus & Co., Inc. and associates.

Other major members of the winning syndicate include Rotan, Mosle & Co., E. F. Hutton & Co., Dittmar & Co., A. G. Edwards & Sons, Moroney, Beissner & Co., Columbian Securities Corp. of Texas, McDougal & Condon and Dewar, Robertson & Pancoast.

Scaled to yield from 3.00% to 3.90% for various coupons, the present balance in syndicate totals $35,000.

Oklahoma County, Independent School District #89, (Oklahoma City) Oklahoma awarded $3,000,000 general obligation (1966-1980) bonds to the group composed of the *First National City Bank, Continental Illinois National Bank and Trust Co.* and the *First National Bank and Trust Co. of Oklahoma City* at a net interest cost of 3.0772%. The second bid, a 3.096% net interest cost, came from the First Boston Corp. and associates. There were thirteen additional groups which bid for this popular issue.

Scaled to yield from 2.25% to 3.15% for various coupons, the bonds were taken for portfolio accounts by the members of the successful group and the account was marked closed.

On Friday which is generally a dull day there were two sales of note up for public bidding. The account jointly headed by *Halsey, Stuart & Co., Inc.* and *Harriman Ripley & Co.* submitted the best bid for $7,300,000 St. Clair County, Illinois, Belleville Township High School District #201, Building (1965-1983) bonds. The group designated a 3.361% net interest cost. The runner-up bid, a 3.396% net interest cost, came from the syndicate managed by the Continental Illinois National Bank and Trust Co. and Mercantile Trust Co., St. Louis.

Other major members of the winning account are Goldman, Sachs & Co., John Nuveen & Co., Kidder, Peabody & Co., R. W. Pressprich & Co., Shearson, Hammill & Co., Bacon, Whipple & Co., Braun, Bosworth & Co., Goodbody & Co., The Illinois Co. and Lee Higginson Corp.

Reoffered to yield from 2.20% to 3.40%, the present balance in account is $1,590,000.

Hamilton Township, New Jersey sold $3,778,000 Sewer and General Improvement (1964 - 1979) bonds to the *National State Bank, Newark* at 100.06 for 3s. The runner-up bid, 100.011 also for 3s, came from the Yardville National Bank.

Associated with National State Bank as major underwriters are Ira Haupt & Co., Hornblower & Weeks, John J. Ryan & Co., Goodbody & Co., J. C. Bradford & Co., Industrial National Bank of Rhode Island, Lee Higginson Corp., Roosevelt & Cross, Schmidt, Roberts & Parke, F. R. Cole & Co., Mackey, Dunn & Co. and Wells & Christensen, Inc.

Scaled to yield from 2.00% to 3.15% for all 3s, press-time balance was $1,575,000.

On Monday there was but one

Continued on page 34

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.20%
*Connecticut, State	3¾%	1981–1982	3.25%	3.15%
New Jersey Hwy. Auth., Gtd.	3%	1981–1982	3.15%	3.05%
New York, State	3¼%	1981–1982	3.10%	3.00%
Pennsylvania, State	3⅜%	1974–1975	3.00%	2.85%
Delaware, State	2.90%	1981–1982	3.30%	3.20%
New Housing Auth. (N. Y., N. Y.)	3½%	1981–1982	3.20%	3.10%
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, llinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.25%	3.18%

November 20, 1963 Index=3.13%

* 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 21 (Thursday)			
Alexandria City Imp., Va.	5,000,000	1964-1983	Noon
Bloomington, Minn.	3,500,000	1965-1984	12:30 p.m.
Broward Co. Fla.	2,000,000	1965-1986	2:00 p.m.
Cedar Rapids, Iowa	1,450,000	1964-1980	10:00 a.m.
Coventry School, R. I.	1,000,000	--------	--------
Holyoke, Mass.	1,570,000	1964-1983	11:00 a.m.
Maysville, Ky.	1,500,000	1964-1998	2:00 p.m.
New York State Power Auth., N. Y.	17,000,000	1969-1980	11:00 a.m.
Penn Tp. Sch. Bldg. Corp., Ind.	3,430,000	1965-1985	2:00 p.m.
Temple Ind. Sch. Dist., Texas	1,000,000	1964-1994	2:00 p.m.
Troy, N. Y.	1,300,500	1964-1977	2:00 p.m.
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.
McHenry Co. Comm. High S. D. No. 155, Ill.	2,375,000	1964-1992	8:00 p.m.
Northwood Local Sch. Dist., Ohio	1,157,000	1965-1987	Noon
Palo Alto Unif. Sch. Dist., Calif.	1,500,000	1964-1988	10:00 a.m.
November 26 (Tuesday)			
Burbank, Calif.	5,000,000	1964-1983	7:00 p.m.
Elgin, Ill.	2,500,000	1966-1983	Noon
Fayetteville, N. C.	1,600,000	1964-1984	11:00 a.m.
Mecklenburg Co. Sch. Bldg., N. C.	5,400,000	1966-1988	11:00 a.m.
Minnesota, State Refunding & School Loans	53,400,000	1965-1982	10:00 a.m.
Montgomery Co., Md.	10,500,000	1964-1993	11:00 a.m.
Pasadena Unif. S. D., Calif.	3,000,000	1965-1984	9:00 a.m.
Poughkeepsie, N. Y.	1,419,000	1964-1996	11:30 a.m.
West Hartford, Conn.	1,611,000	1964-1983	11:00 a.m.
November 27 (Wednesday)			
Paterson, N. J.	7,183,000	1965-1989	11:00 a.m.
Pittsylvania Co. School, Va.	3,250,000	1964-1983	Noon
December 2 (Monday)			
Fla. Redev. Comm., Putnam Co. Rd. Rev., Fla.	2,800,000	1965-1986	3:00 p.m.
Oklahoma Co. Ind. School District No. 1, Okla.	1,050,000	--------	7:00 p.m.
Rome, Ga.	1,600,000	1965-1992	Noon
Wayne Tp. Sch. Dist., N. J.	2,345,000	1965-1993	8:00 p.m.
West Bloomfield Tp., School Dist. No. 5, Mich.	1,600,000	1964-1992	8:00 p.m.
December 3 (Tuesday)			
Albany, Ga.	2,465,000	1964-1993	Noon
Berkeley U. S. D., Calif.	5,555,000	--------	10:00 a.m.
Du Page Co. S. D. No. 2, Ill.	1,477,000	1965-1980	8:00 p.m.
Escondido Union H. S. D., Calif.	1,780,000	1966-1989	10:30 a.m.
North Reading School, Mass.	1,435,000	1964-1982	11:00 a.m.
Orleans Levee District, La.	12,500,000	--------	--------
Rio Hondo Jr. Coll. Dist., Calif.	1,400,000	1966-1985	9:00 a.m.
Salt Lake Co. Granite S. D., Utah	3,700,000	1964-1974	7:30 p.m.
Torrance Unif. Sch. Dist., Calif.	1,870,000	1965-1984	9:00 a.m.
Washoe Co., Nev.	4,335,000	--------	11:00 a.m.
Windsor, Conn.	1,239,000	1964-1983	11:00 a.m.
December 4 (Wednesday)			
Boise, School District, Idaho	3,303,000	1965-1983	2:00 p.m.
Galveston Ind. S. D., Tex.	3,750,000	1975-1994	7:30 p.m.
Indianapolis San. District, Ind.	4,875,000	1966-1990	10:00 a.m.
Westerville City Sch. Dist., Ohio	1,275,000	--------	--------
Yakima Water & Sew., Wash.	1,500,000	1965-1983	1:30 p.m.
December 5 (Thursday)			
Brockton, Mass.	1,500,000	1964-1983	11:30 a.m.
December 10 (Tuesday)			
Bethlehem, Pa.	2,000,000	1965-1984	7:30 p.m.
Crystal, Minn.	2,130,000	--------	7:30 p.m.
Durham, N. C.	2,700,000	--------	11:00 a.m.
Fresno, Calif.	1,500,000	1965-1984	--------
Inver Grove-Pine Bend Ind. Sch. District No. 199, Minn.	1,100,000	--------	2:00 p.m.
Joplin School District, Mo.	1,000,000	1965-1984	5:00 p.m.
Madison Local School Dist., Ohio	1,200,000	--------	--------
Northside Ind. S. D., Texas	3,000,000	--------	--------
Oxnard, Calif.	2,500,000	1966-1991	11:00 a.m.
San Francisco Transit Auth., Calif.	50,000,000	--------	--------
December 11 (Wednesday)			
Mentor Exempted Village School District, Ohio	1,800,000	--------	--------
Warren Cons. Sch. Dist., Mich.	3,500,000	1965-1989	7:00 p.m.
December 12 (Thursday)			
Iowa State Board of Regents (State University of Iowa)	16,500,000	--------	--------
South Carolina St. S. (Columbia)	5,000,000	1965-1984	Noon
December 16 (Monday)			
Santa Ana, Calif.	2,000,000	1994	7:30 p.m.
December 17 (Tuesday)			
Hampton, Va.	3,500,000	--------	--------
Phoenix, Ariz.	8,000,000	--------	10:00 a.m.
Santa Clara Co. Flood Control & Water Dist., Calif.	19,500,000	--------	10:00 a.m.
December 18 (Wednesday)			
Massillon City Sch. Dist., Ohio	2,750,000	--------	--------
Richmond, Va.	9,800,000	1965-1984	--------
December 19 (Thursday)			
Virginia Beach, Va.	1,000,000		

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Senator Barry Goldwater of Arizona is causing many of his supporters considerable uneasiness by his failure to announce his candidacy. Many of them are saying privately—and some of them are saying openly—that the Senator should fish or cut bait. They want to know whether he will become a candidate for the 1964 Presidential nomination or whether he will pull the rug from under the feet of many of his political supporters as Rockefeller, himself, did in 1960. It is an uncomfortable situation for many who today are working hard to bring about a Goldwater nomination. A good many of them have stuck out their necks for the Senator and, should he decline to be a candidate, they would have a tough time finding some place to light. Also, thousands of dollars are being spent in his behalf and should he decline to run, this money will have been wasted. Although the Goldwater people seem to be having no trouble in raising funds, this uncertainty doesn't make it any easier.

This situation would seem to still exist were the Senator to announce his candidacy and later withdraw as did the late Senator Estes Kefauver in 1960.

Senator Goldwater, were he to withdraw or fail to get the nomination at San Francisco in July, could enter the Arizona Senatorial primary as a Senatorial candidate in September. Thus far there has been no suggestion of anyone running against him. He has said, however, that he will not run for both offices as did Vice-President Johnson in 1960.

The Senator has given every indication that he will run and is believed to have told Senator Cotton of New Hampshire, his leading supporter there, in private conversation that he would run.

In the meantime, Governor Rockefeller, the only candidate officially in the race today, is getting all the headlines. He is steadily whittling at Goldwater, not to the advantage of Goldwater nor the Republican Party. While all the polls are showing Senator Goldwater leading, if he goes into the New Hampshire primary, Governor Rockefeller should not be ignored. And this primary has a psychological value as the earliest primary in 1964. The New Yorker, a graduate of Dartmouth College, is preparing an intensive campaign there. The kind of campaign which won him the Governorship of New York when the odds appeared to be against him in an extremely Democratic year.

Republican leaders, who have been in the political game for many years, looking over the field today, are convinced the Presidential nomination will go either to Senator Goldwater or Governor Rockefeller. They say that if the Senator should decline to run, the nomination would go to the Governor. They feel that the battle lines are hardening; that there will be no compromise.

The idea—that should the National Convention become deadlocked the delegates would return to former Vice-President Nixon—is, in their opinion, a fiction not based on fact. One of the most astute and high ranking among these leaders described to this correspondent a Nixon nomination—if it should occur—as a "gesture of futility." He does not believe that Mr. Nixon has any more chance of carrying New York or New Jersey or Pennsylvania against President Kennedy than he had in 1960. He does not believe that Mr. Nixon would have any more chance of carrying California than he had in 1962.

Senator Goldwater has said he intends to file for a Senatorial nomination and the filing deadline for such a nomination comes before the Republican National Convention meets in San Francisco.

The Arizona primary for the nomination of Senatorial candidates comes during the second week of September. Senator Goldwater would have ample time to campaign for re-election to the Senate if he fails to win the Republican nomination in San Francisco. This fact adds to the puzzlement of some of the Goldwater for President supporters. The reason no one has announced he will run is the belief that the Senator cannot get the Presidential nomination and intends to run for the Senate.

Another thing that puzzles some of the Goldwater supporters is the way the Arizona Senator has been shooting from the hip, taking positions on United States membership in the United Nations, foreign aid and right-to-work issues which may antagonize many Republican voters.

Form Partnership

Leonard H. Clare, Melvin A. Winslow and Robert A. Summers are now conducting their investment business as a partnership, Harris, Clare & Co., 82 Beaver Street, New York City. Mr. Winslow was previously President of Harris, Clare & Co., Inc.

Rejoins First of Michigan

COLUMBUS, Ohio — Russell C. James has joined the staff of First of Michigan Corporation. Mr. James, who has recently been associated with John Nuveen & Co., as regional manager, was in the past, Columbus representative for First of Michigan Corporation.

With Merrill Turben

CLEVELAND, Ohio — Robert J. Ranft has been added to the staff of Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Business Cycle—Comments—Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available is a review of the **Bond Market.**

Business Outlook—Review—C. F. Childs and Company, Inc., 141 West Jackson Boulevard, Chicago, Ill. 60604.

California Profile—An illustrated study of the market served—Bank of America, N. T. & S. A., 300 Montgomery Street, San Francisco 20, Calif.

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

Canadian Mining Stocks—List of issues at speculative price levels—Draper Dobie & Company Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Canadian Steel—Report with particular reference to **Algoma Steel Corp., Dominion Foundries and Steel, Dominion Steel & Coal Corp.** and **Steel Company of Canada**—Equitable Brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada.

Commercial Ink Industry—Study with particular reference to **California Ink Company**—D. F. Greene & Company, Russe Building, San Francisco, Calif. 94104.

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.

Government Finance—Circular—Wayne Hummer & Co., 105 West Adams Street, Chicago, Ill. 60690.

High Yield Stocks—Selected list—Edwards & Hanly, 100 Franklin Street, Hempstead, N. Y.

Investment Policy for Late 1963—Synopsized review of industry groups—Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

Japanese Market — Review — Diawa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006. Also available is a study of **Japan's 13 Major Bank Stocks, Automobile Industry,** and comments on **Mitsubishi Chemical, Fuji Iron & Steel, Atsugi Nylon** and **Mitsukoshi.**

Market—Discussion—A. L. Stamm & Co., 120 Broadway, New York, N. Y. 10005. Also available is a list of **Laggard Stocks** with interesting prospects.

Market Outlook—Study—Irving Weis and Company, 505 Park Avenue, New York, N. Y. 10022.

Monetary Conditions in Canada—Review—Bank of Nova Scotia, Toronto, Ont., Canada.

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.

Possible Tax-Selling Targets Over the Counter — Lists 43 securities partly depressed by tax-selling—Troster, Singer & Co., 74 Trinity Place, New York, N. Y. 10006.

Selected Common Stocks—Surveys of 125 issues arranged by industries—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are comments on **J. C. Penney Company, Olin Mathieson Chemical Corp., National Airlines, Howard Johnson Company,** and **Schlumberger Ltd.**

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

Stocks at a Discount—Selected list—Harris, Upham & Co., 120 Broadway, New York N. Y. 10005.

Tax Switch Suggestions—Brochure—Gude, Winmill & Co., 1 Wall Street, New York, N. Y. 10005.

Yield Over the Counter — Brochure briefly itemizing dividends, yields of 3% or better and earnings of 205 industrials and 47 utilities yielding 2% or better—compared with Dow-Jones Industrials and Utilities yields—Troster, Singer & Co., 74 Trinity Pl., New York, N. Y. 10006.

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Allied Supermarkets Inc.—Report—Hardy & Co., 25 Broad Street, New York, N. Y. 10004.

American Biltrite Rubber—Analysis—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia, Pa. 19102. Also available is an analysis of **Harris Intertype Corp.**

American Factors Limited—Study—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles, Calif. 90014. Also available is a study of **Von Hamm-Young Company Inc.**

Anaconda Company — Review — Colby & Company, Inc., 85 State Street, Boston, Mass 02109. (Firm requests stamped addressed envelope when writing for copies.) Also available are comments on **Electronics Associates** and **Seaboard Air Line Railroad.**

Borg Warner—Analysis—Newburger & Company, 1401 Walnut Street, Philadelphia, Pa. 19102. Also available are reviews of **American Cyanamid, American Telephone & Telegraph, Cap & Gown, General Electric** and **National Starch & Chemical.**

C-E-I-R Inc.—Bulletin—Dynamic Growth Letter, 97 Dwight Street, Springfield, Mass. 01193.

CTS Corporation—Analysis—Coggeshall & Hicks, 50 Broadway, New York, N. Y. 10004.

CTS Corp.—Comments—Bregman, Cummings & Co., 4 Albany Street, New York, N. Y. Also available are comments on **Grumman Aircraft.**

Combustion Engineering—Survey—Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004. Also available are reviews of **National Gypsum** and **Sealright Oswego Falls Corp.**

Dymo Industries Inc.—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004.

Federal Paper Board—Comments—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **MSL Industries, Ford Motor Co., General Motors, Chrysler,** and a list of securities which appear interesting.

General American Transportation—Bulletin—Springarn, Heine & Co. 37 Wall St., New York, N. Y. 10005.

General Motors—Bulletin—Henry Gellerman, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **Delta Airlines, Northwest Airlines, Pan American, Collins & Aikman, American Commercial Barge, Halliburton,** and **American Investment Co. of Illinois.**

General Motors—Comments—Herzfeld & Stern, 30 Broad Street, New York, N. Y. 10004. Also available are comments on **International Business Machines** and **Radio Corporation of America.**

General Tire & Rubber Company—Analysis—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005. Also available is an analysis of **A. M. Byers Co.** and a report on **Greyhound Corp.**

Giannini Controls—Comments—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004. Also available is an analysis of **Lehman Corporation.**

Heinicke Instruments Company—Analysis—The Pierce, Wulbern, Murphey Corporation, 222 West Adams Street, Jacksonville, Fla. 32202.

Industrial Valley Bank & Trust Company—Analysis—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia, Pa. 19109.

Mack Shirt Corp.—Analysis—First Columbus Corporation, 52 East Gay Street, Columbus, Ohio 43215.

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

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

May Department Stores Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available are comments on **Rolling Stock Manufacturers, Boeing, Scovill Manufacturing, National Distillers & Chemical, Clark Equipment** and **Detroiter Mobile Homes.**

National Can Corp. — Analysis — Stanley Heller & Co., 44 Wall St., New York, N. Y. 10005.

New York, Chicago & St. Louis Railroad — Analysis — Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are comments on **Columbia Broadcasting System.**

Norris Thermador Corp.—Analysis—Golkin, Bomback & Co., Inc., 67 Broad Street, New York, N. Y. 10004.

North American Car—Comments—Hertz, Neumark & Warner, 2 Broadway, New York, N. Y. 10004. Also available are comments on **National Standard Company, Wallace & Tiernan, Chemway** and **Clary Corp.**

Norton Company—Analysis—Laird, Bissel & Meeds, 120 Broadway, New York, N. Y. 10005.

Overnite Transportation Company—Analysis—J. C. Wheat & Company, 1001 East Main Street, Richmond, Va. 23219.

Radio Corporation of America—Analysis—Orvis Brothers & Co., 30 Broad Street, New York, N. Y. 10004. Also available is a list of **Growth Stocks** which appear interesting, and comments on **Indiana General Corporation, International Telephone & Telegraph Corp., Hawthorne Mellody Inc.** and **Reeves Brothers,** and a list of stocks with special tax features.

Ramada Inns, Inc. — Analysis — Rauscher, Pierce & Co., Inc., Milam Building, San Antonio, Texas 78205.

Ridge Tool Company—Analysis—McDonald & Company, Union Commerce Building, Cleveland, Ohio 44114.

St. Joseph Lead Company—Analysis—H. Hentz & Co., 72 Wall St., New York, N. Y. 10005.

Seaboard Air Line Railroad—Comments — Filor, Bullard & Smyth, 26 Broadway, New York, N. Y. 10004. Also available is a report on **Reynolds Tobacco.**

Shell Investments Limited—Report—Gairdner & Company Limited, 320 Bay Street, Toronto 1, Ont., Canada.

Sherwin Williams—Analysis—De Haven & Townsend, Crouter & Bodine, Land Title Building, Philadelphia, Pa. 12110.

Standard Fruit & Steamship Co.—Analysis—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226. Also available is an analysis of **Consolidated Leasing Corp.**

Statham Instruments Inc.—Analysis—Schweickart & Co., 2 Broadway, New York, N. Y. 10004.

Steel Crest Homes—Analysis—Meller & Company, 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Thrifty Drug Stores Company—Analysis—Mitchum, Jones & Templeton, 510 South Spring Street, Los Angeles, Calif. 90013.

West Bay Financial Corporation—Study—Lawrence H. Douglas & Co., Inc., 15 William Street, New York, N. Y. 10005.

Westcoast Transmission Company Limited—Analysis—Wills, Bickle & Company, Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Western Publishing Company—Analysis—The Marshall Company, 111 East Wisconsin Avenue, Milwaukee, Wis. 53202. Also available is an analysis of **Stauffer Chemical Company.**

Xerox — Comments — Dempsey-Tegeler & Co., Inc., 80 Pine Street, New York, N. Y. 10005. Also available are comments on **International Resistance** and **Piper Aircraft.**

Yale Express System—Suplee, Yeatman, Mosley Co. Incorporated, 1500 Walnut Street, Philadelphia, Pa. 19102.

Federal National Mortgage Association

By Dr. Ira U. Cobleigh, *Economist*

Citing the unusual investment features, and the unique potentials for growth in assets and profits provided by the common stock of the world's largest mortgage company.

The first United States corporation, that individuals can invest in, since Andrew Jackson vetoed the rechartering of the Bank of United States is Federal National Mortgage Association, popularly known as Fanny Mae. It is the only United States government agency that has publicly held common stock and, most rare among government agencies, it has consistently made money. It has steadily expanded its asset values and has increased its cash dividends in each of the past five years.

It is truly amazing that a company so large — it owns over $2 billion in mortgages—and so successful as Fanny Mae, should be so little known among the rank and file of investors. For, Fanny Mae common stock offers all of the qualities of an ideal investment. It provides safety, a rising dividend trend, opportunity for appreciation, ready marketability and sells at a low price/earnings multiple.

FNMA Operation

Fanny Mae was re-chartered in 1954. It functions as a massive mortgage company, and provides a nationwide Secondary Market in home mortgages guaranteed by United States government agencies. If a bank, an insurance company, a mortgage broker, or a home development company wants to either buy or sell a government underwritten mortgage, Fanny Mae will make an offering or a bid. By providing mortgages with a ready market, Fanny Mae stimulates and facilitates home building and home ownership from coast-to-coast; and greatly improves the liquidity factor in the mortgage portfolios of investment institutions. Fanny Mae operates much like a specialist on the floor of the Stock Exchange, buying and selling mortgages for its own account. It becomes a heavy buyer when mortgage money is tight, and sells in greater volume when and as investing institutions have excess funds.

Sources of Profits

Earnings of Fanny Mae are derived from four sources (1) interest on its portfolio of VA and FHA mortgages, (2) service fees, (3) realization of discounts on mortgages owned, (4) profits from sale of mortgages. In 1962, mortgage interest income for Fanny Mae was $151 million, equal to $6.50 a share on the common stock. Service fees produced 65 cents a share last year. Since most mortgages acquired by the company are bought at a discount, the realization when mortgages are paid off at par, are significant. They amounted to $1.50 a share last year. Finally FNMA makes trading profits from buying and selling mortgages, and has been notably successful in perception of price trends, and capitalization on market fluctuation. It derived $1.40 per share from this source in 1962.

Altogether earnings for 1962 equalled $10.03 per share. This is a pretty attractive profit figure when you consider that this common stock can be purchased currently at $87 a share.

Corporate Structure

The capital structure of FNMA is highly leveraged with $1,960,344,000 of debt, 1,588,200 shares of participating preferred stock owned by the government, and 901,894 shares of common stock publicly owned and trading Over-the-Counter. The management functions, and the appointment of directors, are in governments hands, and will continue so while the preferred stock remains outstanding. There is a slight dilution of the common stock, under a corporate provision whereby any party selling mortgages to FNMA must purchase common stock at $110 a share, in an amount equal to 1% of mortgages sold. This provision tends to broaden the market in FNMA common, and requires purchase at about $23 above present market price.

Guaranteed Assets

A remarkable advantage which Fanny Mae enjoys over other financial corporations is that its assets are all guaranteed. All mortgages owned, or dealt in, by the company are insured by an agency of the government. If a mortgage in portfolio, underwritten by FHA, turns sour, Fanny Mae has the right to turn this in, at full face amount in exchange for debentures fully guaranteed (principal and interest) by the U. S. A. If a VA issue held defaults, then FNMA can demand cash under the guaranty, for the full amount due on the mortgage. Thus, it is that the assets of FNMA are not only solid, but depression proof. Accordingly, when you note the FNMA common has an asset value, not subject to depreciation or reserves, of $120 per share, the issue has a special attraction when selling at a discount of 25%. Most other major financial institutions' equities sell at substantial premiums over book value.

Price Comparisons

By proper analytical standards FNMA common deserves to be accorded an investment rating and status comparable with that of the best bank shares. (If it were a bank it would rank 13th nationally in point of assets.) Yet good bank stocks today sell at 16¼ times earnings, and at substantial premiums over book value. FNMA sells at about 11 times 1962 net per share, excluding trading profits.

Why should this disparity exit? Earnings of FNMA have been expanding as rapidly as those of the best managed banks. Dividends of FNMA are more attractive than for the average bank share. The present indicated rate of FNMA is $3.60, up from $2.04 in 1958. We would expect a per share net of above $10.50 for 1963 and there is thus reasonable prospect for a further dividend increase.

At 87, FNMA provides a current yield (on a cash dividend of $3.60) of 4.13%, a generous return on an issue of such quality. For persons retired or living on income, this issue offers the special advantage of paying its dividends monthly (instead of quarterly).

Conclusion

For those in search of sound mature investments, strongly fortified by assets and earning power, FNMA common has much to recommend it. Above that, the issue has valid potentials for long term capital gains because: dividends will probably be increased; asset values will continue to rise; a provision may be made to exclude a part of the preferred stock from earnings' computation; and the company has the unique quality of sustaining its earning power in times of depression. Finally, we would expect the issue, when its multiple values are more widely understood, to sell at a higher multiple of earnings. Fanny Mae is quite unlike any other stock you'll even own. It beckons to those with fresh funds for protective investment, or interested in salting away profits in a safe haven.

J. J. B. Hilliard To Admit Rash

LOUISVILLE, Ky. — Effective Dec. 1, Dillman A. Rash will become a partner in J. J. B. Hilliard & Son, 419 West Jefferson Street, members of the New York and Midwest Stock Exchanges. Mr. Rash, who has recently been with the Louisville Title Insurance Co., was formerly a partner in the firm.

Foster & Foster Branch

WASHINGTON, D. C.—Foster & Foster, Inc. has opened a branch office at 900 Seventeenth Street, N. W. under the direction of Rockwood H. Foster.

Splaine & Frederick Branch

WAUSAU, Wis. — Splaine & Frederick Inc. have opened a branch office in the Hotel Wausau under the management of Walter A. Richardson.

To Be V.-Ps. of Clark, Dodge Co.

Effective Dec. 2, Richard I. Robinson and Herbert E. Anderson, Jr., will become Vice-Presidents of Clark, Dodge & Co. Inc.

Chicago Analysts Hear

CHICAGO, Ill. — Peter Colefax, Chairman and President of the American Potash and Chemical Corporation, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today, Nov. 21, in the Illinois Room of the La Salle Hotel.

The subject of the Dec. 5 meeting will be Aluminum Company of America and of the Dec. 12 meeting, the Marathon Oil Company.

Form Zalta Corp.

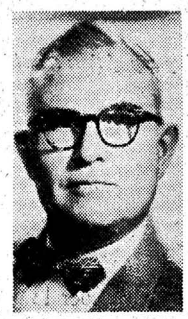
The Zalta Corporation is conducting a securities business from offices at 1133 Broadway, New York City.

Probing the Mysteries of Life Insurance Stocks

By John W. Riley, *Founder of Life Stock Analysis Service for Institutional Investors, Lexington, Ky.*

Life insurance analyst is puzzled by the overwhelming investor's interest in life insurance stocks in view of the paucity of meaningful and comparable financial data. Playing such issues by ear has resulted in spiraling prices and, according to Mr. Riley, in some P/E ratios being too low, some too high and, in isolated instances, ridiculous. To overcome this information gap, Mr. Riley contributes a set of performance norms permitting in-depth analysis under the theory that actual accomplishments revealed by comparative data speak louder than other measurements. Performance areas suggested for study are 12 in number and they range from excess interest earnings to price-earnings ratios. The results of 10 faster growing companies are compared to 12 slower ones. Observations made include confirmation of traditional beliefs that slower growth produces more profits. Mr. Riley offers "do" and "don't" advice; suggests that the average investor avoid new life companies; and notes that faster internal growth has had three times the market gains in past six years.

The deeper mysteries surrounding the life insurance stocks as widely recognized by knowledgeable security analysts, make for wider inconsistencies when the price - earning ratios are compared with internal growth measurements of the companies. This conclusion can be developed with reasonable reliability under studies to be illustrated and discussed in this article. Price-earning ratios seem unreasonably high for some major companies having a lower measure of internal growth while a number of other leading companies with faster natural growth are relatively underpriced. Significant to this is the fact that the *long term appreciation has paralleled and liberally rewarded the faster internal growth three to one!*



John W. Riley

Insurance Stocks Price Outlook

The current short term phase of the market is one of higher investor interest when some buyers may have felt that all life insurance companies grow internally at about the same pace and the investors were therefore motivated more by lower price-earning ratios than rates of growth. Their action has helped fill in the gap between the logically different price levels of two distinctly different growth groups, as we will soon see. Very likely it means that the slower growing stocks are now destined to suffer through extended periods of relative dormancy over the next long term while their slow internal growth catches up to their market prices but during which time the faster growing pacemakers are likely to do just as they have done in the past—*continue merrily and methodically onward and upward.*

The deeper mysteries, wherein the unknowns—from an analytical standpoint—greatly outweigh the knowns, are traceable to both the unique nature of the life insurance business and its strange manner of financial reporting. This is shown by the meager amount of meaty information to be found in the average report to stockholders. It is vividly demonstrated by the conclusion of a sub-committee of the National Federation of Financial Analysts Societies following its 1960 study of the annual reports of 20 major stock companies which said *"It is our conclusion that the annual reports of the life insurance industry are the poorest of any major industry in the United States."*

Life insurance company executives with whom we have discussed the problem generally defend the sparsity of factual information on the basis that more figures would only add confusion.

Sparsity of Data No Handicap

This widely criticized *intelligence gap* has had no adverse effect whatsoever on the dramatic market performances of the stocks, but, on the contrary, has unquestionably contributed importantly to their continuing upward spiral. This gap, together with reactions we obtained recently from a survey of some 40 institutional security analysts in Boston and New York, indicates rather conclusively that life stocks generally are being *"played by ear."* This unusual situation helps us to understand why it is possible for some individual market movements to be motivated by what appear to be misleading conclusions, incorrect data and downright erroneous analysis with resulting price-earning ratios that are very much out of line—some are ridiculous.

However, there are increasing indications that the sophisticated investor is not falling for such superficial "market advices" but instead is looking to the in-depth analysis that is beginning to be developed in the field. One well qualified brokerage firm analyst told us during the survey that competition on the highest level is extremely keen among firms for more meaningful information about the life stocks and their study methods are zealously guarded. To illustrate these precautions he said his firm often released its very comprehensive studies on individual situations to as few as three or four more valuable clients.

As in other fields, the life stock buyer is willing to pay more for growth when records show it and the prospects appear bright for its repetition. We fully agree and firmly believe that the investor is far better off over the long-term in paying a much higher price for a truly faster growing life company than a cheap price for one with questionable growth. The problems are to determine (a) the comparable price-earning ratios and (b) the relative rates of internal growth.

Where to Start

The convention type report that is filed with the state Insurance Commissions is a good place for the agile analyst to start if he is fortified with time, patience and imagination — there simply is no short cut method to get the job done. The convention report contains a maze of information fully detailed from the *viewpoint of the policyholder* who is naturally concerned with conservatism, safety and "calamity" eventualities. These are proper and commendable objectives for his purposes but at odds with the "going-concern" concept of modern business, which is the *opposite viewpoint of the investor.* Such divergent viewpoints are essentially why figures from the convention report must be extensively and thoughtfully adjusted. The degree of adjustment will vary considerably from one company to another for many reasons as will be explained later on.

Security analysts rely on comparisons of operating figures of different companies to help evaluate relative skills of managements. We believe that actual accomplishments as revealed by comparative figures "speak louder than words." With this in mind, our approach has been to search out and evaluate a number of operating areas in a large number of leading stock life insurance companies. We chose many companies and many areas convinced that wider diversification would establish more reliable bases for measurements. The problem was to select the particular companies to be covered as well as the particular study areas in view of the fact that there are close to 1,350 of the former and an endless number of the latter from which to choose.

Some of our readers will be familiar with the market index of Alfred M. Best Company consisting of 30 major life stocks. Our own studies include 28 of that representative group and a number of lesser known companies. The final measurements of all companies under study determined that 10 of the 28 companies common to both services are faster growing from the standpoint of their past operations, 6 are average in relation to their internal growth and 12 are slower growing. In order to show absence of bias in selecting the particular companies to illustrate the comparisons that follow, we used the aforementioned 10 faster growing companies and the 12 slower growing companies.

In sympathy with the editor's space problem, it is necessary for us to omit some parts of our study areas. One subject that would be a complete article by itself pertains to the mutual (participating) activity that exists in some of the stock companies. No research opinion of a mixed company is valid if it has not covered this matter since both profits and equities are split by reason of its existence. Superficial knowledge of the relationship of "par" to the total is not nearly enough: one major company has only 5½% "par" yet this tiny proportion is so powerful that *it directs almost 40% of the company's substantial investment income away from the stockholders!*

In spite of the necessity for us to omit some study areas, we believe the 12 matters compared in the accompanying table will more than support our conclusions.

Miracle of Compound Interest

(1) *Excess interest earnings.* The life insurance operation has aptly been described as "The miracle of compound interest." As will be seen, this miracle varies widely from one stock company to another and is an important activity for the investor to measure.

When enough sales pressure is applied, interest assumptions may be liberalized in a given company to create lower premium rates. This will enable sales to come easier but the interest costs rise and the final net profits come down. Pressures for quick volume may add low-reserve face amounts having slower growth of reserves, assets and investment income. On the other hand, most prefer the whole life because it adds more reserves, assets and investment income, but this better quality is increasingly more difficult and costly to sell. Because of these *contra* forces, we measure management skills in these areas by first computing the net amount of investment gains in excess of all interest costs and then compare the net excess with the discretionary investment funds available to management during the period as indicated by average assets. Since competitive pressures are great and are, *in some cases driving underwriting gains beyond the vanishing point,* it follows that we must know what the managements are doing to offset that trend.

Little difference is shown between the two groups in average

Subject Index	Performance Range Best	Poorest
1. Excess interest earnings vs. assets	2.21%	1.05%
1a. Growth of the amounts*	430.6	141.2
2. Capital gains vs. assets	1.47%	—0.03%
3. Growth of underwriting gains	146.4	neg.
4. Growth of mortality savings	239.7	73.7
5. Adequacy of revenues (See text)		
6. Persistency of the — whole life	71.4	25.7 %
— term	79.3	24.3
— group	98.7	33.1
7. Growth of life premiums	193.1	105.2
8. Growth of the value of insurance	208.1	113.3
9. Gains to total premiums	32.5 %	4.48%
10. Growth of stockholder equities	205.5	117.6
11. Market appreciation from 1/1/57 to 9/3/63	901.9 %	83.8 %
12. Price-earning ratios (See text)		

*Note: Growth in each cited area compares the 1962 amount with the year 1958 as an index of 100.0.

excess interest earnings measured against assets. The faster group average of 1.67% is a shade below the 1.68% of the slower group. However the best achievement of 2.33% is in sharp contrast with 1.05% and 1.23% shown by the poorest performances.

The significance to the investor of these differences is shown by the fact that had the "miracle" enabled these poorest performances to just measure up to the 1.675% average of all 22 companies, their respective per share earnings for 1962 would have been *boosted 25% and 39% respectively!*

Performance Standards

These ratios, together with others that follow, provide the reader with useful standards for him to keep in mind when measuring his favorite life insurance company, since, for instance, deviations either way from the 1.675% shown here will give him some idea of the relative skills and accomplishments of his management with respect to his company's excess interest earnings. Similar comparisons are possible for the reader to make in other areas that follow.

Growth of the excess interest earnings shows in sharp contrast between the groups with an average index of 258.2 (from 1958 as 100) for the faster group and 201.6 for the slower group. The best performance of 430.6 compares with only 141.2 for the poorest.

(2) *Capital gains.* We measure the excess of capital gains over capital losses and include amounts realized as well as amounts not yet realized. The net totals were combined for the five years 1958 through 1962. The annual average for the faster growing companies was only 0.16% measured against assets versus 0.45% for the slower group. The best record was 1.47% while the poorest was a small loss equal to 0.03%.

The above ratios are small but the funds they represent are very significant as indicated by the fact that the total net capital gains for all companies for five years was equal to *26% of all excess interest earnings* of the period. In one company it was equal to 90%.

(3) *Underwriting gains.* It is important for the investor to evaluate the underwriting actively for the very simple reason this is exactly where the valuable skills that are so unique to this dynamic industry can be found and measured. The growth of underwriting gains between the two groups is in sharp contrast with 26.1% on average for the faster companies versus an *average decline* of 29.6% for the slower growing companies. The best operation was ahead 76.4% while three companies showed underwriting losses in 1962 versus underwriting profits in 1958.

There are several measurable ingredients that make up the underwriting results but for our purposes the most significant one may be the mortality savings which follows at No. 4.

Mutual Fund Aspect

Our serious consideration of the proportions and trends of the excess interest earnings (No. 1) in relation to the underwriting gains may raise questions that particular life insurance companies may have *developed themselves into a "mutual fund" investment operation* with a more or less dormant life insurance activity on the side. Coupling the level of the income with the level of capital gains helps determine if each is an "income" type mutual fund or if it has also sought growth of capital. The investor may be disillusioned to find this as the situation prevailing in his favorite life stock.

(4) *Growth of mortality savings.* It is generally recognized that profit from the life insurance activity arises from a combination of savings from assumptions built into the premium rates for expense, interest and mortality. Of the three profit factors, mortality seems more difficult for investors to evaluate because it is shrouded in reserve mysteries. Our studies reveal that mortality savings have more influence on the year to year profit fluctuations than expense and interest.

Mortality savings arise because advance projections have assumed that claims would be unrealistically high; the companies did not expect claims to be at such levels, *they were just being ultra cautious.* As a company actuary told us, the industry would be in a bad way indeed without the very substantial amounts of its mortality savings.

Mortality savings of the faster growing companies showed three times the growth with an average index of 144.9 (vs. 1958 as 100) while only 114.6 shows as average for the slower growing companies. The top company came up with 239.7 while the last on the list shows a drop of 26.3% in mortality savings in 1962 as compared with its 1958 figure.

The significance of mortality savings is shown by the fact that the 1962 aggregate for all companies under our study was equal to *132.8% of all interest costs* for all such companies and *173% of their adjusted gains for 1962.*

Underwriting Revenues Compared To Excess Interest Earnings

(5) *Adequacy of revenues.* Indepth comparisons have enabled us to reach an opinion as to the relative adequacy or inadequacy of the excess interest earnings of each company as well as its gross underwriting revenues.

With respect to the former, we measured the 10 faster growing companies as follows: two were excellent, four were satisfactory and four unsatisfactory. By contrast, the 12 slower growing companies were judged: one excellent, eight satisfactory and three unsatisfactory.

The underwriting revenues for the 10 faster growing companies were considered to be: six excellent, three fair and one unsatisfactory. For the 12 slower growing companies the score on underwriting revenues was: none satisfactory, four fair and eight unsatisfactory.

Increase of In Force to Sales

(6) *Persistency.* For this purpose we relate the net increase in the volume of business in force during a period to the sales of the period.

During the five years ended 1962, the whole life persistency averaged 48.0% for the 10 faster growing companies and 38.3% for the 12 slower growing companies. The top record of 71.4% compares with 25.7% shown as the poorest.

Term persistency during the period averaged 48.0% and 38.2% for the two groups with 79.3% and 24.3% shown respectively for the two extremes.

Persistency for group insurance averaged 79.3% and 76.5% respectively with 98.7% shown as the best individual record and 38.1% as the poorest.

We like to measure persistency because it covers all transactions

Continued on page 23

The New Fashion In Economic Theory

By Paul Einzig

For several reasons, Dr. Einzig dismisses the prospect that the British Bank rate will be increased even though the Government will expand its public expenditures 4% per annum on the basis of recent optimistic prognostications of 3.2% per annum productivity increase and 4% annual growth rate. The economist carefully explains why he rejects some recent thinking that price inflation stems solely from cost inflation and why the demand side of inflation has made it almost impossible for employers to resist relentless rising wage-cost pressures.

LONDON, England.—After blowing hot and cold for a few weeks about the need, or the absence of a need, for checking the expansionary trend, Government spokesmen have now come down unequivocally on the side of expansion. Plans are based on the assumption that productivity would increase at the rate of 3.2% per annum and that the extent of savings would enable the Government to increase public spending well in excess of that percentage. It is true, the Chancellor of the Exchequer, Mr. Maudling, admitted two conditions on which the success of his expansionary policy will depend. One of them is the absence of excessive wage increases and the other is the stability of sterling. The two conditions are for all practical purposes one and the same thing.

Given the Government's attitude towards expansion, rumors of impending Bank Rate increase need not be taken seriously. Although wage demands are gathering momentum, it is most unlikely that in existing conditions the Government would try to check them in the near future by means of high interest rates and credit squeeze, since they would effectively check expansion without necessarily checking wage increases. Sterling is now sufficiently steady to make it unnecessary to resort to a Bank rate increase, even though the rising trend of interest rates in New York has given rise to a certain amount of speculation about the possibility of such a move. The adverse season for sterling will be over in a few weeks. Wages and prices have been increasing in Western Europe more than in Britain and British exports to Europe and elsewhere are doing reasonably well. Why then, it may well be asked, should the authorities resort to a Bank rate increase which would be in sharp conflict with the Government's fundamental expansionary attitude?

In any case, resistance to inflation by means of high Bank rate is becoming increasingly unfashionable. A few years ago theoretical foundations were produced to the resistance to the cuts in public spending as a disinflationary method. In addition to that, theoretical foundations are now sought for resistance to applying the high Bank rate as a disinflationary device.

In a book entitled "Sunshades in October," Mr. Norman Macrae takes the British authorities severely to task for the policy of trying to meet undue pressure by attempts to restrain home demand, which they have pursued during the last ten years. According to the author, the rise in prices as been due entirely to excessive wage increases, so that Britain has experienced cost inflation and not demand inflation. Yet the official policy, instead of aiming at keeping down costs by resisting wage claims aimed at preventing their rise by discouraging demand. In the author's opinion the right course would have been to resist wage increases rigidly instead of putting up the Bank rate and adopting other disinflationary devices aimed at curtailing demand.

A New Line of Argument

Most reviews of this book endorse this line of argument uncritically and more or less enthusiastically. This is perhaps understandable, for it opens up a new line of argument at a moment when very few people can find anything new to say for or against the old one. It seems, therefore, possible and even probable that Mr. Macrae's book will start a new fashion in economic thinking.

While I wholeheartedly agree with his diagnosis about the cause of inflation, I think his conclusion is based on a mistaken interpretation of the diagnosis. The fact that the primary cause of inflation was excessive wage increases does not mean that there was only cost inflation and no demand inflation. After all, every pound of additional wages adds at least a pound to demand. It is true, in theory there is a possibility that some beneficiaries of wage increases might save part of their additional incomes. On the other hand, others are likely to use it for increasing their installment credit commitments. During a period of rising wages the chances are that such spendings in excess of the increases more than balance that part of the increases that is saved.

Employers Hopelessness in the Face of Demand Inflation

I wholeheartedly agree with the author that wage increases ought to have been resisted more firmly. But does he seriously expect employers to risk strikes in conditions when, thanks to cheap and plentiful money, the economy is booming and wage increases can be passed on to the consumer with the greatest ease? The Government cannot force the private sector to resist wage increases by any other means than by putting up the Bank rate and curtailing the volume of credit.

It is true the Government itself could have resisted wage demands in the public sector, which in Britain includes vital nationalized industries. But even if its resistance had been successful, the rise of wages in the private sector would have drained the manpower of the public services which would have had to increase their wages in order to be able to retain the minimum number of employees required for keeping the services going.

In a totalitarian state the Government would be able to pursue successfully the policy of keeping down wages without keeping down demand. In a free country, however, such a policy would be impracticable.

R. Shields Joins William St. Fund

Lehman Brothers, 1 William St., New York City have announced that Richard Shields has been elected a Vice-President, Director and Member of the Executive Committee of The One William Street Fund, Inc., the open-end investment company sponsored by Lehman Bros. Formerly a Vice-President of Bankers Trust Co., Mr. Shields had been associated with the bank for many years.

Richard Shields

Mr. Shields was graduated from Yale University in 1929 and the Harvard Business School in 1931. He joined Bankers Trust in 1931 and was elected Assistant Trust officer in 1938. During World War II he served with the War Production Board, the Office of Lend Lease in North Africa and the Foreign Economic Administration. Mr. Shields was elected an Assistant Vice-President upon his return to Bankers Trust in 1944 and was named Vice-President in 1950.

Named Officials Of AF-GL

Richard L. Fernandes was elected a Vice-President of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City, national advertising and public relations agency, it has been anounced. Arnold Oreanu was elected an assistant Vice-President at the same time. Both men are account executives. Messrs. Fernandes and Oreanu both joined the agency in 1956.

Richard L. Fernandes

Kennedy-Peterson Names

HARTFORD, Conn.—John A. Peterson, Jr., formerly Treasurer, has been elected President of Kennedy-Peterson Incorporated, 75 Pearl Street. George B. Wilkinson, Jr., formerly Secretary, is now Secretary-Treasurer. Edward G. Birdsey is Vice-President of the firm.

NSTA NOTES

TWIN CITIES SECURITY TRADERS ASSOCIATION

Jerry Ets Hokin

Jerry Ets Hokin, J. M. Dain & Co., Inc., was elected president of the Twin Cities Security Traders Association at their annual meeting.

Mr. Ets Hokin joined Dain's trading department in September, 1960. He was previously with A. G. Becker & Co., Inc., Chicago.

Robert McCraney, Piper, Jaffray & Hopwood was elected Vice-President; James Mahoney, C. D. Mahoney & Co., Inc., Secretary, and John Rubel, Harris Upham & Co., Treasurer.

FLORIDA SECURITY DEALERS ASSOCIATION

At the annual meeting of the Florida Security Dealers Association, October 31-November 2, the following new officers were installed:

Robert J. Pierce

William R. Hough

President: Robert J. Pierce, Pierce, Wulbern, Murphey, Inc., Jacksonville.

Vice-President: William R. Hough, William R. Hough & Co., St. Petersburg.

Secretary-Treasurer: Lee P. Moore, Reynolds & Co., Winter Park.

Governors: Robert J. Pierce; T. Nelson O'Rourke, T. Nelson O'Rourke, Inc., Daytona Beach; and J. Bernard Shumate, First National Bank of Miami.

SBIC's Must Communicate True Image to the Public

By Stanley M. Rubel,* *Partner, S. M. Rubel & Co., Publishers, SBIC Evaluation Service, Chicago, Ill.*

SBIC's ability to obtain funds for, and to attract, investments correlates highly with their image or impression they make upon the public. In establishing this point, Mr. Rubel briefly outlines their meteoric rise in favor and equally rapid plunge into disfavor, and chastises the industry for doing so little to correct public misimpressions about the SBIC's including misleading "self-dealing" news stories. Mr. Rubel proposes the industry organize itself for proper public relations coverage. He predicts a 7% average yield by 1964 and fully funded reserves for losses leaving true yield on interest earnings at 3% per annum. He further predicts a price rise from 60% to 70% of book value with a continued strong stock market wherein three or four companies would exceed 15% industry gains.

The importance of "image," public impression, or other terms used in the public relations field and among marketing men is rather lost when talking to financial people. These areas are too abstract and far afield from the financial data and business judgments which must be rendered by SBIC financial people daily. For this reason, many members of the SBIC industry are poor public relations men and have done considerable harm in not conveying a balanced picture of their industry to the public.

Stanley M. Rubel

The SBIC industry is remarkably diverse. It consists of a variety of different types of companies ranging in size from $300,000 of $35 million with a wide difference in investment policies, methods of operating, industry concentrations, etc. Actually, about the only common denominators that seem to run throughout the industry are the regulations under which all must operate, the basic raw material—money, certain basic rules of investment policy, and the impression the SBIC makes on the business and financial community and general public.

This impression determines the extent to which SBICs can obtain further funds for future investment, the flow of deals brought to them for consideration, their ability to negotiate with good businesses, and other similar relationships. The "image" matter is one of extreme importance for the entire industry and one which has been shockingly neglected.

Rise and Fall in Public Acceptance

The original reception given to formation of SBICs by the financial and business communities was rather cool until underwritings of SBICs in 1959 and 1960 proved to be extremely successful. At that time, SBICs became glamorous in the mind of the public and a large share of today's public and private companies were conceived and founded. The public companies were underwritten due to the strong public demand created from early SBIC profits. Many private companies were started under these same conditions hoping to become larger when investments began to season and show performance.

When the market broke in 1962, hopes of raising additional funds for public SBICs were dashed to the ground. Only a select few private SBICs have been able to sell more stock. The SBIC name became considerably tarnished through unfavorable articles in the financial press although many of these artciles were unduly pessimistic and triggered by beleaguered security prices of the public companies.

Early losses from investments and the fact that most SBIC public issues are selling at only 50% of offering prices have contributed to the bad "image" of the industry.

Poor Public Relations

In any new industry ups and downs must be expected and have occurred during early stages of the banking system and savings and loan associations. The aspect of the problem that is so remarkable is that the industry is doing little to combat the false impression carried by the public about SBICs. The industry conducts no communication problem of consequence and even the public companies cut their advertising and public relations expenditures by some 20% during the year ended March 31, 1963. I know of no other industry of comparable size (SBICs are over a half billion in worth now) that does not conduct a continuous program of education and communication to the public.

I don't mean to suggest that public relations should try to puff the security values of the public companies. On the contrary, their ability to develop capital gains will be required in order to impress the public.

Challenging Self-Dealing News Stories

Very few people to this day know what SBICs are really doing, the type of financing that is being provided and the good that the industry has done for small businessmen throughout the country. The impression frequently heard that SBICs are making mostly self-dealing loans is the result of a front page story of a major financial paper. The story was never challenged by the industry. Few people realized that less than 1% of the industry's loans were involved and that the specific matters discussed had been approved by the SBA after careful investigation. While self-dealing transactions are bound to occur in an industry of this type, to this time they have occurred in only a small fraction of the over 5,000 SBIC transactions. Why should the SBICs be characterized as doing only self deals? . . . Only because the industry has not conducted a proper communication program to the public!

Public Relations Fund

A permanent fund should be maintained for communications, to be paid by assessment to all SBICs. If equitably shared, the cost to each SBIC would be nominal. Clinics for small businessmen could be held throughout the country, forums like the one in New Jersey sponsored by the Eastern SBICs last year should be conducted throughout the country under auspices of the SBIC industry. The business and general press should be made aware of the good that SBICs are doing in order to balance against various industry problems. The communication program should be administered by professionals as is done for most trade groups. If these steps are taken, I feel that the industry can re-establish itself in the public image in the foreseeable future.

3% True Yield Interest Earnings

In projecting the image of SBICs in 1964, it is necessary to prognosticate on the public companies. By 1964, the average public SBIC will be 3-4 years old. Funds will be nearly invested, by average, and will yield interest at about 7%. By the end of 1964 most of the public SBICs will have fully funded their reserves for losses and earnings from interest will constitute a true yield of about 3% per annum.

The threat of additional investment losses will be considerably diminished by that time since most weak portfolio companies will either have been written off, sold, or turned into profitable ventures. Capital gains will begin appearing with some continuity and investors will be able to project to some degree the return that might develop from these companies. To date, although capital gains have developed, they have not shown sufficient continuity to indicate any over-all investment performance.

If the stock market remains reasonably strong, I would expect that the public companies will recover to sell at 70% of book value, 15% higher than the present average of 60%. Three or four of the public companies will reap major capital gains and their securities will show considerably better performance than the 15% industry gain.

However, whether or not this improved performance of the public SBICs will serve to improve the SBIC image will depend largely on how effectively the industry can begin to communicate its true nature to the public.

*An address by Mr. Rubel at the North Eastern States Regional Association of Small Business Investment Companies, Saratoga Springs, New York.

Ira Haupt & Co. Issues Statement Following Exchange Suspension

Morton Kamerman, Senior Partner of Ira Haupt & Co., on Nov. 20, issued the following statement with regard to action of the New York Stock Exchange and other exchanges in suspending the brokerage firm's memberships:

"Ira Haupt & Co. is solvent and is in an excellent financial position. We anticipate that the suspension by the New York Stock Exchange and the American Stock Exchange is temporary. The Chicago Board of Trade has already removed its earlier suspension.

"In connection with the Allied Crude Vegetable Oil Refining Corp. commodity account with Ira Haupt & Co., we issued a call for $18 million more margin following the drop in future prices on the cottonseed oil and soybean oil markets. Failure of Allied Crude Vegetable Oil Refining Corp. to meet our call as well as similar calls from other commodity brokers resulted in the Bayonne, N. J. company's action in filing under the Federal Bankruptcy Act.

"This action by our largest commodity account came as a complete surprise to us but we have liquidated all of our commodity futures positions on this account.

"Ira Haupt & Co. has no intention of merging with any other firm or losing its identity as an organization in any way whatsoever."

The Security I Like Best

Continued from page 2

able enough to show a break-even for the year.

Within the past month, orders have been obtained for several multiple installations of the 500 series to be used as part of computer systems. The Newhouse newspaper organization just signed an order for the purchase of 20 Photon 200 series machines (through 1962, after 12 years of operations, only 100 of these machines were in commercial use). In addition to the Zip machine for General Electric, the company is scheduled to deliver one in June, 1964 to the Western Electric Company, who has an option to purchase 19 more for use by A. T. & T. operating companies. Thus, new orders are being written at a record pace and the backlog, which is currently over two and one-half million, is steadily growing.

There are 412,815 shares outstanding and conversion could increase this by another 361,400 shares. The shares are currently selling around $9½ to $10 in the Over-the-Counter market.

Here is a company that appears to finally be on the threshhold of profits after years of unfullfilled hopes, technical difficulties, frustrations, and losses. It is a situation which has considerably more promise than a mere switch from red to black ink. Its industry, products, finances and future potential, demand a close look by those seeking a sound speculation in a company whose management has it moving forward with an impetus that should carry it beyond the speculative stage.

In Securities Business

JAMESTOWN, N. Y.—Charles Keyes Associates, Inc., is engaging in a securities business from offices at 121 West Fourth Street.

The State of TRADE and INDUSTRY

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

Industrial production advanced to a record-breaking high in October and retail sales rose to a new high while construction activity remained at a record level. Nonfarm employment increased slightly further and the unemployment rate changed little. The money supply and time and savings deposits at commercial banks continued to expand. Between mid-October and mid-November yields on bonds and Treasury bills increased.

The above findings and those which follow are compiled by the Federal Reserve Board in its *National Monthly Summary of Business Conditions.*

Industrial Production Hits Record High

Industrial production in October was 126.6% of the 1957-59 average and seven-tenths of 1% above the 125.9% in September and the new peak is a micro-thin one-tenth of 1% above the previous high first attained in July. Output of final products increased further in October while production of steel and other materials generally changed little. In round numbers, last month's index was 127, September's 126, and July's 127.

Auto assemblies rose 9% in October to 157% of the 1957-59 average; schedules for November indicate that output will remain at about this high level. Production of most other consumer goods increased slightly in October. Among business equipment, output of industrial and farm machinery rose while production of freight and passenger equipment and commercial machinery changed little.

Construction

New construction activity in October—at a seasonally adjusted annual rate of $66½ billion—remained at about the advanced August-September level. For the first ten months of the year, the rate averaged 5% above a year earlier. Private residential activity and public construction changed little in October while business construction declined slightly after a substantial rise over the preceding three months.

Employment

Employment in nonagricultural establishments increased slightly further in October, reflecting mainly gains in state and local government and service activities. In manufacturing, employment continued to change little while the average workweek remained at the advanced September level. The unemployment rate, at 5.5% compared with 5.6% in September, remained within the narrow range through which it has fluctuated for nearly two years.

Distribution

Retail sales, after declining 1% in September, rose 2% in October and were 5% above a year earlier. Gains were widespread among the categories of retail stores, although sales at department stores declined. Dealer deliveries of new cars in October, the first month of the 1964 model-year, were up about 5% from both a month earlier and a year earlier.

Commodity Prices

The wholesale commodity price index remained stable in October and early November. Prices of sensitive industrial materials changed little on the average. Reflecting large supplies, prices of livestock and meats declined and were substantially below a year earlier.

Bank Credit, Money Supply And Reserves

Seasonally adjusted commercial bank credit increased only $300 million in October. Total loans rose reflecting substantial increases in most categories of loans offset in part by a reduction in loans to security dealers. Holdings of U. S. Government securities continued to decline while holdings of other securities increased somewhat further. The average money supply rose $1.1 billion and time and savings deposits at commercial banks $1.3 billion; both increases were larger than in other recent months. U. S. Government deposits at commercial banks declined sharply.

Required and total reserves of member banks rose by less than the usual amounts in October. Excess reserves and member bank borrowings from the Federal Reserve showed little further change. Reserves were absorbed principally by an outflow of currency and a reduction in Federal Reserves float and were supplied by an increase of about $300 million in System holdings of U. S. Government securities.

Security Markets

Yields on corporate and state and local government bonds and on all maturities of U. S. Government securities increased between mid-October and mid-November, in most cases to their highest levels of the year. In early November, the three - month Treasury bill rate was slightly above 3½%.

After reaching a new high in late October, common stock prices declined moderately. Effective Nov. 6, margin requirements were raised to 70% from 50%.

Bank Clearings Rise 3.2% Above 1962 Week's Volume

Bank clearings in the latest statement gained 3.2% in dollar volume over the year-ago week. They were, however, slightly below last week's total of $31,692,965,812. Preliminary figures compiled by the *Chronicle,* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 16, clearings for all cities of the United States for which it is possible to obtain weekly clearings were $987 million above those of the corresponding week last year.

Our preliminary totals were $31,508,949,455 against $30,521,231,886 for the same week in 1962.

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

Week End. Nov. 16—	—(000s omitted)— 1963	1962	%
New York	$16,879,142	$16,169,030	+4.4
Chicago	1,368,877	1,400,180	—2.2
Philadelphia	1,204,000	1,148,000	+4.9
Boston	848,815	784,255	+8.2
Kansas City	533,231	529,497	+0.7

Steel Output 1.1% Ahead of Year Ago Week and Similarly Above Last Week for Twelfth Rise Out Of Past 13 Weeks, Leaving Year's Cumulative Output 11.2% Above 1962 Period's

According to data compiled by the American Iron and Steel Institute, production for the week ended Nov. 16 was 1,979,000 tons (*106.2%) as against 1,958,000 tons (*105.1%) in the Nov. 9 ending week. It marked the fourth weekly increase in a row.

This fractional rise in output was the twelfth non-spectacular weekly advance in the past 13 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 7,142,000 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 from May 25 through the week ending Aug. 17. Then followed twelve weekly advances in output out of the thirteen past weeks marking 12.4% rise for those weeks or a hair's width less than 1% a week average. 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 6.2 percentage points above the 1957-59 base period's average weekly output and was approximately 13.6% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 11.05% above the 1,804,000 tons produced in the year-ago week.

Cumulative Total Levels Off

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 96,939,000 net tons (*113.1%) which is 11.2% above the Jan. 1-Nov. 16, 1962 production of 85,363,000 net tons. In the comparison with last week's cumulative index total of 113.3%, this week's tally faltered at 113.1% (1957-59=100) and the cumulative total's percentage increase over lost year's period levelled off at 11.2%—the same percentage recorded for the previous week ending Nov. 9.

District—	*Index of Ingot Production for Week Ending Nov. 16	Nov. 9
North East Coast	105	105
Buffalo	109	107
Pittsburgh	93	93
Youngstown	90	115
Cleveland	103	101
Detroit	155	149
Chicago	112	99
Cincinnati	114	111
St. Louis	126	122
Southern	100	93
Western	109	111
Total Industry	106.2	105.1

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

December Steel Shipments May Equal November's

Steelmakers may avoid a December drop in shipments if they continue booking new orders at the current rate, *Steel* magazine said.

On the average, December shipments have been 4% short of November's in four of the last six years.

Many steelmakers who originally expected November shipments to drop slightly are predicting they'll ship as much tonnage this month as they did in October.

Orders for automotive steel are accelerating more than enough to offset seasonal downtrends in demand for products used in construction and canmaking.

Orders from appliance manufacturers, railroad carbuilders, and capital equipment makers are moving sidewise on a high plateau.

Stainless steel producers especially are enjoying excellent business, thanks to brisk activity in consumer durables and capital equipment. Demand is almost as strong as it was in the peak months of April and May when

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The Market . . . And You

BY WALLACE STREETE

There was occasional selling hinting at year-end cleaning up in this week's stock market that even a surprise triple-play dividend raise, stock split and rights offering in A. T. & T. couldn't completely dispel. There was also a hint of much fund work in the market in the profusion of large blocks in issues where they aren't normal.

There was a good amount of caution prevalent, both because it appears that any tax cut is hopelessly stalled for at least this year and because in several cases the long-awaited and favorable year-end dividend action came through and only proved that the action had been expected and the prices of the stocks had already discounted it.

The theory is that if the favorable action has been discounted in advance, so have the year-end reports, leaving the stock market with no incentive to mount any new advance, hence leaving it vulnerable to any concerted selling.

Cases in Point

Whether it works out this way is what makes the market intriguing at the moment. General Electric was one that raised its dividend and, as many market spectators noted, it is not a company that is frivolous with its dividend declarations. The increase was 10% but it failed to set off any fireworks in that issue.

Sears was another that upped its dividend but it only made the issue an erratic mover, wandering from a small loss one day to a small gain the next, and so on.

Sears had been one of the better-acting items in the general market upturn of 1963 so the news could have been discounted. Up to a week before the action the stock showed a price appreciation on the year of around 25%. But General Electric had been little of a wonder-worker this year. It showed a gain of only around 4% on the year.

du Pont and GM

Du Pont upped its year-end dividend but set another distribution of General Motors shares and the ratio this time was 0.36% of a GM share for each du Pont share where the year-ago distribution had been half a share. So the news was somewhat mixed. Nevertheless, the shares of du Pont pushed to a new peak for the year once the announcement was on the record, so the news on the surface was welcome.

Moreover, the market seemed relieved that the dilution of this second distribution would only amount to 17,000,000 shares, against the 23,000,000 million share dilution of a year ago and GM shares fared well after the news although they are still well under the year's high. The GM shares had been among the brighter ones of the year, having increased in value by nearly half again since the final posting of 1962 until the recent uneasiness affected the price.

Oils Under Pressure

The oil section, as it has been for some time, continued drab. That has been the story since the expropriation of American interests in Argentina became a lively topic. And with that subject still an open one, the action of the various items in the petroleum group was desultory. Oil issues have been important items in the fund portfolios for a long time and while it was no established fact, some of the pressure on them could have been the result of switching. The latest reports available showed that in the September quarter there was some addition to fund holdings of Jersey Standard which could conceivably come in for some lightening against the Argentine threat.

Effects of an increase in margin requirements from 50 to 70% cash down payment on new transactions as a market influence were still not apparent to any degree. Originally, it was expected the higher requirements would switch interest from the high-flying, low-yielding issues to the more solid values with good yields. But if such a change in emphasis was underway, it wasn't clearly visible.

Xerox was one candidate for such switching. But whether the swing was real or caused by the plethora of talk of such action was moot. In any event, in only a couple of sessions the stock had been sheared of some 30 points of its value.

There was still much talk of issues far below their all-time peaks, and even some pinpoint attention directed those that are available well below this year's top.

A 6% Yield

Boeing in the aircraft section is no leading candidate for any startling profit showing this year and is expected to show the better part of a dollar decline from the results of a year ago. Nevertheless, the expected results indicate that its $2 dividend would be covered which, at recent prices, offers a return approaching 6% on the stock.

The future of Boeing is considered bright, however, since it has received a new order from National Airlines for seven planes and expects early certification of its new jetliner. The backlog is up importantly and two-fifths is in the more lucrative commercial field. It could mark the turnabout in Boeing's fortunes.

Some of the issues where the recent play was good are still unknown factors. American Photocopy suddenly jumped into the activity circle after it had unveiled a dry-copying machine at a recent office equipment show. That could put the company in an advanced field. But the company itself announced its machine would not be ready for this year and, to the analysts, the development will merely put the company in a bitterly competitive field. So pricewise the stock hasn't gone very far.

Doubtful Prospects

Raytheon also had its day in the spotlight recently but has subsided now with its potential in a new field similarly a wide open question. That was a laser-based device possibly effective in cancer treatment. After the initial excitement it was clearly pointed out that the device was still in an early experimental stage and in any event would offer little in the way of profit-potential for some time to come.

And here, again, with Raytheon making strides in the laser field, it promises only to pit it against some ruthless competition from others already in the business and, presumably, ahead of Raytheon in such applications. The company's earnings picture is still not a favorable one, with a decline posted for both sales and net in the first nine months of this year.

Real Steady

Union Carbide, second largest of the chemical companies, has shown little disposition to become a skyrocket this year although its recent market action has been good whether the overall trend was up or down.

In fact, the shares of Union Carbide all this year have shown only a 15 point swing. The company is to a good extent a supplier of the steel industry, about an eighth of sales, and has been benefitting from the high demand from those customers. The company has been expanding its sales of non-chemical products, such as plastics and industrial gasses, to where chemicals are now only a bit more than a third of sales. And these non-chemical fields could contribute importantly to long-term prospects.

Growth Trend Ignored

Harris-Intertype, known mostly as a maker of printing equipment, actually generates about a fifth of its sales from its electronic activities. What has held back the shares of Harris lately is that the company suffered from protracted newspaper strikes in Cleveland and New York City. But it doesn't dim the fact that Harris-Intertype is currently selling at a low earnings multiple for a company that over the years has demonstrated strong growth patterns. And with some of the problems out of the way, the uptrend could be resumed.

[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.]

Pacific Power & Light Company Rights Offering To Stockholders

The company is offering its stockholders the right to subscribe for an additional 718,354 common shares at $23.75 per share on the basis of one new share for each 20 held of record Oct. 30. Rights will expire Dec. 5, 1963. The offering is being underwritten by a group headed by Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., and Paribas Corp., New York.

Net proceeds will be used to retire bank loans obtained to finance the company's construction program.

Headquartered in Portland, Ore, the company is engaged primarily in generating, purchasing, transmitting and distributing electricity in more than 240 communities in the States of Oregon, Wyoming, Washington, California, Montana and Idaho. Approximately 97% of its operating revenues are derived from the electric business and the remainder from steam heating, telephone and water operations.

Says Bank Underwriting of Revenue Bonds Will Benefit Public Bodies

In urging passage of pending bill, Alan K. Browne asserts it is contradictory to allow banks to invest in, but not underwrite, revenue issues. He also contends the 1933 law was intended to exclude special assessment district bonds and not the then relatively unknown revenue obligations.

SAN FRANCISCO, Calif. — The nation's commercial banks should be permitted to underwrite municipal revenue bonds so that pressing community needs can be met at the lowest cost to the public, according to an authority in the field of municipal finance.

Alan K. Browne

The volume of new municipal bond issues in the United States had expanded from $1.2 billion in 1946 to $8.9 billion in the first 10 months of 1963, observed Alan K. Browne, Vice-President in charge of the Municipal Bond Department of the Bank of America, the nation's largest bank.

Meanwhile, more and more communities and districts are turning to revenue bonds to finance self-liquidating projects, while reserving their general credit for improvements that must be paid for out of general property taxes.

As a result, revenue bond issues have risen from 16⅔% of the municipal bond total in 1946 to 40.6% of the total in the first 10 months of this year.

Municipal Financing Volume

The volume of municipal financing is in a steady uptrend and the ratio of revenue bonds to the total is likely to remain high. Consequently, commercial banks should be allowed to underwrite revenue bonds to assure effective competitive bidding and reasonable interest charges to the community, he said.

A bill to permit banks to underwrite revenue bonds, H.R. 5845, is now before the House Banking and Currency Committee in Washington.

Bank of America underwriting groups since 1946 bid competitively on more than $8½ billion of general obligation municipal bonds issued by California and its political subdivisions. They purchased 63% of that amount.

"With the continuing need to broaden the market for municipal bonds, including revenue bonds, it seems inconsistent that a commercial bank such as Bank of America is denied the opportunity to use fully its vast resources by being unable to underwrite and deal in municipal bonds eligible for bank investment," Mr. Browne said.

Contradiction

It is a contradiction that banks are allowed to invest in revenue bonds but are not allowed to underwrite them. As financial consultants to municipalities they are fully acquainted with the techniques of revenue bond financing. As substantial investors in revenue bonds, they are fully capable of judging credit quality of individual bonds, and the adequacy of legal and engineering documents.

There is a strong argument it was not the intent of Congress to limit commercial banks to the underwriting of general obligation bonds in the Banking Act of 1933. It appears the word "general" was inserted in the phrase "or general obligation of any state or political subdivision thereof" to exclude special assessment district bonds which had been a troublesome form of municipal finance.

Revenue bonds were a little-used form of municipal finance up to that time. It was not until the Federal Emergency administration of Public Works stimulated the construction of self-liquidating projects during the 1930's that any appreciable municipal revenue bond financing developed, starting about 1935, after the passage of the Banking Act of 1933.

With Alex. Brown & Sons

BALTIMORE, Md.—Alex. Brown & Sons, 135 East Baltimore Street, members of the New York Stock Exchange and other leading exchanges, announced that Kenneth W. McGraw is now associated with them as a registered representative.

NEWS ABOUT BANKS AND BANKERS

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

At a meeting of the Board of Directors of **Chemical Bank New York Trust Company, New York,** Nov. 14, John L. Gibbons was elected Chairman of the Trust Committee and a member of the Board of Directors, it was announced by Harold H. Helm, Chairman.

John L. Gibbons

Mr. Gibbons, who has been Executive Vice-President in charge of Chemical New York's Metropolitan Division with 117 offices in the New York area, becomes the bank's chief fiduciary officer in his new post.

Alfred E. Driscoll was elected to its Advisory Board on International Business.

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Donald O. Cameron and Stanley J. Lewand have been promoted to Vice-Presidents of the **Chase Manhattan Bank, New York,** it was announced yesterday.

Mr. Cameron is in charge of the international credit division. He joined the bank in 1953, was promoted to Assistant Treasurer in 1959 and was appointed Assistant Vice-President in 1962.

Mr. Lewand, who is in the United States department, the bank's national territorial organization, is assigned to the district responsible for the bank's business in Illinois, Minnesota, Montana, North Dakota, South Dakota and Wisconsin. He joined the bank in 1937, was appointed Assistant Treasurer in 1953 and was promoted to Assistant Vice-President in 1960.

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The First National City Bank, New York, promoted Theodore C. Serocke to Vice-President. Mr. Serocke has been with the bank since 1928. He is Supervising Officer of the bank's check processing department.

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Murray D. Sandler has joined the **Royal National Bank of New York** as Vice-President and Loan Officer.

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The development of plans for a proposed merger of **The Bowery Savings Bank, New York,** and **The Manhattan Savings Bank, New York,** has been authorized by the banks' Board of Trustees. A formal merger agreement, which would result in the formation of **The Bowery Manhattan Savings Bank** with assets of over $2,500,000,000 is now being prepared for consideration by both boards. If adopted, the plan will be submitted for the approval of the Superintendent of Banks of the State of New York. The proposed merger is also subject to the consent of the Federal Deposit Insurance Corporation.

The merged bank would have total assets of $2,569,602,000 and deposits of $2,279,365,000, based on Sept. 30 figures.

Plans call for the election of Mr. Schwulst as Chairman and Chief Executive Officer of The Bowery Manhattan Savings Bank. Mr. Denton will be President of the new institution while Morris D. Crawford, Jr., now the Bowery President, will be named Vice-Chairman of the Executive Committee. John W. Larsen, currently Executive Vice-President of The Bowery, will hold the same post in the merged institution.

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The **Greenwich Savings Bank, New York,** elected Joseph P. Binns a Trustee.

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Charles H. Miller, Vice-President of **The Dime Savings Bank of Brooklyn, N. Y.,** who began his banking career as a Clerk and Messenger, observed the 30th anniversary of his employment by the bank, Nov. 16.

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Arthur E. Nelson has been elected Personnel Manager of **Long Island Trust Company, Garden City, N. Y.,** a newly-created position and title.

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Otto Salvesen, Vice-President-Senior Auditor of **The County Trust Company, White Plains, N. Y.,** completed 35 years with the bank Nov. 15.

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The Comptroller of the Currency James J. Saxon on Nov. 12 announced preliminary approval of an application to organize a new National Bank in:

Connecticut—At North Haven, with the title, **The North Haven National Bank,** with an initial capitalization of $420,000.

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The **Trust Company of New Jersey, Jersey City, N. J.,** elected Robert J. Adams, President and Chief Executive Officer. Lawrence B. Carey was elected Chairman, succeeding Joseph C. Glavin, who was elected Chairman of the Executive Committee. Mr. Adams is succeeded by Otto F. Weinert, who was elected Executive Vice-President. All appointments will take effect in January.

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Robert B. Meyner was elected to the Board of Directors of the **National State Bank of Newark, N. J.,** Nov. 14. Mr. Meyner will fill a vacancy on the Board created by the retirement of John S. Thompson, who has been named an honorary Director.

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Donald C. Burnham has been named to the Board of Directors of **Mellon National Bank and Trust Company, Pitsburgh, Pa.**

Mr. Burnham fills the board vacancy created earlier this year by the death of Mark W. Cresap, Jr.

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The Comptroller of the Currency James J. Saxon on Nov. 15 approved the application to merge the Warren National Bank, **Warren, Pa.,** and the **Johnsonburg National Bank, Johnsonburg, Pa.**

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Stockholders of **Maryland National Bank, Baltimore, Md.** and **The Chestertown Bank of Maryland,** met Nov. 14 at special meetings and gave their approval to plans for merging the two banks, according to a joint announcement by Hooper S. Miles, Chairman of the Board of Maryland National, and J. Thomas Kibler, President of the Chestertown bank.

The merger now awaits final approval of the Comptroller of the Currency.

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Howard Bernstein, Abe Beyda, Samuel Del Vecchio, James L. Dixon, Robert R. Nathan, Flaxie Madison Pinkett, Dr. Joseph B. Sheffery and Meyer Siegel, were named to the Advisory Board of the **District of Columbia National Bank, Washington, D. C.**

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Northern Virginia's newest Federally-chartered financial institution, the **National Bank of Rosslyn,** opened for business, Nov. 13, at 1111 19th Street, North, Arlington, Va.

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The **Central National Bank of Cleveland, Ohio,** elected W. Rex Davis, Director and Executive Vice-President of **Huntington National Bank of Columbus, Ohio,** President and Director effective, Dec. 1.

James J. Nance, now Chairman, President and Chief Executive Officer will continue as Chairman and Chief Executive Officer.

The bank also elected Edward L. Carpenter, First Vice-President and Director. Bruce Whidden was made Vice-President and General Manager of the trust department, and Russell H. Eichman was elected Senior Vice-President. Mr. Whidden succeeds A. C. Knight, who will retire Dec. 30.

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The Comptroller of the Currency James J. Saxon on Nov. 7 approved the application of **The National Bank and Trust Company of South Bend, South Bend, Ind.,** to purchase the assets and assume the liabilities of the **First National Bank of New Carlisle, New Carlisle, Ind.**

* * *

The **Continental Illinois National Bank and Trust Company, Chicago, Ill.,** announced that it plans to acquire branches in Tokyo and Osaka, Japan, of the Nationale Handelsbank N. V., Amsterdam.

Approval for the establishment of the branches has been requested from the Japanese Ministry of Finance and from the U. S. banking authorities. It is anticipated that formal approval will be granted in the near future.

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The **Harris Trust and Savings Bank, Chicago, Ill.,** advanced:

William S. Gray to Vice-President in the Harris financial and economic research department.

Herbert E. Neil, Jr. was promoted to official rank as Associate Economist.

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The Board of Directors of **Harris Trust and Savings Bank, Chicago, Ill.,** has recommended to the bank's stockholders for action at their annual meeting on Jan. 15, a stock dividend amounting to approximately 17.2% on the bank's present capital stock of $27,300,000. The dividend will have par value of $4,700,000, comprising 235,000 shares of $20 par capital stock and would be paid by transfer of this amount from the undivided profits account of the bank.

After payment of the recommended stock dividend, capital stock of Harris Bank will amount to $32,000,000, comprising 1,600,000 shares of $20 par value. Further transfers, as proposed, would increase the bank's surplus account to $43,000,000, giving a total of $75,000,000 in capital and surplus.

* * *

The Board of Directors of **First National Bank in St. Louis, Mo.,** at a meeting Nov. 12 approved the transfer of $5,000,000 from undivided profits to surplus increasing the total surplus to $33,060,000 and bringing the combined total of capital and surplus to $50,000,000.

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The **Mercantile Trust Co., St. Louis, Mo.,** elected J. A. Baer, Jr., a Director.

* * *

The **Boatmen's National Bank of St. Louis, Mo.,** elected Leonard J. Holland, a Director.

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The Board of Governors of the Federal Reserve System, on Nov. 14, announced its approval of the merger of **The Bank of Randolph, Asheboro, N. C.,** into **Wachovia Bank and Trust Company, Winston-Salem, N. C.**

* * *

The Comptroller of the Currency James J. Saxon, on Nov. 13, announced preliminary approval of an application to organize a new National Bank in **Florida**—At Niceville, with the title, **Okaloosa National Bank at Niceville,** with an initial capitalization of $400,000.

* * *

The **Republic National Bank of Dallas, Texas,** announced that Leland S. Dupree, Executive Vice-President for Business Development, was elected Vice-Chairman of the Board; and Oran H. Kite, Executive Vice-President for Loans, was elected Vice-Chairman of the Executive Committee of the bank.

Mr. Dupree will occupy the post recently vacated through the retirement of Mr. James M. Cumby.

* * *

The Comptroller of the Currency James J. Saxon, on Nov. 12, announced preliminary approval of an application to organize a new National Bank in **Texas**—In Dallas, with the title, **Lisbon National Bank of Dallas,** with an initial capitalization of $520,000.

* * *

The Comptroller, on Nov. 12, announced the approval of the conversion of **Clarks Fork Valley Bank of Fromberg, Fromberg, Mont.,** into a National Banking Association. The bank will be operated by its present management under the title **Clarks Fork National Bank of Fromberg.**

The capital structure for the converted bank remains the same, $217,683.99.

* * *

William A. Henderson has been named Vice-President and Cashier of **Crocker-Citizens National Bank, San Francisco, Calif.**

* * *

The appointment of Albert C. Dick to Vice-President and Trust Real Estate Officer head office trust department, has been announced by **Security First National Bank, Los Angeles, Calif.**

William A. McWilliams was also appointed Vice-President, head office branch and office administration department.

* * *

J. Scott B. Roberts, 69, retired Vice-President of **Security First National Bank, Los Angeles, Calif.,** died Nov. 1.

Roberts retired from the bank in July, 1961, as Vice-President of the Fifth and Bixel branch in downtown Los Angeles.

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Ahmanson Bank and Trust Co., Beverly Hills, Calif., has promoted Solon C. Soteras to Vice-President in charge of customer relations.

Soteras had held his previous position since 1960 when he joined Ahmanson Bank after three and one-half years as financial specialist with the U. S. Government Small Business Administration. Prior to this he headed his own real estate and investment firm for nearly 10 years.

Born in Los Angeles, Soteras attended Los Angeles High School and the University of Southern California, where he was graduated with a bachelor's degree in business administration. During World War II, he served for four years with the U. S. Coast Guard.

Soteras is an active member in several Beverly Hills civic and service organizations. He currently serves as membership committee Chairman of the Beverly Hills Chamber of Commerce and is a Director of the Beverly Hills division of the American Red Cross.

The bank executive is also division Chairman of the Beverly Hills United Way Campaign, a member of the Beverly Hills Men's Club, and a board member of the Beverly Hills Exchange Club and the Beverly Hills Republican Club.

Soteras and his wife, Patricia, and three children, Alexander, three, Nickoletta, two, and Anthony, four months, currently reside in Westwood.

Ahmanson Bank and Trust Co., whose main office is located at 9145 Wilshire Boulevard, recently opened its first branch at 3701 Wilshire Boulevard, on the corner of Serrano Avenue, in Los Angeles.

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The **First Western Bank & Trust Co., Los Angeles, Calif.,** elected John Boyce-Smith Executive Vice-President. Frank W. Quinn was made Senior Vice-President.

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The Comptroller of the Currency James J. Saxon, on Nov. 13, announced preliminary approval of an application to organize a new National Bank in **California**—In Encino, with the title, **Encino National Bank,** with an initial capitalization of $2,000,000.

Control of National Quote Changes Hands

Questions about the future of the National Quotation Bureau, whose acquisition by Commerce Clearing House was announced recently, have been cleared up in New York by CCH Board Chairman Oakleigh L. Thorne and President Robert C. Bartlett.

Following completion of final purchase agreements with NQB founder Louis E. Walker, Mr. Thorne reiterated that NQB would operate independently and that Mr. Walker would continue temporarily on an active managerial basis and later as a consultant.

Mr. Thorne said that CCH policy would be directed toward maintaining NQB's respected standards for integrity, accuracy and speed in reporting over-the-counter securities quotations to dealers across the nation. "We are well aware of the high responsibility we are assuming," he said.

He noted that, "CCH's nationwide function in reporting new federal and state tax and business law developments to our more than 160,000 subscribers involve the same characteristics — impartiality, precise attention to detail and speed.

"Although the Bureau's operations are unique in terms of their broad scope and the necessitv for speed in reporting some 8,000 current stock quotes daily — and its methods in performing this task highly successful" — Thorne said CCH ownership will explore every possible means of improving the NQB system of collecting and distributing its quotation data.

Mr. Thorne, also Chairman of The Corporation Trust Company of New York, indicated further that acquisition of the NQB by CCH reflected expanded efforts by the company to furnish the professional and financial world with authoritative information in their selective fields of interest on a current basis.

The Chicago-based publishing firm also edits, produces and issues reports in such financial areas as banking, securities, capital changes, stock transfers and corporations.

CCH stock, first publicly held in 1961, is listed in the over-the-counter columns.

Sales in 1962 totaled $18,913,946 and earnings rose to $1,352,910, or $1.08 a share, up from 69¢ a share in 1961. Bartlett said that sales in 1963 are expected to exceed $20 million with company earnings approaching $1.30 a share.

Additional earnings from the NQB acquisition are estimated at about 15¢ a share for a full year.

Opportunities for New Calif. Banks Becoming Limited: Saxon

Comptroller of the Currency James J. Saxon said on Nov. 18 that, "for the time being," opportunities for the establishment of new banks and branches in California are becoming limited.

He told a news conference in San Francisco that while the recent expansion of banking facilities reflects the continuing growth of the state, a "period of digestion now appears indicated."

This period, he said, would furnish recently organized banks, new branches, and approved but unopened banks and branches "a reasonable opportunity to become established" and would also "permit us to assess the need for additional banking facilities."

Since Jan. 1, 1962, the Comptroller said, 32 new state and National banks and 306 branches have been established. In addition, there are 25 new banks and 195 branches which have been approved but unopened.

Glore, Forgan & Co. To Admit Five

Glore, Forgan & Co., members of the New York Stock Exchange and other leading exchanges, will on Dec. 1, admit to partnership Richard D. Denison, Stacy H. Hill, Frederick W. Leich, Walter D. Scott, and John H. Kirvin.

Mr. Kirvin will make his headquarters at the firm's New York office, 45 Wall Street. Other partners will be located at the Chicago office, 135 South LaSalle Street.

Tribute to Bache And Petersen

The Greater New York Councils, Boy Scouts of America, will honor two outstanding members of the financial community at a dinner on Tuesday, Dec. 10, 1963,

Harold L. Bache William E. Petersen

at 7 p.m., in the Imperial Ballroom of the Americana Hotel.

On this occasion, called the Dinnerama, the honorees who have given generously of their time and talent to youth and the Scouting program will be Harold L. Bache, Directing Partner of Bache & Co., and William E. Petersen, President of the Irving Trust Company.

Remarks will be brief and some lively entertainment will provide about two hours of enjoyment. Ladies are invited.

Tables of ten at $500 and tickets at $50 each are tax deductible. Dress is informal. Checks should be made payable to Greater N. Y. Councils, B. S. A., and returned to the office at 25 West 43rd St., New York City. Check covers cost of dinner and contribution for the 1964 Boy Scout Finance Campaign.

Masco Corp. Common Sold

A registered secondary offering of 200,000 outstanding common shares of Masco Corp. (Detroit, Mich.) is being made to the public at $17.50 per share by a group headed by Smith, Barney & Co., Inc., New York.

Following the sale, the selling stockholders and their families will own approximately 44% of the 1,493,828 shares of outstanding stock. The remaining 56% will be held by the general public. The shares are listed on the American Stock Exchange.

Masco Corp. produces Delta single-handle mixing faucets, certain other plumbing supplies, specialized component parts for the automotive industry and preschool-age toys. The company's manufacturing plants are located in Greensburg, Ind., Ypsilanti, Mich. and Lorain, Ohio.

Spingarn, Heine to Admit Two Partners

Effective Nov. 29, Jerome S. Weinburg and Martin J. Weinburg will become partners in Spingarn, Heine & Co., 37 Wall Street, New York City, members of the New York Stock Exchange.

With R. S. Dickson

CHARLOTTE, N. C. — John E. Sturgis is with R. S. Dickson & Co., Inc., Wachovia Bank Bldg., members of the Midwest Stock Exchange.

MUTUAL FUNDS

BY JOSEPH C. POTTER

New Horizons in Growth

It's about as difficult to get Wall Street professionals to agree on what is a growth stock as it is to get political professionals to agree on what constitutes a conservative (or a liberal). In the investment community, of course, a disputant generally backs his views with money (not always his own) as a bullish token, in contrast to political people whose main stock in trade often is "bull" purely.

T. Rowe Price and his Rowe Price New Horizons Fund, in the latest interim report of the company, have made a sizable contribution to clearing the air over the issue of equity growth. At the very least, the report demonstrates that even studious folks, who risk money (other people's) and such intangibles as career and reputation, find the quest for growth a parlous preoccupation.

Originally offered at $10 a share in mid-1960, the net asset value got up to a fat $11.62 in little more than a year, slumped to $8.52 a year later, but recovered to $9.61 as yet another year went by. While its 2,177 stockholders (steady growth there) are waiting for growth to reflect itself in net asset value per share, they can contemplate the Rowe philosophic approach to growth. Thus President T. Rowe Price says:

"Earnings growth per share of the stocks held in the portfolio is the most important factor in determining the ultimate success of a growth stock fund."

In a table that accompanies the report, Rowe records average annual earnings growth of the 73 common stocks held in the fund's portfolio as of the close of last year. Earnings over a three-year span increased a totalof 62.4%—an annual earnings growth of 20.8%. But, as Rowe notes, not all of the stocks of the companies have been held throughout the three-year period, as additions and eliminations were made from time to time.

In any event, not all of the Rowe stocks performed in the marketplace, as the debaters will agree, like growth issues. With refreshing candor, the company cities its 10 worst performers — things like Leland Publishing, Packard Instrument, Varian Associates, Rudd-Melikian and Vendo, all of which might qualify as disaster areas.

However, the company's 10 best performers are little short of dazzling—such equities as Metromedia, Mattell, Xerox, Dymo Industries, A. L. Mathias, International Flavors & Fragrances, Monarch Marking System, Alcon Laboratories, National Homes and Howard Johnson.

At Sept. 30, Rowe Price New Horizons listed these stocks as its 10 largest holdings: Dymo, Xerox, Texas Instruments, Monarch Marking, Maryland Cup, General Tire & Rubber, Lockheed Aircraft, Mattell, Avco and Edgerton, Germeshausen & Grier.

Thus, four of the 10 largest holdings also qualified as among its 10 best performers. And none of the 10 worst performers was to be found among the largest holdings. From this, it would appear that the professionals who run Rowe were following strength and not averaging down.

The company, in a no-nonsense approach to shareholders alludes to "the highly speculative growth stocks" featured in its portfolio. Nor does the fund dodge the fact that, by and large, its holdings sustained "a much worse decline" in the 1962 market slide by comparison with old-line stocks.

Under any circumstances, the way of the fundman is hard: keeping investment money flowing, being nimble in the marketplace, enduring the barbs of the bureaucrats, to cite but a few of the chores. The task of the politician would seem ever so much more attractive: he deals with people who are gullible and forgetful. But, as anyone who has ever been in funds knows, the constituents want instant growth and profits.

The Funds Report

Axe-Houghton Stock Fund reports total net assets increased to $9,103,034 from $7,591,329 during the first nine months of 1963 and per share value rose to $4.18 from $3.46.

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Axe Science & Electronics Corp. announces that at Sept. 30 net assets were $21,161,283 while value of shares rose to $10.88 from $10.49 during the first nine months of this year.

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Decatur Income Fund became the official cognomen of the erstwhile **Delaware Income Fund** as of Nov. 15.

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Fundamental Investors reports share value rose to $10.02 from $9.80 in the three months ended Sept. 30 while total net assets increased to $727,608,011 from $708,462,891.

Common stockholdings of CIT Financial, Philip Morris and R. J. Reynolds were eliminated during the quarter.

* * *

Investors Mutual, Inc. reports it closed the 23rd fiscal year on Sept. 30 with "records set in almost every phase of the company's operations." Total net assets rose to an all-time high of $2,179,693,822, against $1,719,389,253. Net asset value per share at year's end was equal to $11.35 a share, compared with $9.95 a year earlier.

* * *

Rowe Price New Horizons Fund reports hat at the end of the fiscal year on Sept. 30 total net assets were $8,974,677, or $9.61 a share. This compares with assets of $6,865,868, or $8.52 a share, at the end of the previous year.

* * *

T. Rowe Price Growth Stock Fund reports that at the close of the fiscal year on Sept. 30 net assets amounted to $97,412,081, or $15.89 a share. This compares with assets of $69,300,909, equal to $12.95 a share, a year earlier.

* * *

Sterling Investment Fund reports that at the close of the fiscal year on Sept. 30 net assets were $4,838,178, or $12.39 a share, against $4,175,648, or $10.81 a share, a year earlier.

Gregory Opening Foreign Dept.

Gregory & Sons, investment bankers and members of the New York Stock Exchange and other exchanges, have announced that they will open a foreign department next week, under the management of John I. Taeni.

Mr. Taeni is a member of the Board of Directors of Seeman Brothers, Inc., Wilson Brothers, Inc., Virginia Iron, Coal & Coke Company and Advance Industries, Inc.

The new department will be located at Gregory & Sons, New York headquarters at 40 Wall St.

Courts Adds to Staff

CHARLOTTE, N. C. — Robert L. Bambauer has been added to the staff of Courts & Co., Liberty Life Building.

With Singer, Deane

YOUNGSTOWN, Ohio—Joseph E. Shaughnessy is with Singer, Deane & Scribner, Stambaugh Building.

Is Inflation Dead—Or Disguised as in 1920's?

Continued from page 1

vocates generally will concede that it is only the margin of unused capacity that prevents monetary inflation from beieng translated at once into price inflation. They de-emphasize the fact that this cushion of unused resources becomes progressively thinner, and is not inexhaustible. Since 1946 the lowest guess on capacity utiliization has been 73%, in the first quarter of 1958, the highest has been 94%, in the first and second quarters of 1953. Most recent guess is that current utiliization is in the neighborhood of 88%.

Moreover, these over-all utilization guesses conceal a wide range between industries. For instance, paper and aluminum producers lately have been operating at 95% or 96% of capacity; steel around 65%. These are basic industries. Fabricators utilizations vary widely also. But as over-all utilization of capacity increases, it is clear that bottlenecks in the highest rate producers are certain to appear, and this puts upward pressure on other prices as well as their own. The producer of a certain special-type widget, essential in several different finished products, can reach full or over-full production rates long before final producers do. Those who need the widget most desperately will pay highest prices for it, and their costs go up correspondingly.

Savings

All of us are familiar with the extraordinary growth of "savings" during the last couple of years or more. These savings figures result from compilations of several items which are assumed to represent accumulations of unspent income—e.g., time and savings accounts in commercial banks, savings and loan shares, mutual savings bank deposits, savings bonds, and the like. It is worth noting, however, that these accumulations are all in the most liquid types of interest-earning assets. Their owners, for the most part, are likely to regard them as cash or the equivalent. And, as was pointed out quite calmly in a special article in the *Federal Reserve Bulletin* a few months ago, much of the total is likely to be quite interest-sensitive. They are not safely to be regarded, in short, as permanent commitments of funds, or anything like permanent commitments.

I think it worth noting also that while these extraordinary expansions in assets of this type have been going on, no evidence has appeared to suggest that any unusual abstinence from spending has occurred. As to personal saving, the highest annual rate since 1951 has been 7.9% of disposable income; the lowest, 6.4%. On a quarterly basis, the highest recent rate was 8.0% in the third quarter of 1961; the lowest, 6.9%, in the first quarter of 1963.

We know that, with a long series of deficits, neither the Federal Government nor State and local governments have been savers on balance.

Retained earnings of corporations, according to the SEC, have not increased significantly for many years. Indeed, the high of $10.9 billion in 1955 has not yet been regained, and the interim low was $5.7 billion, in 1958. I hope you will agree with me that depreciation allowances are not savings, despite their inclusion in "cash flow."

A danger here is that the liquidity of these so-called "savings" may be disregarded. They may be erroneously considered to be as locked-in as if committed to 50-year Treasury or corporate bonds. The form of these "savings" may lead even the most discerning officials into hasty error. For example, the judgment that it is not really necessary to cover a big Treasury deficit with new long-term bonds; absorption of the deficit by commercial banks may present no inflationary hazards so long as the increase in bank assets is matched by an increase in "savings."

An even greater danger may inhere in the attitude of the owners of these liquid savings. They consider them to be liquid and so they are, nominally; what if they are not in fact liquid? What happens if the owners, in considerable numbers, should attempt simultaneously to convert into cash?

Recent Trends

Now I am afraid I must burden you with some figures. These are presented in the form of indxes—that is, as the percentage change, for each of the series, from the base year 1957. This is to show what has gone along with this period of price stability, which means no inflation, doesn't it?

First, let us note the stability of prices in the five years 1958-1962 inclusive. The consumers price index is up only 7.6%, and the BLS wholesale commodity price index is up only 1.6%. (These are percentage changes; not points in the indexes).

Then we have a small table, in which the figures also are percentage changes. The first column shows the over-all changes for the five years; the second shows changes during the latter 2½ years of the period. This latter is the period of an urelenting policy of easy money, which indeed is still with us, and which soon will be not 2½, but 3½ years old.

Percentage Changes

	Years 1957-'62	Monthly June, 1960-Dec. 1962
GNP	+25.4%	+ 9.9%
FRB production	+17.6	+ 8.7
Money supply (not S. A.)	+ 8.8	+11.4
Commercial banks:		
Demand deposits	+ 8.8	+11.7
Time deposits	+70.0	+43.3
Loans & investments	+38.6	+24.8

The latter period of 2½ years has been chosen because it was at the middle of 1960 that Federal Reserve policy shifted from the maintenance of continuous net borrowed reserves to net free reserves. This I take to be the most meaningful expression of an easy money policy. It means that the Fed undertakes to supply all the reserves the commercial banks can use, and more. It is in efefct a bottomless barrel of resources. As fast as the banks convert excess reserves into required reserves, by acquiring new assets and thereby creating new deposit liabilities against which reserves are required, so does the Fed create additional excess reserves.

Note that in the last half of the five-year period physical production expanded by about half the total; GNP grew by less than half. Money supply and demand deposits, which are the largest component of money supply, grew faster in the last half than in the first, but still at a pace slow enough to cause no alarm about inflation.

But total bank credit, and commercial bank time deposits, grew much faster for the whole five-year period, and about two-thirds of this growth occurred during the last half of the period. The growth of bank credit was in fact the aim of the easy money policy.

Now, the point of my argument is that such a growth of bank credit in so short a time must carry a potent inflationary wallop. This force may be all the greater precisely because so many people do not recognize that time and savings deposits in commercial banks reflect the creation of new dollars, just as surely as demand deposits do, and because they are reassured by the deceptive stability of the price indxes.

Why Prices Do Not Decline

Instead of marveling at the stability of the indexes, it might be more to the point to wonder why, in the face of all this unused productive capacity and competition for markets, prices did not go down. The answer, I think, is found in the expansion of bank credit. The creation of new money was sufficient to support total demand at unchanged prices.

Unused and unneeded money will find an outlet somewehre. If the price indexes have not reflected inflation, the stock market surely has. There has been an increasing speculation in urban real estate, shopping centers, motels, office buildings, apartment houses, an increasing demand for home mortgages on more favorable terms to the borrower—all reflecting the pressure of an apparent surplus of funds available for investment. Farm land values, it has been estimated, have risen by 90% between mid-1950 and mid-1963. There has been a startling growth in purely financial transactions—the putting together of diverse types of productive enterprise; the building up of new layers of corporate financial holding or controlling companies. Mutual funds have multiplied and flourished, and with them an apparent increase in the totals of financial wealth.

These are manifestations of inflation, and by inflation I mean an uncalled-for expansion of money supply. The narrow definition of money supply, which excludes time deposits, conceals this inflation for the time being. But both time deposits and demand deposits reflect an expansion of bank credit, and the enormous increases in commercial bank holdings of mortgages and municipal bonds reflects the financing of long-term investment with new bank credit, and not by savings.

The 1920's

To find a case history bearing important parrallels to the current situation we have to go back no further than to the decade of the 1920's.

First let us note immediately one feature of this period which is **not** parallel. The Federal Government operated with a budget surplus, and reduced the public debt, in 11 successive fiscal years from 1919 through 1930 — from $25.5 billion to $16.2 billion, or by just about three-eighths. This, mind you, despite several reductions in tax rates for individuals and corporations.

The contrast with the more recent period is marked. The Federal Government has reported budget surpluses in only six of the last 17 fiscal years, and its debt now is higher than it was at the end of World War II.

The important parallel that makes this a valid comparison—the one I want to stress—is the absence of inflation as measured by commodity price indexes.

There was a short but sharp post-war deflation which touched bottom in 1921. The wholesale price index for that year averaged 97.6 (1926=100). There was an upward wrinkle in 1923, and another, somewhat sharper, in 1925, but the trend was stable or gently downward. In 1929 it stood at 95.3. The consumers' price index behaved similarly. There was prosperity, and there was growth. GNP (current dollars) was $70.3 billion for 1921, and $104.4 billion in 1929—an increase of 48% in eight years. The production index (1947-49=100) was 30 in 1921 and 58 in 1929—an increase of 93%.

This was despite the decreasing part the Federal Government played in maintaining total demand. Or, perhaps, because of it. I don't want to argue that particular point now.

There was also easy money, generally speaking, throughout the period, and interest rates likewise trended downward. The discount rate was 7% in 1920, and got as low as 3% in August, 1924. It fluctuated between 3% and 4% until May, 1928. It was then raised to 4½%; to 5% in July, and to 6% in August, 1929. There was an inflow of gold, which amounted to $1,432 million in the four years 1921-24 inclusive. This, together with an almost continuous expansion of Federal Reserve credit, provided for a corresponding growth in member bank reserves.

On the basis of this expanded reserve base, commercial banks expanded total credit. Their loans and investments increased by 46% in the 7½ years following June, 1922.

There was little increase in money supply. Demand deposits went up only 5.2% in seven years. But time deposits soared. In the same period the increase in total commercial bank time deposits was $8.9 billion, or 81.5%. The obvious assumption was made. This was an increase in "savings," and it helped to explain the absence of "inflation."

Along with all this went an increase in financial activity. The stock market, you remember went up. There was a real estate boom—office buildings, apartments, land. There was speculation in Florida land tracts — until 1927. Building syndicates expanded. Companies for the guarantee and sale of mortgages and mortgage bonds grew in size and number. Investment trusts enjoyed an enormous growth, and their numbers multiplied. Corporate mergers and acquisitions were a popular sport, and empires were built in the utilities field.

Yet few people worried about the soundness of basic conditions. The inflation resulting from easy money policies and bank credit expansion was not recognized. As late as November, 1929, such capable people as the writers of the National City Bank *Letter* were able to say:

". . . observation has taught that whether the misfortune be a hurricane, a great conflagration, or a stock market crash, the first impressions almost invariably exaggerate the true extent of the damage. Never before in the history of the country have our industries been better fortified as to cash, conditions of inventory, or soundness of corporate structure. There has been no inflation of commodity prices to require correction; no crisis in the banking system to aggravate the situation."

After the stock market crash in 1929, a speech was made before the Chamber of Commerce of New York to explain what had happened. The speaker discussed, among other things, the phenomena of the mob mind which had been so manifest in the year and a half that had preceded the crash. The speaker made the generalization, familiar to social psychologists, that the more intense the craze, the higher the type of intellect that succumbs to it.

An Old-Timer's View of the 1920's

In all of this I have stressed my own view that an inflation in our time acually has been taking place, despite the stability of the price indexes, and that this results from an expansion of bank credit whose effects are concealed mainly by the fact that it is manifest in time deposits rather than money supply.

Now let me give you the views of a brilliant economist, philosopher, and socialogist, who was active during the period of the 1920's. He was economist for the Chase National Bank. You will immediately recognize the relevance of these quotations to our present-day situation. Dr. Benjamin M. Anderson died in January, 1949, and his last book, "Economics and the Public Welfare," from which I quote, was published posthumously.

"The great bank credit expansion in the 1920's took the form of time deposits to a greater extent than of demand deposits. Why was this? It would not have happened if, accompanying the immense bank expansion, there had been a corresponding increase in the demands of trade, and if the bank expansion had been called forth by trade needs instead of being pushed out by excess reserves. But there was no such growth in trade needs for money, and businessmen and most other people tend to be economical in the use of money. When banks pay interest on deposits and encourage deposits, people are glad to deposit unneeded pocket cash in the banks, and when banks pay more interest on time deposits than they pay on demand deposits, businessmen and others tend to put their excess funds into the form of time deposits rather than demand deposits. This expansion of time deposits, it may be observed, tended to reduce the reserve ratio required for a given volume of deposits and thus permitted the expansion to go much furher than would otherwise have been the case.

"There were those who looked with great complacency upon our immense expansion of bank deposits in the 1920's on the theory that it took the form chiefly of time deposits and that time deposits represented savings. The view was largely fallacious. Time deposits expanded most rapidly when bank reserves were most excessive, and time deposits ceased to expand when the money market tightened. They showed none of the steady growth of ordinary savings deposits. Moreover, they outran ordinary savings deposits by an appalling percentage."

In another place:

"But under the impact of the gigantic flood of bank money generated by the policy of the Federal Reserve System in 1924, money was superabundant in New York and the illusion of unlimited capital was growing. The market for high yield foreign bonds in the United States seemed insatiable, and the American investment bankers were trying to supply the market. In late 1925 the agents of 14 different American investment banking houses were in Germany soliciting loans from the German states and municipalities."

Still later:

"When the Federal Reserve authorities (in late 1928) tried to withdraw funds from the money market, the market found new and strange sources from which to draw funds. So much new money had been cerated in the period from 1922 to early 1928 that the problem of reabsorbing it and getting it under control was a very difficult one. When a bathtub in the upper part of the house has been overflowing for five minutes, it is not difficult to turn off the water and mop up. But when the bathtub has been overflowing for several years, the walls and the spaces between ceilings and floor have become full of water, and a great deal of work is required to get the house dry. Long after the faucet is turned off, water still comes pouring in from the walls and from the ceilings. It was so in 1928 and 1929. At a price, the speculator could get all the money that he wanted."

On the topic of the source of brokers' loans "for account of others":

"In no previous period of our history had there been any great volume of outside funds available for lending in this way, but here in 1928 and 1929 we find the rising interest rates calling in incredible sums, which rose to over 5½ billion dollars at the peak of 1929. Where did this money come from? What was its origin and source? The answer is to be found in the volume of bank credit which had previously been created and which, unneeded for ordinary purposes, had remained idle in bank deposits.

"Business corporations, putting out new stocks at high prices, had accumulated funds far in excess of their needs and were holding them idle as deposits with their banks. The money had come to them from the stock market on a 2% or 3% stock yield basis, and when the stock market in turn was ready to pay 7%, 8% and 10% for their money, they loaned it back to the stock market. It came originally, not from investors' savings, but from bank expansion . . .

"Foreigners, overborrowing in the United States, had accumulated vast sums of idle money, which they carried in bank deposits, as well as in other highly liquid forms. When the call loan rate went high enough, they put this money into call loans.

"Well-to-do investors, who had sold securities at high prices and withdrawn from the market, had idle cash on a great scale which they expected to use again in buying securities when the prices once more suited them, but which, meanwhile, they were glad to lend at 7% to 10% to the stock market speculators on well-secured loans, carefully watched as to the adequacy of margin and diversity of collateral by the skillful loan clerks of the great banks. The water poured out of the walls, pulled by the suction pump of rising interest rates."

Summary

To summarize:

(1) An important body of opinion today appears to hold that inflation is a rise in the commodity price index, and it is nothing else. Thus official measures to regulate prices, whether by suasion or by punitive laws, are considered effective barriers to inflation.

(2) This view de-emphasizes monetary inflation. Bank credit, in our modern system, is the major source of new money. But money today has a technical and narrow definition: It includes only commercial bank demand deposits (other than those of the U. S. Government and of other banks) and currency held by the public outside banks. Time deposits are not included, because these are not part of the "active" money supply, and are generally considered to be "savings."

(3) An officially sponsored "easy money" policy provides commercial banks with all the reserves they can put to work, and more. This maintains the banking system as a whole in the position of having excess reserves, or free reserves. But every dollar of new bank credit —that is, every increase in the loans and investments of commercial banks—results in the existence of a dollar that did not exist before. This is true whether new bank deposits take the form of demand deposits or of time deposits.

(4) But monetary inflation, for some period of time, can manifest itself in ways other than a sharp rise in the commodity price index. Speculation in land, stock market equities, over-building, purely financial transactions, competition for investment funds and outlets, are examples. Money not needed for ordinary business transactions finds inevitably an outlet somewhere.

(5) Complacency with regard to an enormous expansion of bank credit, on the ground that "savings" are keeping pace, is not justified. the liquidity created by an easy money policy, through bank credit expansion, remains in the economic system. Ultimately, if the easy money policy aimed at creating liquidity goes on long enough, liquid claims may be found not to be liquid at all if many holders of liquid claims attempt to cash them simultaneously.

(6) I have cited as a parallel case history the decade of the 1920's. This was a period in which commodity prices were stable or trending downward, despite a generally easy money policy over-all and a tremendous growth of bank credit. In this period, as in the present, bank credit was manifest in an expansion of time deposits, rather than in demand deposits or money supply. There was then the same assurance that inflation did not threaten.

(7) Finally, I have quoted the observations of a recognized authority of that day, who emphasized that the hazards of an easy money policy and an extraordinary bank credit expansion are not removed if only the results can be obscured by an accompanying expansion of time deposits.

I am thankful that my assignment today does not include an attempt to foresee the ultimate results of all this in the present era, so that I can now abandon the topic, right here.

*An address by Mr. Van Cleave before the Kansas City Society of Financial Analysts, Kansas City, Mo., November 20, 1963.

Salomon Named Managing Partner

William R. Salomon has been named managing partner of Salomon Brothers & Hutzler, 60 Wall Street, New York City, the first person to be given that title in the 53-year history of the investment and underwriting firm. Son of the late Percy F. Salomon, one of three brothers who founded the company in 1910, William Salomon joined the firm in 1933. He was named a partner in 1944 and was appointed to the Administration Committee, the top management group, in 1958.

William R. Salomon

Now 49 years of age, Mr. Salomon takes over the leadership of a firm which had a total volume of $72 billion in purchases and sales in 1962. The company has 19 general partners and four limited partners and has offices in New York, Boston, Philadelphia, Cleveland, Chicago, San Francisco, Dallas and Palm Beach.

A member of the New York Stock Exchange, Salomon Brothers & Hutzler is known principally for its large-scale trading in a wide cross section of investment grade securities. Recently, the firm has attained a leading position as a syndicate manager in the underwriting of corporate securities, rising from 19th place in 1961 with a total of $107.6 million to 5th place during the first six months of 1963 with a total of $332.9 million.

The appointment of Mr. Salomon to the new chief executive position is a major move to coordinate more closely the diversified trading, underwriting, research, sales and administrative operations under centralized direction, according to Benjamin J. Levy, Senior Partner, who has been with the firm since its founding in 1910. "Substantial growth and increased diversification to cover the entire spectrum of the investment grade securities market makes it advisable to knit together our variegated activities under young leadership with modern management concepts," Mr. Levy said. "The managing partner will be responsible for the direction of policies established by the Administrative Committee."

Loewi Co. Officer

MILWAUKEE, Wis. — Marvin R. Swentkofske has been elected an Assistant Vice-President of Loewi & Co., Incorporated, 225 East Mason Street, members of the New York and Midwest Stock Exchanges.

BANK AND INSURANCE STOCKS This Week — Bank Stocks

FIRST CITY NATIONAL BANK OF HOUSTON

Price	Dividend	Yield	Est. 1963 Earnings	P/E Ratio
$65.00	$1.25	1.92%	2.75	23.5

The largest bank in Houston is the First City National Bank with deposits at the year-end 1962 in excess of $800 million. In spite of the laws prohibiting branch banking in Texas the First City National has been able to show deposit growth in excess of 10% in the last five years. This is unusual, particularly in view of the somewhat static deposit growth record of banks in areas where branching is prohibited. The long-term outlook for branching still remains very much in doubt in Texas as the state legislature is somewhat dominated by the rural areas. The possibility of reapportionment whereby the urban areas may be more representative in the legislature is not altogether remote. Once this is accomplished, branch banking would appear imminent. Such a move would enable the First City National to move immediately into suburban Houston, as their position in regard to affiliated banks is strong.

The present bank resulted from the merger of the First National Bank in Houston and City National Bank in Houston in 1956. It is the third largest in the state and, being paramount in the Houston area, will benefit from the growth that will occur there. Houston has been predominantly an oil center. However, the development of the ship channel and diverse but related industry tends to lessen this dependence. Also, agriculture is unusually important to Texas and Houston's port handles the largest tonnage of any in the Gulf area. A large percentage of the commodities shipped from there are cotton or grain. The recent location of NASA center, while not significant in total employment, should bring technical personnel employed by major firms serving the government to the Houston area. This third factor in the economy lessens the overall dependence on oil and implies long-term economic stability.

Growing banks have felt the deficiency of capital and have had ot resort to stock subscription—the latest one occurring for this bank in 1959 when the ratio of capital funds to deposits was not much below the level of 1963. The recent sales of capital notes and mortgage bonds by other principal banks in Texas would encourage the First City National to use this route in the future. The result, obviously, is less dilution of earnings. In addition to the possibility of less dilution, there is the obvious factor of a low loan ratio. By the year-end 1963 loans were approximately 37% of deposits as compared with other commercial banks. This is unusually low. It would seem very likely that any change in this policy could be a great stimulant to earnings. Although trust assets tend to be insignificant relative to New York City banks, the growth in this area can be substantial over the next several years. Also, with the further development of the port, the growth of international banking is more obvious than at inland points.

Although the current earnings multiples are high and yields low, the bank's long-term outlook is favorable. With a relatively low dividend payout it would seem that improvement would occur here. The expectation for 1963 is for similar earnings as reported in 1962. The outlook for 1964, however, in view of rate increases and no recurring problem of Reg. Q should be favorable.

GROWTH (In Thousands)

Year End	Deposits	Capital Funds Excluding Reserves	Capital Funds As % of Deposits	Net Operating Earnings	Dividends as % of Earnings
1962	$816,980	$68,632	8.4%	$9,060	41.4%
1961	751,616	66,329	8.8	8,549	40.2
1960	708,197	62,212	8.8	7,414	46.4
1959	660,405	60,846	9.2	7,223	38.1
1958	708,031	54,559	7.7	7,194	33.4
1957	642,738	51,574	8.0	7,081	31.8

PER SHARE FIGURES*

Year	Net Operating Earnings	Cash Dividends Declared	Book Value
1962	$2.79	$1.15	$21.12
1961	2.63	1.06	20.41
1960	2.28	1.06	19.14
1959	2.22	.85	18.72
1958	2.44	.83	18.47
1957	2.39	.77	17.46

*Adjusted for stock dividends and stock split.

As We See It

Continued from page 1

upwards of $150 billion of assets — all obligations of the Federal Government—by the end of the century. Just how all this has escaped the deficit worshippers we do not understand.

The fact and its supposed implications have, as a matter of fact, not escaped attention in private quarters. In a recent article in "Challenge" published by New York University, John Regan Stark has this to say on the subject: "It is my contention that existing legislation compelling the accumulation of huge social security trust fund reserves, which are not required to meet current expenditures of the program, tends to depress the economy and thus conflicts with the primary objective of public policy. Thus, sooner or later, if we are to achieve accelerated growth, the financing of the Social Security System will have to be revised." It is possible we suppose — how probable we have no way of knowing— that the politicians will keep on loading greater and greater burdens upon the system until it is found at the end of the century that the so-called trust fund has attained no such proportions as the soothsayers in Washington now expect. We agree with Mr. Stark, though, that the accumulation of any such reserve as is now contemplated would be unwise.

Other Objections

Our objections to it, though, are rather different from those of the learned gentlemen from New York University, although we again agree with him regarding the undesirability of placing such large amounts of the public debt in any agency which is in effect the debtor itself. But there are broader grounds for questioning any such scheme of financing the system. The general public does not realize, though we are sure that Mr. Stark does, that all the taxes or "contributions" collected from wage and salary earners over and above current payment of benefit and administrative expenses are turned over to the Treasury against its I.O.U.'s.

Now there are some highly significant implications of this procedure which are not apparently understood by the rank and file. What would be the value of this huge "reserve" to those who later have claims against the system? Obviously the Treasury is the ultimate obligor in this case, and it can make good only by selling other securities to replace those that the fund presents for payment to meet obligations which exceed tax collections or else must levy additional taxes for the purpose. In other words, notwithstanding this huge accumulation in the reserves, all that is really back of the claims of any aged person is simply the borrowing and taxing power of the Federal Government. All this means that the common and persistent notion that the worker lays aside funds throughout his work-years which will be drawn upon to finance his old age is hardly more than one of those financial mirages which arise so easily in the field of finance whether in banking, investment or public finance.

Finances Many Things

What actually happens is that any moneys men and women at work pay into the OASI goes for (1) administrative expenses, (2) to pay benefits to those currently getting them, or (through the general fund of the Treasury where the proceeds of sale of obligations to the trust fund go) to finance whatever outlays the Treasury is required to make at the time. This, of course, would include farm subsidies, foreign aid, and all the rest of the New Deal and New Frontier list of outlays. What the worker gets in return for his social security payments is an undertaking by the Treasury to pay him certain specified amounts at some future date and that commitment is wholly independent of any trust fund or its assets. It would be a good thing if some of the persistent buncombe about this trust fund were somehow eradicated from the public mind.

The wisdom of reducing the tax rate upon the employed and their employers for this purpose must, first of all, depend upon the obligations laid upon the system. For some years through 1962, and no later figures have come to hand, the taxes were not sufficient to pay actual expenses in the form of administrative costs and benefits paid out. The rates have risen again this year and are scheduled to rise again in 1966 and reach their maximum under existing law in 1968. Costs are also rising and will rise even faster if some of the programs of the Administration and even of the opposition are realized. Unless and until tax collections exceed out payment these taxes take "money out of circulation" only temporarily since what is collected with one hand is almost at once paid out with the other to those who have reached the age when they can collect so-called social insurance or else to cover Administrative costs.

Not Understood

And — this is what is so often not understood — not even when tax payments exceed current Administrative expenses and benefit payments is the system one which takes out of circulation and keeps out of circulation funds for any great period of time. This is true since excess collections are promptly turned over to the Treasury against its special obligations at which time the funds are available for spending by the Treasury — and certainly are expended by it when, as has been true for years past, a Treasury deficit is the order of the day. All this for one thing makes it the easier for Congress to waste money since all sorts of things are really financed by social security taxes which the taxed seem to suppose are "put aside" for his later benefit.

D. M. Underwood Rejoins Firm

HOUSTON, Tex.—David M. Underwood has returned to the Houston investment banking firm of Underwood, Neuhaus & Co., Inc., 724 Travis Street, members of the New York Stock Exchange, as a registered representative in the firm's corporate finance department.

Mr. Underwood first became associated with the firm in December of 1960, after serving two years with the U. S. Army, and was named a registered representative in 1961. He was recalled to military service in late 1961 and since completion of that tour of duty has worked with Morgan Stanley & Co. of New York, and studied the London operations of the prominent European financial concerns of Cazenove & Co., N. M. Rothschild & Co. and Morgan Grenfell & Co.

Phila. Inv. Women To Hear Dr. Winn

PHILADELPHIA, Pa. — The Investment Women's Club of Philadelphia will hold a meeting Monday, Nov. 25 at 5:30 p.m. in the Concourse Conference Room of the Philadelphia National Bank.

Dr. Willis J. Winn, Dean of the Wharton School, will be guest speaker. His subject will be "The Economic Outlook for 1964."

The meeting is open to the public.

du Pont Adds to Staff

PORTLAND, Ore. — Leonard Rotolo is now with Francis I. du Pont & Co., 506 Southwest Sixth Avenue. Mr. Rotolo was formerly with Donald C. Sloan & Co.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

National Fuel Gas Company

National Fuel Gas, with annual revenues of $132 million, is an old line holding company which has paid dividends for 60 years. It controls subsidiaries which supply gas to a population of some 2,200,000 in western New York and Pennsylvania, plus a small area in Ohio. The largest cities served are Buffalo, Niagara Falls and Jamestown, N. Y., and Erie and Sharon, Pa. Residential sales account for about two-thirds of revenues, commercial 12%, industrial 20% and wholesale 1%. Gas for space heating accounts for over half of the volume of sales.

Gas sales to the steel industry (mainly in Sharon and Buffalo) contribute about 37% of industrial revenue, and the chemical plants in Niagara Falls are also important. However, the remaining industrial load is well diversified, including chemical plants, electrical equipment manufacturers, oil refineries, paper mills, heavy machinery producers, electronics plants, food processors, plastics companies, makers of musical instruments and toys, etc. It is estimated that new plant investment in and around Niagara Falls has approximated a half billion dollars annually in each of the past three years. General Motors, Ford and Bethlehem Steel are working on large additions to their plants in western New York. The area served by the company has an unlimited supply of fresh water, as well as excellent and diversified transportation facilities of all kinds.

System revenues have increased about 159% in the past decade and the outlook for continued growth seems excellent. The company's space heating saturation is a little over 80% but may well increase to over 90%. A six-room house in Buffalo can be heated with gas for $152 a year as compared with about $205 with oil and $600 for electricity. Residential customers are buying larger water heaters and more gas dryers. Gas air conditioners are increasing in use and rubbish disposers and gas yard lights provide new markets. Gas appliances are being vigorously promoted and customers are "gas minded." The steel and chemical industries in particular are increasing their uses for natural gas and many other plants are building up their gas consumption. Service is continually being extended to additional rural communities. The company has had the opportunity to acquire smaller neighboring gas utilities but is not interested in merging them unless about the same return can be obtained as is earned on its present plant.

The company buys about 93% of its gas supply, Tennessee Gas, Texas Eastern, Columbia Gas and Consolidated Natural Gas being the principal suppliers. It also buys some gas in the Appalachian field and from three coke producing plants, and produces 7% of its own requirements. It owns 31 gas storage areas located close to its principal markets. Gas purchase costs average 43.5 cents per mcf and average selling price is about 79.7 cents.

The company has few regulatory problems; purchased gas adjustments and surcharge clauses keep retail rates in line with wholesale gas costs. Settlement of a number of wholesale rate cases involving the pipeline suppliers has stabilized the cost of purchased gas and improved the company's competitive position. The company's properties are evaluated at fair value in Pennsylvania, and at original cost in New York. In a recent talk before the New York Society of Security Analysts, President Stuart H. Nichols stated:

"Management philosophy is shaped around the government regulation under which we operate. Barring some unforeseen changes in the whole regulatory concept, we will be limited in the future, as we are now, to earning what is rather loosely called a 'fair rate of return' on our rate base. This means that if we are careful to see that each newly invested dollar purchases property which qualifies in total as 'rate base,' then our earnings can be increased to the extent of 6% to 7% on new investment. Changes in taxes, changes in the wholesale price of gas, changes in other operating expenses, weather fluctuations, and sales variations can all affect the results obtained in individual years, causing what we call 'good years' and 'poor years,' but on a long-term basis we must currently assume that the amount of 'rate base' behind each share of stock will determine within fairly narrow limits how much per share we will be permitted to earn."

The company is conservatively capitalized, with an equity ratio around 57% at the end of 1962, hence no equity financing appears likely for several years. Construction needs are being met through bank loans at present, but bonds might be sold in 1965.

The company's record of share earnings, while somewhat irregular due to the vicissitudes of the weather, etc., has shown good growth on an overall basis, more than doubling since 1953. Earnings for the 12 months ended September 30 were $2.38 compared with $2.03 in the previous period. This big jump in earnings was due in part to cold weather and large industrial sales, but also included some special tax savings and refunds which accounted for roughly 15 cents of the 35-cent increase. One of the subsidiaries, Iroquois Gas in New York State, uses flow-thru for tax savings resulting from the use of accelerated depreciation, as well as those from the investment credit. In the past the system has not used a credit for interest on construction, but this policy is being studied. "Guide line" depreciation rates are also not being used currently.

The stock has been selling recently on the New York Stock Exchange around 34 (approximate range this year 37-29) and pays $1.30 to yield $3.8%. The price-earnings ratio is only about 14.3% —which seems relatively low for a utility with so long a record.

SECURITY SALESMAN'S CORNER BY JOHN DUTTON

A Good Ad and an Effective Letter

A progressive dealer friend of mine uses a postal card to contact his mailing list. This list is composed of every person that has contacted his office (seriously) concerning securities, triple AAA prospects, friends and relatives of members of his organization, and about 1,500 hand picked names of people living in upper income neighborhoods convenient to his office. The cards are done in photo offset. His printer sets up the copy then reduces it to card size. Here is an ad that worked well—

"For more than nine years we have been privileged to counsel and advise our friends and neighbors how to make the best possible use of their savings and investments, so as to serve their own particular needs and requirements.

For Example

"Spendable, monthly return of 6% or more is available from your present reserves . . . invested in INCOME TYPE securities of sound investment quality . . . plus conservative expectation of growth of capital.

"Inquire In Confidence
And Without Obligation."

This dealer then carefully selected ten well known stocks, all yield 6% or more, seven of which are rated B plus and three B, by Standard and Poors. Those who replied were interviewed, their financial requirements were discussed, some were interested in the list proposed, others became interested in mutual funds. The dealer who uses this idea wrote me, "I think it is a mistake to advertise any security as a TYPE of security; e.g. common stocks, municipal bonds, mutual funds, etc. etc. The things to advertise are the *end results*, the satisfaction of security ownership, liberal income, tax free income, potential capital gains etc. If a reader wants to know how he can enjoy the end result, let him come into our office and find out!! Or telephone for a representative or mail the coupon." During the nine years that I have watched him build a growing business that caters primarily to retired investors I can attest to the validity of his approach regarding his advertising and his service to clients.

Prospecting Letter

The following prospecting letter has been used by a salesman who sends it to people with whom he has done business, and those who think of him favorably, family and friends.

"Would you do me a favor: It shouldn't take more than five minutes of your time and it will mean a great deal to me.

"In the space below, please give me the names of two or three people you think might appreciate hearing from me: Friends, relatives, business associates — experienced investors or not. Your recommendation will be qualification enough.

"People you suggest will be contacted by me personally.

"Naturally there will be no pressure, no obligation whatsoever. Descriptive material will be mailed and after a few days, I'll phone to arrange for an appointment.

"If you fill in the names and addresses and return to me in the postage paid envelope, I'd be very grateful.

Sincerely yours,

"I would prefer you ( ) use my name.

"I would prefer you ( ) do not use my name."

John Dutton is the pen name of a registered representative employed by a large member firm of the NYSE.

Executive Roles for Women in Banking Industry on Increase

Women today occupy jobs in nearly every banking category, including such executive posts as chairman of the board and president, Mrs. Emily Womach, president, National Association of Bank Women told the New York Conference, National Association for Bank Audit, Control and Operations on Nov. 19.

Tracing the history of NABW from its founding in New York in 1921 to its present national membership of 4,300, Mrs. Womach said bank rosters today list 17 women as chairman of the board, 125 as directors, 37 as presidents, 14 as executive vice-presidents, 180 as vice-presidents and 348 as assistant vice-presidents.

In addition, she said, women will be admitted to the Stonier Graduate School of Banking at Rutgers University for the first time next semester, "and 20 are already registered."

Mrs. Womach, who is Assistant Vice-President and Secretary of The Sussex Trust Co., Laurel, Del., addressed an audience of 170 NABAC members of Whyte's Restaurant, 145 Fulton St., New York City.

A. M. Lerner Co. To Be NYSE Firm

A. M. Lerner & Co., Inc., 150 Broadway, New York City, will become a member firm of the New York Stock Exchange, with the acquisition of an exchange membership by Stuart A. Miller, Vice-President and Secretary. Alfred M. Lerner is President and Treasurer.

Now Hutchinson, Shockey, Erley & Co.

CHICAGO, Ill.—The firm name of Hutchinson, Shockey & Co., 208 South La Salle Street, has been changed to Hutchinson, Shockey, Erley & Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The upward trend of interest rates is still going on but at a slower pace, with some indications now that this increase is not going to be as sharp and as high as had been expected not so long ago by some money market specialists. It seems as though the betterment which is being reported in our balance of payments problem, as well as the fact that the economy is not booming and the tax bill has not been passed, is taken to mean that money and credit and interest rates could remain pretty much in their present pattern pending developments.

Long-term Government bonds continue to give investors a very favorable rate of return so that commitments in these securities are growing. Again, it is evident that sales of other forms of investment are still being made so that this money can be put to work in long Givernment bonds.

Stock Margin Credit Curtailed

The recent increase in margin requirements for the purchase of common stocks from 50% to 70% will curtail in some measure the amount of credit which will be going into the equity market. The monetary authorities in their control of credit have cut down on the quantity of bank credit that can be used in the purchase of common stocks so that more of this same credit will be available for other legitimate business purposes.

The Federal Reserve Board is using its powers to take some money and credit away from the areas where it will not do the economy the most good, and make it available to the rest of the business community which can make good use of it, especially with the slightly firmer interest rates. This margin operation of the powers that be will not curtail the overall supply of credit but this quantitative control of credit will nevertheless limit the amount of it being used for the purchase of common stocks.

Keeping Money in U. S.

The further modest increase which has taken place in the yield of Treasury bills is making our balance of payments problem less binding, although it will still be quite a while before we have solved this most pressing problem. However, as long as we are going to use an attractive rate of return as a force to keep the readily moved funds here and in this way give help to the dollar and our gold holdings, the yield of our short-term obligations must remain competitive with the yields available in similar issues in other free world money centers.

So far the monetary authorities have been able to keep near-term obligations high enough so that the movement of funds from here will continue to stay within the confined limits that are considered to be not unfavorable to our balance of payments problem.

Higher Discount Rate Unlikely

The discount rate is again in the spotlight because the bill rate has moved at times above the Central Bank rate now at 3½%. Some rumblings are being heard to the effect that an increase in the discount rate is quite likely because the short-term rate has shown a tendency to go above the Central Bank rate.

On the other hand, the opinion of most money market experts is that the discount rate will not be raised unless there is an upward movement in the Central Bank rates of the other free world countries. It is believed that the fact that business is not going at peak capacity, unemployment is still sizable, there is no abuse of credit so far, and inflation is still dormant, as well as an improving balance of payments problem, augurs well against any further change in our Central Bank rate.

"Protected" Treasury Bond Market Evident

Even though prices of long-term Government bonds continue to decline very moderately there is no lack of buying of these issues because more and more of the discriminating investors are making purchases of these very high grade securities.

In addition, there is very tangible evidence that the monetary authorities are not going to let yields on these bonds go up too much. It can be seen from the available weekly Central Banking statistics that purchases of these obligations are being made by the Reserve Banks so that an orderly and to some extent a protected market will be maintained.

Bill Offering Reduced

In order to keep our short-term rates competitive but not so attractive that the yields here will bring about a flow of funds from other free world money centers and in this way upset the equilibrium between the various countries, the Treasury cut down the amount of its weekly offering of bills by $100,000,000. This probably means that near-term rates here will be kept within a very narrow area in both directions. It seems as though interest rates are in a plateau for the time being.

Campbell Joins Reynolds & Co.

PHILADELPHIA, Pa.—Reynolds & Co., members of the New York Stock Exchange and other leading exchanges, announce that Frank J. Campbell, III, is now associated with them as Manager of the Stock Department in their Philadelphia office, 1526 Chestnut Street.

Twin City Inv. Women

MINNEAPOLIS, Minn.—The Twin City Investment Women's Club held its first dinner meeting of the 1963-64 year on Nov. 20, 1963.

Brace Bennitt, Jr. of Piper, Jaffray & Hopwood was the honorary escort at the showing of the film *"The Lady and the Stock Exchange."* Following the film, Mr. Bennitt held a forum on the Stock Exchange and a woman's role in the investment field.

Current Policy Trends In Pension Fund Investment

Continued from page 3

mental categories has been covered in great detail by others and myself [1] and is not the subject of this discussion.

I

Fixed-Income Investment

By fixed-income investments we mean those for which the (1) rate of return is established at the time of the purchase and not subject to change (unless the borrower defaults), and (2) an investment which promises repayment on a certain date (maturity). In other words, the fixed-income investment is usually an evidence of debt. Preferred stocks are also classified as fixed-income securities and will be covered separately.

I would say that, as we see it, the most notable current trends within this part of pension fund portfolios is the growing acceptance of the private placement and mortgages in place of publicly-held corporate bonds. The reasons for this switch are: (1) the already sizeable holdings of corporate bonds in fund portfolios; (2) recognition that marketability has only limited value to the typical pension fund; (3) higher yields available on private placements and mortgages; and (4) the amortization features of many private placements and mortgages which provide an attractive, high yield substitute for the traditional technique of the staggered maturity.

Corporate Bond Holdings

At year-end 1962, the SEC reported that total bond holdings of corporate pension funds at book value amounted to $18.281 billion or 50.8% of total assets. Of this amount, U. S. Governments amounted to $2.215 billion (6.2%) and Corporate Bonds accounted for the remaining $16.066 billion (44.6%). The holdings of bonds by pension funds are sizeable. Most of those bonds are marketable, which permits the consideration of non-marketable fixed-income investments, as long as private placements offer yields sufficiently in excess of those available from a publicly traded corporate issue of similar quality and maturity. The investment manager has the freedom to consider this type of investment since he already has an established adequate portfolio of marketable securities.

The problem of availability is paramount. During the first six months of 1963, all debt publicly offered in the American market amounted to $2.497 billion compared with private offerings during the same period of $3.127 billion. Most certainly there were private offerings of sufficient quality and attractiveness to excite the interest and participation of the pension fund manager. It is logical to expect a continuing flow of private placements.

It should be noted that state and local retirement funds are heavy buyers of high-grade publicly offered corporate securities. In many instances, the state retirement systems are severely restricted to the types of investment the legislature permits them to make. For the most part, these restrictions are such as to direct the bulk of state and local investment into securities receiving a rating classification of A or better. When one stops to consider that the cash flow into these funds is $2.8 billion per year and that a large percentage must be invested in the corporate bond market, it is easy to see that this source of investment demand must be and will be an important factor in the high-grade fixed-income area. Accordingly, yields available on publicly traded fixed-income securities will reflect this rather large and insistent demand.

Marketability

The publicly traded bond enjoys a marketability certainly not available to the private placement or the mortgage. There is something of a "market" for FHA insured and VA guaranteed mortgages, but these "markets" tend to be relatively local, the spreads between the bid and asked prices are broad, bargaining on terms and price is a most important factor. However, the question arises — just how much marketability does a typical pension fund realistically require? Marketability (i.e., the ability to convert a security into cash within a relatively short time and at a reasonable price) or if you prefer, liquidity, is needed for:

1. Reserve for investment
2. Lump-sum withdrawal privileges
3. Vesting provisions
4. Actuarially calculated cash flow requirements for benefit payments.

It is obvious that all of the above can be calculated with a fair degree of accuracy and, accordingly, the need for liquidity can be considered when investment policy is formulated. In addition, most fund managers have some sort of escape clause which permits the deferral of substantial withdrawals for one reason or another. Hence, once the need for liquidity has been established and the extent of this need satisfied by the investment policies of the fixed-income portion of the total investment portfolio, the remainder of the fixed-income section need not be saddled with a marketability requirement. This will provide the flexibility to invest in any fixed-income security, public or private, depending upon yield, maturity and other such investment considerations. As an aside, it should be noted that the marketability of large blocks of corporate bonds sometimes leaves much to be desired.

Yield Spreads

Any attempt to pinpoint exact yield spreads tends to be inexact. The relationships are constantly changing and this state of flux defies any categorical classification. The so-called traditional yield spreads have been narrowed considerably as (1) the supply of publicly-offered corporate bonds has diminished and (2) more fund managers have accepted private placements and mortgages as important parts of their fixed-income portfolio. Furthermore, in the case of government insured or guaranteed mortgages, the traditional spreads have been narrowed even further by the liberalization of Regulation "Q" which spurred the purchase of mortgages as investments by the commercial banks.

Amortization

Many private placements and mortgages provide for the full or partial repayment of principal over the life of the loan.[2] Usually, such repayment begins immediately which provides a constant return of capital at a pre-determined rate. Obviously, such a return of capital may or may not be attractive to the individual fund depending directly upon its individual investment needs. Assuming, however, that such a return of capital is attractive, either for technical or investment reasons, the amortization technique may be more attractive than the traditional method of staggering maturities (purchasing bonds due over a period of time so that a pre-determined amount of capital is repaid to the fund each year). Normally, the shorter the maturity, the lower the yield. Hence, a portfolio of high-grade (A or better) corporate bonds within which maturities are spaced in equal amounts annually beginning five years from now (1968) and with the last maturity 35 years away would bring an overall yield of approximately 4.25%-4.30%. This can be compared to (1) the gasoline station subsidiary of a major oil company (rated AA) whose 25-year paper is to be retired on a level payment basis (average life of 15 years) at a 4.50% yield or (2) an FHA insured mortgage with an average life of 12 years providing a net yield to the investor after all charges of 4.95%.

Preferred Stocks

In general, we do not favor the inclusion of straight preferred stocks in a retirement fund portfolio. The absence of a definite maturity denies the investor the privilege of having his capital returned at a specific future date, as is the case with bonds and mortgages. This privilege can sometimes allow withdrawal from a senior investment of declining quality without any or serious loss of capital, whereas under similar conditions the sale of a preferred stock could involve some capital loss.

Furthermore, the demand for preferred stocks from insurance companies and other corporate investors, stimulated by important tax advantages, has resulted in virtually eliminating the before-tax yield advantage which they once offered over bonds. Thus, for the tax-exempt fund, we believe that straight preferred stocks do not now represent an attractive form of investment.

II

Variable Income Investments

In this area, we are primarily concerned wits common stocks as investments for a pension fund. As noted previously, equities have rapidly assumed an important role in the investment policies of an impressive cross-section of retirement funds and there is no indication of any discernible trend away from this basic policy decision. Once again, we find ourselves lacking reliable statistics such as those which exist for the investment trusts.

In June, 1962, I spoke to the 15th Annual Conference on Labor, at New York Univerity, on the subject "The Investment of Pension Funds."[3] At that time, I argued for increased investment flexibility on the part of pension funds so that they would not be hampered by arbitrary restrictions established in the past. I concluded with the following statement. "The investment years ahead are bound to be more difficult than those we have recently experienced. Unless the trustees of a fund permit investment flexibility during this time, it is my opinion that many will be quite dissatisfied with the results of their investment program. Of all the various types of investors that populate the market place, the typical pension fund possesses, more than any other, the theoretical mobility necessary for investment success under rapidly changing conditions. This capability for investment change is strait-jacketed, however, by strict adherence to any one formula."

And so it has come to pass in a limited way. First and foremost, we note a distinct trend away from the ancient diversification formula of "a little bit of a lot." More and more, professional investment advisors no longer include certain groups of securities *as a matter of course*. The old formulas which established specific investment percentages for each industry within a portfolio are being discarded for a more flexible approach which permits the investment manager to exercise his judgment on economic trends. For the most part, the excluded groups are concentrated in the more cyclical industries such as non-ferrous metals, etc. (This is not to indicate that the so-called cyclical type securities have no place at any time in a pension fund portfolio. Just the opposite may well be the case, from time to time, when a variety of variable factors favors this type of equity investment such as the rails or the steels in the decade following World War II.) The important factor here is, however, that across-the-board investment on a formula basis is giving way to a greater degree of selectivity.

Second, and within the framework noted above, there is a growing tendency to direct cash flow to investments with the greatest profit potential. For example, the old pension fund technology would direct the money available for common stocks to be spread among a large number of investments. Today, we note a trend towards the concentration of these sums when and if the investment advisor believes that a certain industry or company is particularly attractive. This acceptance of concentration coupled with the relatively light supply of many stocks of pension fund quality could conceivably result in more dramatic price improvements in certain industries and companies than that which has been experienced in the past.

Third, there continues to be a willingness to invest in smaller quality companies with a superior rate of earnings growth. This is due to two factors: (1) most pension funds have substantial holdings of the so-called blue chip securities and, accordingly, can afford to accept the slightly greater risks inherent in the smaller companies in return for the promise of greater rewards and (2) the experience of the stock market since the end of 1961, indicating that those companies with truly superior records and prospects, wherein measurement of such prospects has been applied on a logical and conservative basis, prove to be most rewarding to the investor. We have noted a philosophy on the part of some fund managers to segregate the assets of their common stock portfolio into two sections; the "blue chip holdings" and the smaller quality companies which have been included for greater than average return. This latter category is treated as a distinct portfolio and the investment ground-rules applicable to the "blue chip" sector are revised to satisfy the somewhat different needs of the less broadly accepted investments. This technique makes a great deal of common sense and has application for almost any pension fund portfolio.

Lastly, there has been an increasing volume of security sales within the common stock sector of many pension funds' portfolios. This is a most logical development when we realize that many funds have been investing in equities for well over fifteen years. Obviously, the sale of securities may be warranted in favor of other investment opportunities. In addition, the current investment climate is such that security markets are marked by wide price amplitudes. This climate provides opportunities for investment flexibility, especially attractive to the tax-exempt fund.

Conclusion

A number of changes are apparent in the investment management of pension fund portfolios. Most of the new techniques are based upon the realization that the pension fund possesses great inherent flexibility. The need for marketability in the fixed-income portfolio is being questioned. Private placements and mortgages are rapidly finding a place in portfolios. Greater selectivity in determining industry and company desirability is apparent among equities. Sole reliance on the "blue chip" is diminishing. Finally, as the fund grows older, there is an increased necessity to review and possibly change the issues comprising the portfolio in light of economic and market developments.

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*An address by Mr. Heimann at the Ninth Annual Workshop of the National Council of Health, Welfare and Pension Plans Inc., at Miami Beach, Florida, on Nov. 12, 1963.

1 Heimann, John G., "What Is the Prudent Policy Today in Investing Pension Fund Assets?", New York City, New York. *Commercial and Financial Chronicle*—October 12, 1961.

2 Amortization or repayment can be accomplished by the serializing of an issue over a period of years.

3 "The Investment of Pension Funds," New York City, New York. Matthew Bender & Company, 15th Annual Conference on Labor, 1962, pages 381-390.

Form Gen. Inv. Service

OMAHA, Neb.—General Investors Services Corporation is conducting a securities business from offices at 1221 Harney Street. David S. Allen is a principal of the firm.

Kent Securities

GRAND RAPIDS, Mich. — Kent Securities Company is engaging in a securities business from offices in the Michigan National Bank Building. Clarence J. Worst is a principal of the firm.

R. G. Dickinson Branch

MARSHALLTOWN, Iowa — R. G. Dickinson & Co. has opened a branch office at 14 West Main St. under the management of Kent Johnson.

Probing the Mysteries of Life Insurance Stocks

Continued from page 11

affecting the portfolio of policies including claims, lapse, expirations, transfers and other terminations. The persistency is lower with higher lapse.

Perhaps the "license to steal" expression facetiously used on occasions to describe the life insurance activity has a thread of truth in some remote cases where lapse is especially high and persistency is not very good. Visualize a matured company that is rich in assets, reserves and investment income but has grown too "tired" to put out the special effort required to maintain an aggressive sales department in today's highly competitive world, yet it must maintain some semblance of a sales force and keep the salesmen fed. To solve this problem, it reluctantly "permits" the acceptance of highly marginal business that is more likely to lapse, knowing the process will enable the salesmen to live off of the liberal first year's commissions. Persistency suffers with this kind of business as well as the innocent investor since overhead expense is being wasted.

(7) *Growth of life premiums.* A comparison of the total of all life insurance premiums for 1962 shows an average growth index of 143.4 (vs. 1958 as 100) for the faster group versus only 118.6 for the slower companies. The very best record was 193.1 while the poorest was 105.2.

Fundamental Total Business Gain

(8) *Growth of insurance in force.* We concern ourselves with the volume of insurance in force when measuring the trends by lines, when determining values per thousand, when computing profits per thousand, etc. But when we are evaluating the relative skills in putting business on the books, we compare the total value of business in force from one period to another—*not the volume.*

The growth of values for the faster group shows 150.9 on average (vs. 1958 as 100) compared with 131.1 for the other group. The greatest achievement was 208.1 whereas the poorest was 113.4.

Valuing the Insurance

Perhaps the greatest individual problem for the serious life stock analyst is to fairly evaluate the insurance in force for each company. It is necessary to do this properly in order to avoid penalizing the faster growing companies to a greater extent than the slower growing companies since both must currently charge off the acknowledged high cost of putting new business on the books. The traditional method is to appraise each thousand of new face amount at from $15 to $20 for whole life, half of this for term and from $2 to $5 for group insurance. Such round figures are reasonable, in our opinion, but *only on an industry wide basis.* The use of such uniform round numbers on each and every company does not recognize the very significant differences in their *basic profit and growth factors,* some of which are revealed in this article. For such reasons, we have discarded the unsupported round number method in favor of one that is better supported with facts. It is based on the profitability and growth as well as other related matters. Perhaps we can explain this as follows:

All companies under study are classified with one-third in each of three growth groups; faster-average-slower. The effect of our findings with respect to the value of whole life insurance is shown by these summary figures: volume growth was measured at an average of 15.4 for the faster group, at 9.3 for the average group and at 5.1 for the slower growing group. Their unadjusted gains per thousand averaged $2.03, $2.58 and $3.52 in order. The final unit values per thousand of whole life came out at an average of $19.44 for the faster companies, $15.47 for those rated average and $11.82 for the slower group. The resulting multiples were therefore 9.6 times, 6.0 times and 3.4 times earnings.

These results tend to confirm the traditional beliefs that faster volume growth is costly, with lower profits, and that slower growth produces more profits. The figures also lend solid support to the validity of this alternative valuation method and discredit the uniform round number method which may rely for support solely on its traditional use.

(9) *Gains to premiums.* We believe price competition is more serious with the slower growing companies as evidenced by their lower average of 12.3% of adjusted gains after policy dividends to total life and accident and health premiums over the past two years compared with an average of 16.5% for the 10 faster growing companies. The contrast is great between 32.5% shown for the top company and 4.5% for the poorest.

(10) *Growth of equities.* Equities used in the following comparisons have been adjusted to include the estimated values of the insurance as well as surplus type reserves. In addition, the totals were adjusted downward in mixed companies for the portion restricted from stockholders by reason of the participating business, since that portion is not "owned" by the investors. This elimination varies widely from one mixed company to another from zero in some to substantial proportions in others. (A similar adjustment must be made as to gains.)

Considerably more equity growth is shown by the 10 faster growing companies with an average of 171.5 (vs. 1958 as 100) compared with 129.6 for the slower group. The top performance of 205.5 compares with 117.6 for the poorest.

(11) *Market performances.* Differences in the market performances of the two groups have been rather modest during shorter periods: During 1962, stocks of the faster growing companies declined 8.1% on average whereas the slower group declined only 4%. During the short term from Jan. 1, 1963 to September 3, the faster group advanced 28.4% while the other group advanced 19% on average.

By strong contrast, faster internal growth has been dramatically corroborated over the long term from Jan. 1, 1957 to Sept. 3, 1963 when the 10-company group averaged 533.4% in market appreciation, roughly three times the 177.5% for the slower group. The best increase was 901.9% compared with 83.8% for the poorest.

(12) *Price-earning ratios.* We estimate that the price-earning ratios for the 10 faster growing companies under discussion at Sept. 3, 1963 to average 30% higher than for the 12 slower growing companies at that time. This reasonable close-proximity of market appraisal is out of line with both the differences demonstrated as to the internal growth and the market performances.

Need for Professional Help

The investor's dilemma. It has been facetiously said that the lawyer who represents himself in a court action has a fool for a client. While this simile may be too extreme when applied to the study of life stocks by the average investor, it serves to illustrate our point that he has a very difficult task. Unless the investor-analyst has a great deal of time, patience and imagination we urge that he search out and deal with one of the brokerage houses that is fully qualified to provide him with the type of in-depth help that he will need. Or he may own shares in one or more of the mutual funds that concentrate their holdings in life stocks.

Ignore Face Amounts

As another bit of advice, please guard against being psychologically influenced by the astronomically huge figures with which this industry is uniquely surrounded. Keep in mind that *face amounts of insurance are dollars only when they become claims* to be paid off. Before that time each new thousand of face amount is tiny in terms of assets, premiums and profits. Do not be overly influenced by the bold face type and dramatic bar charts that occupy so much space in many annual reports. They may distract your attention away from other more meaningful areas for inquiry.

Investors must not be misled by a comparison of assets, insurance and equity added when a company exchanges at inflated market prices additional shares issued at nominal book value for companies acquired, the investor believing such "growth" is truly comparable with natural internal growth of another company. A few managements have been very careful to repeatedly point out such non-recurring inflations of their figures but many others have failed to do so in such a forthright manner.

We submit that the face amount of life insurance is a misleading measure for comparison between companies because their *types and qualities of policies vary widely in cost to acquire, in asset and equity producing capabilities and in their stability and long-term profitability.* Group credit may be of the lowest quality while whole life is often considered to be the highest. In some companies large portions are re-insurance business which has a smaller profit margin. Many companies include term riders attached to whole life policies as whole life sales and in force while others do not include them. If you do not correct for this detail, your comparisons will be unfair.

Avoid New Companies

We would suggest that the average investor avoid new life insurance companies with his "conservative money." Small companies do not have the same chance today they had ten years ago when there were not so many of them. The pendulum has swung too far in one direction.

Be patient for the long-term potentials. Be ready with some money for the next market sell-off of life stocks and pick up additional shares from the bargain counter. If history is any judge, there will be opportunities like this for you in the future.

There is a latent risk that one or more of the more mature stock companies will call in its stock and become a mutual. This has happened in the past and could happen again, so it is a risk. We are concerned with the trend in the industry for more and more dividends to policyholders. It looks like some managements are trying to meet all competition in all ways and in view of the huge amounts of money the giant mutuals have at their commands, we wonder how well the stock companies can succeed and still come up with the profit bonanza the life stock buyer has been led to expect.

Summary

We have shown that many significant and measurable differences actually exist between major stock life insurance companies. Serious in-depth studies are necessary to enable us to compare management skills, determine relative market values and evaluate growth trends. We have shown that faster internal growth has had three times the market gains over the past 6⅔ years. Therefore, the serious investor, wishing his money to work harder in this field should be very well rewarded for his better understanding of the mysteries of the life insurance stocks.

New England Power Company Bonds Offered

Francis I. duPont, A. C. Allyn, Inc., New York, as Manager of an underwriting group has announced the public offering of a new issue of $10,000,000 New England Power Co. 4½% first mortgage bonds, series K, due 1993. The bonds are priced at 101.155% and accrued interest to yield approximately 4.43% to maturity. The issue was awarded to the group at competitive sale Nov. 19 on a bid of 100.336% which named the 4½% coupon.

Proceeds from the sale along with the proceeds from a concurrent private sale of 100,000 shares of 4.68% preferred stock of $100 par will be applied to the payment of an estimated $20,000,000 of short-term notes issued for prior construction or to reimburse the treasury therefor. Any balance will be used to pay for construction expenditures.

A sinking fund has been provided for the new bonds commencing July 1, 1965. The sinking fund redemption price is 105.66%. Optional redemption prices range from 101.16% to the principal amount.

The company's business is that of generating, purchasing, transmitting and selling electric energy in wholesale quantities principally to other electric utilities doing a retail distribution business and to large industrial consumers. Electric generating properties of the company are located in Massachusetts, New Hampshire and Vermont.

Eastern Air Lines Financing Program

One of the largest financing programs negotiated in the domestic airline industry was announced by Eastern Air Lines, Inc. Kuhn, Loeb & Co., Inc., and Smith, Barney & Co. Inc., New York, assisted the company in arranging the financing.

The program which makes available to Eastern a total of $67,000,000 of new money and includes renegotiation of existing loans aggregating $170,000,000 will provide funds for Eastern's acquisition of a fleet of 40 of the new Boeing 7-2-7 Fan Jets which will replace much of Eastern's propeller aircraft. The entire acquisition program for the Boeing 7-2-7 Fan Jets is estimated to cost a total of $210,000,000.

Participating in the financing are The Equitable Life Assurance Society of the United States, The Prudential Insurance Co. of America and a group of 15 prominent banks headed by the Chase Manhattan Bank, New York.

Principal portions of the agreements, which will provide immediate availability of funds with repayments to begin after the new Boeing 7-2-7 Fan-Jet fleet is in full operation, include:

(1) Renegotiation of certain of the terms, including maturities, of Eastern's $170,000,000 outstanding loans. Repayments of these loans are to begin in 1967 and to continue through 1974. Of the total, $90,000,000 will bear interest of 4.15% and $80,000,000 will carry a 5¼% rate.

(2) New loans from the banks and insurance companies totaling $45,000,000 at 5¼% interest, with maturities through 1967. Of this amount, $20,000,000 is on a stand-by basis for use if needed.

(3) Proceeds from the sale of $22,000,000 of 5⅜% convertible junior subordinated notes due Dec. 1, 1983, are convertible into Eastern common stock at $25 per share.

Both the insurance companies and bank loans are secured by a pledge of flight equipment with the Old Colony Trust Co., Boston, serving as trustee under the mortgage. A long-term lease with the aircraft and engine manufacturers, covering five of the new fleet of 40 aircraft has been incorporated in the program.

Phila. Inv. Assn. To Hear Col. Miller

PHILADELPHIA, Pa. — Colonel Homer E. Miller, U. S. Army (retired), will be guest speaker at a luncheon meeting of the Investment Association of Philadelphia to be held on Friday, Nov. 22, at The Engineers Club, Philadelphia.

Colonel Miller, who is associated with the firm of Saul Lerner & Company, Inc. will discuss Puts and Calls.

Samuel R. Roberts of Schmidt, Roberts & Parke, is in charge of arrangements.

Chicago Trade Board Appoints to Committee

CHICAGO, Ill.—Edward J. Kazmarek and John F. McKerr have been appointed to the Nominating Committee of the Board of Trade of the City of Chicago, it has been announced.

STATE of TRADE and INDUSTRY

Continued from page 14

users were building inventories against the threat of a strike.

Steelmakers say advance bookings for next month are better than they anticipated and note increasing pressure for quick shipments. This situation, coupled with strong demand from service centers, suggests that steel inventories outside the automotive industry have been cut to normal levels.

The recent uptrend in steel buying by service centers supports the view that most small consumers have liquidated their strike hedge inventories.

It's also clear that most service centers have completed their own inventory adjustments. On Jan. 1, distributor stocks of industrial steel products totaled about 3.25 million tons. They rose only slightly in the first eight months and are down to the starting level again.

Fifth Week in a Row Rise Seen

Steel ingot output is expected to rise this week for the fifth consecutive week. *Steel* looks for production to be higher than the 1,990,000 tons it estimates the industry poured last week. Operations are close to 65% of unofficial capacity—highest since mid-July.

Higher steelmaking operations aren't giving the scrap market any lift. *Steel's* price composite on the No. 1 heavy melting grade held last week at $26.67 a gross ton.

Steel Consumption in 1963 May Set All-Time Record

Steel consumption in the U. S. this year is on its way to an all-time record, *Iron Age* magazine reported.

On the basis of current projections, the previous record of steel consumption of 77.4 million tons in 1955 is likely to be topped.

The *Iron Age* analysis is based on steel shipments, chewup, exports and imports, and inventory accumulations.

Total shipments will not approach the record 84.7 million tons set in 1955. But, when other factors are taken into account, there is a good chance U. S. industry will use up about 77.5 million tons of steel this year.

U. S. A. Becoming a Steel Importer

Iron Age said the big factor is the radical shifting of the U. S. favorable balance of steel trade in 1955 to the status of a major importer of steel this year.

In 1955, American steel mills exported 4.48 million tons of steel while importing 1.1 million tons. This year, exports are expected to run about 2.3 million tons while imports will soar to a record 5.3 to 5.5 million tons.

Also in 1955, inventories were built up by about 4 million tons compared with about 1.5 million tons this year.

Adding the total foreign trade bulge to shipments, then subtracting the inventory buildup, yields a total use of about 77.5 million tons this year.

Looking at the current steel market, *Iron Age* said a current gain in new orders for December, plus some favorable indicators for January, give a new note of optimism to the market.

Most of the gains come from record-breaking auto production. This is augmented by apparent final working off of excess steel stocks held by the automakers. The auto steel orders are now closely geared to production, and the outlook for January is improving.

In any case, there is little possibility of a drop in steel production through December, and more and more people are talking about improvement after the first of the year.

This is bolstered by excellent first half forecasts by appliance makers, builders of farm equipment, and the construction industry—as well as the booming automakers.

A strong first half for these industries would offset other factors that counteract the heavy emphasis on the auto industry. Construction will show its seasonal declines. But these may be less severe than expected.

Auto Strikes Interfere With Record Demand

Auto output in the U. S. last week declined approximately 5.0% from the record 189,048 passenger cars produced two weeks ago as Ford Motor Co. and General Motors Corp. were hit by new strikes protesting '64 model production demands.

Ward's Automotive Reports said that a total of 26,000 passenger cars have been lost to current inventories since Oct. 21 in five assembly line stoppages. Another Ford plant has been affected by a walkout problem and strikes votes have been taken at many other sources.

The statistical agency fixed the industry program last week at 179,603 units — 11.1% above 161,703 cars made in the same week a year ago, and still near an eight-year high—but about 11,000 units under pre-strike planning.

Ford Motor's Kansas City (Mo.) Fairlane-Falcon facility was idled a week-ago Monday, and its Metuchen (N. J.) Falcon-Comet plant was struck as of midnight Tuesday last week. Based on current 20-hour daily work schedules (16-hour Saturdays), Ford's car loss for last week totaled 6,600 units. Additionally, the Kansas City plant fell 1,200 units behind in light-and medium-duty truck output.

GM Corp., which lost about 7,000 cars to strikes in October, came to agreement this week with workers at the Norwood (Ohio) Chevy II and Chevrolet truck plant; but as it resumed operations a week-ago Wednesday, a Chevrolet-Buick-Oldsmobile-Pontiac complex at South Gate (Calif.) went out on strike.

Ford's Wayne (Mich.) Ford-Mercury plant was noticed for a walkout a week-ago Monday. All strike action is stemming from what the UAW terms "production standards."

Faced with this situation on one hand, auto makers are also encountering shortages of new cars to meet record tenor in demand. With 31 of 46 assembly plants working two shifts, still 23 of them put in Saturday work last week.

All but three Ford plants, nine GM facilities and American Motors set shifts for last Saturday. Chrysler Corp. ended operations Thursday in its passenger car plants. Studebaker Corp. a week-ago today quit for the week, and has called for a shutdown all of this week.

Of the 179,603 cars scheduled last week, GM Corp. was expected to account for 51.7%; Ford 27.5%; Chrysler 13.4%; American Motors Corp., 6.7%, and Studebaker, 0.7%.

Freight Tonnage and Carloadings Gain Over Last Year's Week

Loading of revenue freight in the week ended Nov. 9, totaled 594,781 cars, the Association of American Railroads announced Nov. 14. This was a decrease of 27,785 cars or 4.5% below the preceding week, and was the fourth successive week in which total carloadings declined.

The loadings represented an increase of 8,598 cars or 1.5% above the corresponding week in 1962, but a decrease of 10,572 cars or 1.7% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Nov. 9, 1963, are estimated at approximately 13.1 billion, an increase of 6.4% over the corresponding week of 1962 and 9.2% over 1961.

The 62 class I U. S. railroad systems originating piggyback traffic reported loading 17,066 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Nov. 2, 1963 (which were included in that week's over-all total).

This was an increase of 1,070 cars or 6.7% above the corresponding week of 1962 and 3,568 cars or 26.4% above the 1961 week.

Cumulative piggyback loadings for the first 44 weeks of 1963 totaled 678,449 cars for an increase of 79,151 cars or 13.2% above the corresponding period of 1962, and 180,043 cars or 36.1% above the corresponding period in 1961.

Truck Tonnage Up 1.2% Over Year-Ago Week

Intercity truck tonnage in the week ended Nov. 9 was 1.2% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 2.3% below the volume for the previous week of this year.

On a yearly comparison, truck tonnage has again moved ahead of the 1962 level, after a slight drop reported in our earlier release. Since late June, truck tonnage has exceeded 1962 volume in 17 of the last 21 weeks reported. The week-to-week findings are consistent with that experienced during comparable periods in past years.

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 20 localities, with 14 points reflecting decreases from the 1962 level. Two trucking centers showed increases of 10% or more, while three terminal areas reflected decreases in excess of this amount.

Compared with the immediately preceding week, 11 metropolitan areas registered increased tonnage, while 23 areas reported decreases.

Lumber Output Falls 2.6% Below 1962 Pace and 2.4% Below Last Week's

Lumber production in the country totaled 277,351,000 board feet in the week ended Nov. 9, according to reports received from regional lumber associations. Output declined 24% in the current week-to-week change.

Compared with 1962 levels, production dropped 2.6%, shipments fell 2.5% and new orders rose 1.9%.

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

	1963 Nov. 9	1963 Nov. 2	1962 Nov. 10
Production	227,351	233,009	233,606
Shipments	220,203	244,061	225,060
New orders	228,247	255,520	223,954

Electric Output Shows 7.1% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 16, was estimated at 17,637,000,000 kwh. according to the Edison Electric Institute. Output was 51,000,000 kwh. more than the previous week's total of 17,586,000,000 kwh. and 1,168,000,000 kwh. above the total output of 16,469,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 7.1%.

Business Failures Steady In Latest Week

Commercial and industrial failures remained unchanged at 270 in the week ended Nov. 14, reported Dun & Bradstreet, Inc. Although casualties declined mildly from the 291 occurring in the comparable week last year, they were a substantial 12% below the level of 308 registered in both 1961 and pre-war 1939.

Failures involving liabilities of $100,000 or more climbed to 46 from 34 a week earlier and 40 in the previous year. This upturn, however, was offset by a dip among smaller casualties, those with losses under $100,000, to 224 from 236 last week and 251 last year.

The toll among manufacturers held nearly steady, at 43 as compared with 44 in the prior week, and changes were also slight in wholesaling at 30 as against 31 and in services at 33 as against 31. On the other hand, construction casualties took an upturn to 58 from 40 while retail casualties dropped to 106 from 124. Most of the year-to-year downtrend was concentrated in retailing, while more wholesalers, contractors, and service businesses succumbed than in the similar week of 1962.

Failures in the Middle Atlantic States numbered 65, only one more than in the preceding week, and the New England toll at 11 was also steady. But, four regions reported declines and three regions reported increases, with the ups counterbalancing the downs. Pacific casualties mounted to 61 from 49, whereas the East North Central States led the declines with a moderate drop to 46 from 54. Regional trends from comparable 1962 levels were mixed as well; five areas suffered heavier tolls than a year ago and four had lighter tolls.

Canadian failures, after two even weeks, slipped to 46 from 50 a week earlier but topped last year's 27 by a wide margin.

Wholesale Commodity Price Drops From Last Week and Year Ago

Dropping substantially last week, the wholesale commodity price level reached 266.64 Monday, Nov. 18, reported Dun & Bradstreet, Inc. Grains exerted a sharp downward impact on the index as the expected closing of agreement for wheat sales with Russia has not materialized so far. Not only has the method of shipping the grain proved a stumbling block, but also the Senate has objected to having the Export-Import Bank guarantee the USSR's credit. The eclipse in demand for hogs and steers, resulting from the pre-Thanksgiving concentration on poultry, coupled with a swelling of the quantity of offerings pushed the prices of these meats down. Meanwhile, sugar waxed and waned but ended the week even with the previous Monday.

The Daily Wholesale Commodity Index fell to 266.64 on Monday, Nov. 18. It ran below the 268.16 of the prior week, the 269.26 of a month ago and the 268.00 of the comparable date of 1962.

Wholesale Foods Ease From Last Week's Record High

Following last week's record high for the year, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., eased by 0.7% to $5.94 on November 19 and fell 0.7% below last year. This marks the first time in seven weeks that the index has fallen below 1962 levels.

Twelve foodstuffs declined. Wheat hams and steers dropped the most sharply, while flour, rye, oats, beef, sugar, cottonseed oil, prunes, hogs and lambs made lesser declines. On the other hand, increases were rare — only butter and eggs rose in price this week.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Veterans Day Perks Up Rental Purchases

Although hurt by some heavy rains, retail purchases perked up in the week ended Wednesday, Nov. 13, being propelled by lively Veterans Day shopping and scattered stretches of cooler weather. Over-all sales widened their year-to-year margin. The holiday proved most beneficial to activity in Washington, D. C. and St. Louis, whereas Los Angeles stores continued their remarkable recovery from early fall doldrums. A considerable boost was given to buying of children's clothing and misses' outerwear, while demand for appliances, television, and other home furnishings continued to gain momentum. Food purchases strengthened in the more seasonal weather, and new car business maintained a brisk pace.

The total dollar volume of retail trade in the latest statement week ranged from 3 to 7% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —4 to 0; West North Central —3 to +1; Middle Atlantic and Mountain +2 to +6; East South Central and West South Central +3 to +7; Pacific +4 to +8; East North Central and South Atlantic +5 to +9.

Nationwide Department Store Sales Rise 6% Above Last Years Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index advanced 6% for the statement week ending Nov. 9 compared with the like period in 1962. The week's rise above the year-ago week marked the 24th year-to-year weekly gain out of the past 25 weeks. The weekly sales index without seasonal adjustment reveals sales were up 10% from last week.

In the four-week period ended Nov. 9, 1963, sales gained 2% over last year's comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Nov. 9), 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 Nov. 9 dipped 1% below the comparable year-ago week's figure and were up, however, 1.0% 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 Nov. 9-ending week were *down* 4.0% from the corresponding period a year ago, sales in the latest four weeks were 3.0% below total retail dollar volume from the year-ago period, and cumulative sales from Jan. 1 to Nov. 9 were down 1.0% from year-ago period.

Warm Spell Cuts into Election Day Sales

A *flash figure* for New York City's sales for the Nov. 16 ending sales week revealed a minus 1% compared to the year-ago week. The Election Day week, thus, fell behind last year's week though it did improve on the prior week's sales. The warm weather is blamed for the lack of sales pickup. No one can surmise, however, how much higher the New York City sales might have been in the absence of the sales tax rise from 3 to 4% last June 1. The four-week N. Y. C. flash figure revealed a 2% 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 Nov. 9-ending week's sales 5.0% above that for 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.

October Sales Gain 5.0% Over Year-Ago Month

Total sales of retail stores in October were $21.6 billion, the U. S. Department of Commerce announced recently. This advance figure, after adjustment for seasonal variations and trading day differences, but not for price changes, was 2% above Sept. 1963 and 5% above Oct. 1962.

Acquires Exch. Membership

DALLAS, Texas—The Board of Governors of the Midwest Stock Exchange, on Nov. 15, 1963, elected to membership in the Exchange Allen L. Oliver, Jr. of Sanders & Company, Republic National Bank Building.

Mr. Oliver will also acquire the New York Stock Exchange membership held by the late Jesse A. Sanders.

Watling, Lerchen Office

WARREN, Mich. — Watling, Lerchen & Co. has opened a branch office at 29400 Van Dyke Avenue under the management of Paul D. Richmond.

Japan Fund Listed on N. Y. Stock Exchange

The Japan Fund, Inc. first closed-end investment company specializing in Japanese securities, was listed on the New York Stock Exchange Nov. 19. Robert L. Garner (second from right), President of Japan Fund, bought the first 200 shares of the stock (ticker symbol JPN) at 8⅜ in a listing ceremony. Masahide Kanayama, Consul-General of Japan (right), G. Keith Funston, Exchange President (second, left), and Harold L. Bache (left), directing partner of Bache & Co. and a director of the Fund also participated.

Japan Fund, Inc., the first closed-end diversified investment company specializing in Japanese securities, was listed on the New York Stock Exchange, Nov. 19. It marked the first time such a Japanese company listed and traded on the Big Board.

Robert L. Garner, President of the Fund, purchased the first 200 shares at 8⅜ at a listing ceremony which marked the start of trading and was attended by Keith Funston, President of the Exchange, and Masahide Kanayama, Consul General of Japan, and Harold L. Bache, directing partner of Bache & Co. and a Director of the Fund.

Listed by the Exchange were 1,875,000 shares of the Japan Fund's common stock. Formerly traded Over-the-Counter, the stock was assigned ticker symbol JPN.

Incorporated in Maryland in 1961, Japan Fund commenced operations in April, 1962. Currently, the Fund holds the common stock of 52 Japanese companies in its portfolio. On July 10, 1963, the company completed its first rights offering of 625,000 shares.

Japan Fund has chosen to be treated as a foreign corporation for tax purposes. Any purchase of Japanese securities for its investment portfolio would not be subject to the proposed interest equalization tax of 15%. Americans, however, who buy Fund shares from foreigners would pay the tax, if the bill becomes law.

The Fund may also reinvest the proceeds of its rights offering without liability for the tax, according to a U. S. Treasury Department ruling of Sept. 22, 1963.

Financing for the Japan Fund was completed initially on April 19, 1962 when the managing underwriters handed over a check for $14,250,000 to managers of the new investment company. The check represented net proceeds from the sale of 1,250,000 shares of common stock. The offering was made on April 12 by a group headed by Bache & Co.; Paine, Webber, Jackson & Curtis and the Nikko Securities Company Ltd.

Ralston Purina Co. Debentures Sold

Kidder, Peabody & Co., Inc. and Goldman, Sachs & Co., New York as joint managers of an underwriting syndicate, announced the public offering of $35,000,000 Ralston Purina Co. 4⅜% sinking fund debentures, due Nov. 15, 1988. The debentures are offered at 99.75% to yield about 4.39%.

The purpose of the financing is to reduce the company's dependence on short-term borrowings which are used to finance inventory commitments. The company's inventories rise to a seasonal peak during the last quarter of the calendar year and decline in the Spring months. The net proceeds will be applied to the reduction of short-term debt, which amounted to about $90,000,000 on Nov. 19, 1963, as compared with the seasonal low of about $26,000,000 on Sept. 12, 1963.

The debentures will have the benefit of a sinking fund commencing Nov. 15, 1969 sufficient to retire approximately 78% of the issue prior to maturity. The sinking fund redemption price is par. The debentures will also be redeemable at optional redemption prices ranging from 104.13% to par. Until Nov. 15, 1968, no redemption may be made directly or indirectly out of borrowed funds having an interest cost of less than 4⅜% per year.

Ralston Purina, with headquarters in St. Louis Mo., has for many years been the leading producer in the United States of commercial animal and poultry feeds, which it markets as "Purina Chows." Ralston Purina also produces a number of products distributed through the grocery trade, principally canned tuna, breakfast cereals, dog food and cat food. In June 1963, the company acquired Van Camp Sea Food Co., the largest producer and distributor of canned tuna sold in the United States.

Businessman's BOOKSHELF

Bank Management—Walter Kennedy—Third Edition completely revised and including three new chapters on automation in banking, bank mergers and consolidations, and the bank president's role—Manual discusses all the functions of a bank from the viewpoint of the executive — Bankers Publishing Company, 89 Beach Street, Boston, Mass. 02111 (cloth), $9.75.

Edison Electric Institute—1963-64 Publications and Service Materials—Edison Electric Institute, 750 Third Avenue, New York, N. Y. 10017 (paper).

Financial Public Relations—Oscar M. Beveridge—A practical and nontechnical guide to successful techniques used to solve problems of effective financial public relations — McGraw Hill Book Company, Inc., 330 West 42nd Street, New York, N. Y. 10036 (cloth), $9.50.

Freeman, November, 1963—Containing Articles on Wages and Productivity; Mercantilism; City Zoning; etc.—Foundation for Economic Education, Inc., Irvington-on-Hudson, New York 10533, 50¢.

Grim Truth About Mutual Funds—Ralph Lee Smith—G. P. Putnam's Sons, 200 Madison Avenue, New York, N. Y. 10016 (cloth), $2.95.

Investor Owned Electric Utility Industry—Review, and comparison with the world and the U. S. S. R.—Edison Electric Institute, 750 Third Avenue, New York, N. Y. 10017 (paper).

New Automobile Finance Rates, 1924-62—Robert P. Shay—National Bureau of Economic Research, 261 Madison Avenue, New York, N. Y. 10016.

Shareholders Meeting Instructions—Prepared by the Law Department of the Office of the Comptroller of the Currency — Comptroller of the Currency, U. S. Treasury, Washington, D. C.

Bevel, Winthrop New P. R. Firm

George C. Bevel, Jr., a Senior Vice-President of the Thomas J. Deegan Company and an account supervisor handling the Coca Cola Company account, has resigned to form a new public relations firm with Morton M. Winthrop, President of The Winthrop Company. The new firm will be known as Bevel & Winthrop, Inc., with offices at 500 Fifth Ave., New York City. Mr. Winthrop was previously with the Vernon Pope Company and Brown & Rowland, Inc.

George C. Bevel Jr.

In addition to the Coca Cola Company, Mr. Bevel was also account supervisor for the National Coal Policy Conference whose members consisted of coal producers, the United Mine Workers, coal-carrying railroads, coal-using electric utilities and companies manufacturing coal equipment.

Mr. Bevel came to New York from California where he had formed a Deegan West Coast office in 1960 and served as Vice-President and Account Executive for the Union Oil Co. of California and the Tennessee Gas Transmission Company.

Doremus Agency For Crocker Bank

SAN FRANCISCO, California — Crocker-Citizens National Bank has appointed Doremus & Company its advertising agency, effective Jan. 1, it has been announced by Monroe A. Bloom, the bank's Vice-President in charge of advertising and publicity.

Doremus & Company will handle the bank's advertising in both northern and southern California, as well as nationally and internationally. The agency will enlarge its staff in San Francisco and will also open an office in Los Angeles this year to serve the bank's southern division and other Doremus clients in the area.

Ford Motor Co. Common Offered

Underwriters managed jointly by The 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. have announced the public offering of a total of 4,000,000 common shares of Ford Motor Co. at $50½ per share.

The shares are being sold by The Ford Foundation, and the offering will not increase the aggregate number of outstanding shares of Ford stock of all classes. Proceeds of the sale will go to the Foundation and not to Ford Motor. As in the case of five previous offerings, the sale is being made to permit further diversification of the Foundation's investment portfolio.

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. 16	1,979,000	1,958,000	1,908,000	1,782,000
Index of production based on average weekly production for 1957-1959	Nov. 16	106.2	105.1	102.4	95.7
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Nov. 16	0.645	0.64	0.62	61.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 8	7,568,110	7,571,010	7,584,460	7,335,210
Crude runs to stills—daily average (bbls.)	Nov. 8	8,476,000	*8,593,000	8,745,000	8,364,000
Gasoline output (bbls.)	Nov. 8	30,439,000	*30,944,000	31,418,000	30,065,000
Kerosene output (bbls.)	Nov. 8	3,445,000	3,456,000	3,278,000	3,285,000
Distillate fuel oil output (bbls.)	Nov. 8	14,116,000	14,771,000	14,388,000	13,181,000
Residual fuel oil output (bbls.)	Nov. 8	4,592,000	4,853,000	5,148,000	5,147,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Nov. 8	177,432,000	177,407,000	181,425,000	177,008,000
Kerosene (bbls.) at	Nov. 8	37,832,000	38,110,000	36,128,000	37,433,000
Distillate fuel oil (bbls.) at	Nov. 8	189,033,000	189,162,000	179,206,000	178,750,000
Residual fuel oil (bbls.) at	Nov. 8	52,424,000	*54,300,000	52,169,000	53,993,000
Unfinished oils (bbls.) at	Nov. 8	85,772,000	85,204,000	83,317,000	85,967,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 9	594,781	622,566	635,596	586,183
Revenue freight received from connections (no. of cars)	Nov. 9	521,299	520,991	516,474	516,627
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 9	9,560,000	*9,650,000	9,715,000	8,788,000
Pennsylvania anthracite (tons)	Nov. 9	359,000	327,000	415,000	391,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Nov. 14	$1,212,100	$1,016,400	$674,700	$746,400
Private	Nov. 14	420,000	401,100	476,300	218,400
Public	Nov. 14	792,100	615,300	198,400	528,000
State and Municipal	Nov. 14	780,700	176,200	195,400	452,300
Federal	Nov. 14	11,400	439,100	3,000	75,600
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Nov. 9	132	*120	118	125
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 16	17,637,000	17,586,000	17,173,000	16,469,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 14	270	270	303	291
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 11	6.368c	6.368c	6.368c	6.196c
Pig iron (per gross ton)	Nov. 11	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Nov. 11	$26.50	$26.50	$26.83	$23.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 15	30.600c	30.600c	30.600c	30.600c
Export refinery at	Nov. 15	28.325c	28.400c	28.375c	28.475c
Lead (New York) at	Nov. 15	12.000c	12.000c	12.000c	10.000c
Lead (St. Louis) at	Nov. 15	11.800c	11.800c	11.800c	9.800c
‡Zinc (delivered at)	Nov. 15	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Nov. 15	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Nov. 15	23.000c	23.000c	23.000c	24.000c
Straits tin (New York) at	Nov. 15	128.000c	124.375c	118.125c	111.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 19	88.36	88.47	88.68	90.04
Average corporate	Nov. 19	88.27	88.27	88.40	88.13
Aaa	Nov. 19	91.34	91.19	91.48	92.50
Aa	Nov. 19	89.64	89.64	89.64	90.20
A	Nov. 19	88.27	88.27	88.67	87.59
Baa	Nov. 19	84.17	84.43	84.30	82.77
Railroad Group	Nov. 19	86.38	86.38	86.51	84.30
Public Utilities Group	Nov. 19	89.51	89.51	89.64	89.92
Industrials Group	Nov. 19	89.09	89.09	89.37	90.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 19	4.03	4.05	4.03	3.72
Average corporate	Nov. 19	4.54	4.54	4.53	4.55
Aaa	Nov. 19	4.32	4.33	4.31	4.24
Aa	Nov. 19	4.44	4.44	4.44	4.40
A	Nov. 19	4.54	4.54	4.51	4.59
Baa	Nov. 19	4.85	4.83	4.84	4.96
Railroad Group	Nov. 19	4.68	4.68	4.67	4.84
Public Utilities Group	Nov. 19	4.45	4.45	4.44	4.42
Industrials Group	Nov. 19	4.48	4.48	4.46	4.39
MOODY'S COMMODITY INDEX	Nov. 19	370.9	374.2	373.2	363.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 9	388,150	383,170	372,813	406,017
Production (tons)	Nov. 9	381,416	383,961	384,613	355,086
Percentage of activity	Nov. 9	99	98	100	97
Unfilled orders (tons) at end of period	Nov. 9	622,632	616,178	656,300	536,369
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE = 100	Nov. 15	99.62	*99.86	100.64	101.52
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 25	4,253,040	3,537,650	3,566,000	3,945,970
Short sales	Oct. 25	781,950	691,340	615,290	883,030
Other sales	Oct. 25	3,344,870	2,763,990	2,875,200	3,004,090
Total sales	Oct. 25	4,126,820	3,455,330	3,490,490	3,887,120
Other transactions initiated off the floor—					
Total purchases	Oct. 25	973,060	947,010	842,300	820,640
Short sales	Oct. 25	150,000	96,000	149,300	169,100
Other sales	Oct. 25	893,420	760,330	704,760	602,120
Total sales	Oct. 25	1,043,420	856,330	854,060	771,220
Other transactions initiated on the floor—					
Total purchases	Oct. 25	1,620,900	1,600,205	1,253,109	1,137,106
Short sales	Oct. 25	257,060	232,650	167,720	222,940
Other sales	Oct. 25	1,421,910	1,254,625	1,124,473	1,048,016
Total sales	Oct. 25	1,078,970	1,487,275	1,292,193	1,270,956
Total round-lot transactions for account of members—					
Total purchases	Oct. 25	6,847,000	6,084,865	5,661,409	5,903,716
Short sales	Oct. 25	1,189,010	1,019,990	932,310	1,225,070
Other sales	Oct. 25	5,660,200	4,778,945	4,704,433	4,764,226
Total sales	Oct. 25	6,849,210	5,798,935	5,636,743	5,929,296
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. 25	2,041,158	1,668,753	1,758,944	1,901,957
Dollar value	Oct. 25	$130,216,206	$99,136,004	$106,512,503	$86,925,232
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 25	2,354,689	2,046,641	2,104,068	2,106,910
Customers' short sales	Oct. 25	29,408	27,558	23,930	125,392
Customers' other sales	Oct. 25	2,325,281	2,019,083	2,080,138	1,981,518
Dollar value	Oct. 25	$131,841,612	$111,336,886	$116,867,988	$94,652,304
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 25	870,790	783,740	822,290	769,300
Short sales	Oct. 25				
Other sales	Oct. 25	870,790	783,740	822,290	769,300
Round-lot purchases by dealers—Number of shares	Oct. 25	540,590	426,800	415,240	532,180
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. 25	1,640,900	1,405,350	1,361,650	2,590,340
Other sales	Oct. 25	28,992,430	26,188,680	25,233,920	23,372,230
Total sales	Oct. 25	30,633,330	27,594,030	26,595,570	25,962,570
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Nov. 12	100.3	100.2	100.3	100.6
Farm products	Nov. 12	96.0	94.4	95.2	98.8
Processed foods	Nov. 12	101.4	101.7	101.5	101.4
Meats	Nov. 12	90.4	90.8	92.5	99.5
All commodities other than farm and foods	Nov. 12	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
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of Sept. (in millions):			
Total new construction	6,193	*6,197	5,791
Private construction	4,249	*4,260	4,038
Residential buildings (nonfarm)	2,476	*2,516	2,311
New housing units	1,908	*1,937	1,776
Additions and alterations	450	*467	423
Nonhousekeeping	118	112	112
Nonresidential buildings	1,084	1,050	1,037
Industrial	264	251	245
Commercial	484	467	465
Office buildings and warehouses	247	242	231
Stores, restaurants, and garages	237	225	234
Other nonresidential buildings	336	332	327
Religious	86	87	91
Educational	60	60	57
Hospital and institutional	105	99	83
Social and recreational	59	59	72
Miscellaneous	26	27	24
Farm construction	138	150	146
Public utilities	520	*511	515
Telephone and telegraph	94	*88	81
Other public utilities	426	423	434
All other private	31	33	29
Public construction	1,944	*1,937	1,753
Residential buildings	63	*66	76
Nonresidential buildings	505	*501	459
Industrial	Not avail.	*32	30
Educational	277	*274	269
Hospital and institutional	41	*40	35
Administrative and service	87	*88	67
Other nonresidential buildings	65	67	58
Military facilities	Not avail.	Not avail.	117
Highways	Not avail.	*799	708
Sewer and water systems	192	*194	163
Sewer	115	*118	101
Water	77	76	62
Public service enterprises	55	*59	53
Conservation and development	Not avail.	*158	142
All other public	38	38	35
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of September	13,753	15,197	12,777
CIVIL ENGINEERING ADVANCE PLANNING NEW SERIES — ENGINEERING NEWS REC—Month of Oct. (000's omitted):			
Total U. S. construction	$3,600,400	$2,666,200	$2,192,600
Private construction	2,078,000	1,708,000	937,800
Public construction	1,522,400	958,200	1,254,800
State and municipal	1,276,400	870,500	725,700
Federal	246,000	87,700	529,100
COAL EXPORT (BUREAU OF MINES)—			
Month of September:			
U. S. exports of Pennsylvania anthracite (net tons)	406,583	420,112	173,370
To North and Central America (net tons)	97,118	86,608	81,587
To Europe (net tons)	308,622	331,306	89,889
To South America (net tons)	------	628	285
To Asia (net tons)	55	1,352	1,737
To Australia (net tons)	788	218	------
CONSUMER PRICE INDEX — 1957-59=100—			
Month of September:			
All items	107.1	107.1	106.1
Food	105.4	106.0	104.8
Food at home	103.8	104.5	103.5
Cereal and bakery products	109.1	109.1	107.9
Meats, poultry and fish	101.5	101.4	106.3
Dairy products	104.3	104.2	104.2
Fruits and vegetables	108.1	114.2	102.2
Other food at home	99.5	98.0	97.8
Food away from home (Jan., 1958=100)	113.6	113.3	111.5
Housing	106.2	106.0	104.9
Rent	107.0	106.8	105.9
Gas and electricity	108.0	107.2	108.0
Solid fuels and fuel oil	103.7	102.6	101.3
Housefurnishings	98.6	98.3	98.7
Household operation	110.7	110.6	107.6
Apparel	104.8	104.0	104.6
Men's and boys'	105.2	104.7	104.0
Women's and girls'	102.5	101.2	103.6
Footwear	110.7	110.6	109.5
Other apparel	101.4	101.1	101.2
Transportation	107.9	108.3	107.8
Private	106.5	106.9	106.7
Public	117.1	117.1	115.7
Medical care	117.2	117.1	114.7
Personal care	108.2	108.0	106.8
Reading and recreation	112.3	112.1	110.0
Other goods and services	108.0	108.0	105.6
COPPER INSTITUTE — For month of Oct.:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	127,279	*107,987	121,078
Refined (tons of 2,000 pounds)	147,175	133,162	154,470
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	129,201	117,029	126,950
Refined copper stocks at end of period (tons of 2,000 pounds)	87,581	84,004	121,224
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of October:			
Industrials (125)	3.03	3.12	3.61
Railroads (25)	4.57	4.41	5.78
Utilities (not incl. Amer. Tel. & Tel. [24])	3.22	3.14	3.49
Banks (15)	3.08	3.12	3.62
Insurance (10)	2.52	2.57	2.78
Average (200)	3.03	3.10	3.60
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of August (000's omitted):			
Savings and loan associations	$1,611,403	$1,606,423	$1,500,557
Insurance companies	122,599	127,217	123,255
Banks and trust companies	611,882	595,402	563,143
Mutual savings banks	212,354	217,970	201,310
Individuals	316,802	325,655	327,685
Miscellaneous lending institutions	650,178	642,066	616,899
Total	$3,525,218	$3,514,733	$3,332,849
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of September:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	9,806,202	8,136,940	9,874,626
Production	9,202,279	8,110,367	9,425,559
Inventory	24,145,132	24,820,506	22,616,647
Tractor Implement Tires (Number of)—			
Shipments	256,730	263,060	277,648
Production	246,878	254,578	275,690
Inventory	1,040,499	1,048,861	978,667
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,114,871	3,031,871	2,973,849
Production	2,859,568	2,792,177	3,107,962
Inventory	9,180,470	9,576,464	8,963,366
Tread Rubber (Camelback)—			
Shipments (pounds)	47,284,000	*41,584,000	44,474,000
Production (pounds)	46,671,000	*41,517,000	44,537,000
Inventory (pounds)	16,269,000	*16,866,000	16,002,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,425,305	1,420,568	1,333,372
Production	1,337,761	1,258,007	1,225,748
Inventory	3,743,397	3,831,333	3,462,797
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of October:			
Net sales	------	------	$23,259,000
Net purchases	$345,665,650	$373,122,000	------

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.

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. (11/25-29)**
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. (12/2-6)**
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. (12/9-13)**
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. **Offering**—Expected in late December.

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.

● **Brantly Helicopter Corp.**
July 23, 1963 filed 588,780 common being offered for subscription by stockholders on the basis of three new shares for each share held of record Oct. 15. Rights will expire Dec. 6. **Price** — 50 cents. **Business**—Production of a light two-place helicopter. **Proceeds**—For debt repayment, product development, working capital and other corporate purposes. **Office**—1129 Club House Road, Gladwyne, Pa. **Underwriter**—None.

● **Bridges Investment Fund, Inc. (11/29)**
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. **Note**—This statement has become etffective.

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.

Central Mutual Telephone Co., Inc.
Oct. 11, 1963 filed 38,564 common to be offered for subscription by stockholders on the basis of one new share for each three held. **Price**—$23.50. **Business**—Company furnishes telephone service in Prince William, Stafford and Fairfax Counties, Virginia. **Proceeds**—For construction and loan repayment. **Address**—Manassas, Va. **Underwriter**—Folger, Nolan, Fleming & Co., Inc., Washington, D. C. **Offering**—Indefinite.

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.

Clark Equipment Credit Corp. (12/4)
Nov. 12, 1963 filed $20,000,000 of series B debentures due 1983. **Price**—By amendment. **Business**—Company, a subsidiary of Clark Equipment Co., finances sales of Clark products to consumers and dealers. **Proceeds**—To reduce short-term debt. **Office** — 324 E. Dewey Ave., Buchanan, Mich. **Underwriters**—Blyth & Co., Inc., and Lehman Brothers, New York.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter**—None.

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).

Consolidated Foods Corp.
Nov. 12, 1963 filed 350,000 common. **Price**—By amendment (max. $48.875 per share). **Business** — Processing and distribution of various food items, and the operation of three retail food chains and one retail drug store. **Proceeds**—For acquisition of Booth Fisheries Corp. **Office** — 135 South La Salle St., Chicago. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York. **Offering**—Expected after Jan. 15, 1964.

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 midwest. **Proceeds**—For general corporate purposes. **Office**—3315 N. Oak Trafficway, Kansas City. **Underwriter**—None.

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

● **Craft Master Corp. (11/21)**
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**—

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To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has issued a stop order suspending this registration statement.

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. **Offering**—Indefinitely postponed.

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. (11/25-29)
Sept. 26, 1963 filed 400,000 class A common. **Price** — $5. **Business**—Company plans to operate, produce and finance various types of ventures in the theatrical and entertainment fields. **Proceeds**—For working capital, and other corporate purposes. **Office** — 50 Broadway, New York. **Underwriter**—Linder, Bilotti & Co., Inc., (same address).

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

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

First 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.

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.

● **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 plant expansion and working capital. **Office**—112 West 34th St., New York. **Underwriter**—Bache & Co., New York.

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.

Gordon (I.) Realty Corp.
Sept. 27, 1963 filed $2,113,748 of 7% subordinated convertible debentures due 1974 to be offered for subscription by stockholders on the basis of $700 face amount for each 100 common shares held. **Price**—By amendment. **Business**—General real estate. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—112 Powers Bldg., Rochester, N. Y. **Underwriter**—None.

● **Great Lakes Homes, Inc. (12/9-13)**
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.

● **Great Southwest Corp. (12/9-13)**
Nov. 7, 1963 filed 275,000 common. **Price** — By amendment (max. $25). **Business**—Development of industrial real estate in Texas. **Proceeds**—For selling stockholders. **Address**—P. O. Box 191, Arlington, Tex. **Underwriter**—Glore, Forgan & Co., New York.

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.

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.

● **Heck's Inc.**
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. **Offering**—Imminent.

Hobam, Inc. (12/9)
Nov. 4, 1963 filed $850,000 of 6% convertible subordinated debentures due Dec. 1, 1973, and 25,500 class A shares 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.

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. (12/9-13)**
Oct. 29, 1963 filed $1,500,000 of 6½% convertible subordinated debentures due Nov. 1, 1978. **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.

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.

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 field 125,300 capital shares being offered for subscription by stockholders on the basis of one new share for each four held of record Nov. 12. Rights will expire Dec. 5. **Price**—$21. **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.

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 December.

● **Israel Baby Food Co. Ltd. (12/2-6)**
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-Rasco 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. **Offering**—Expected in late December.

● **Jade Oil & Gas Co. (12/10)**
Oct. 28, 1963 filed $2,500,000 of 6½% convertible subordinated debentures (with warrants). **Price**—At par. **Business**—Production of oil and gas primarily in California, Texas and Louisiana. **Proceeds**—For debt repayment, exploration and development, working capital and other corporate purposes. **Office**—9107 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Hannaford & Talbot, San Francisco.

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. (12/2-6)**
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.

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 (12/2-6)
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 (11/21)
Aug. 16, 1963 filed 200,000 common. **Price** — By amendment (max. $6). **Business** — Writing of industrial life, accident and health insurance as well as ordinary life insurance. **Proceeds**—For investment and eventual expansion. **Office**—2960 Coral Way, Miami. **Underwriter**—Pierce, Wulbern, Murphey, Inc., Jacksonville.

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

● 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. **Note**—This registration was withdrawn.

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.

● Macco Realty Co. (12/9-13)
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.

● 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. 26 (3 p.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.

Middlesex Water Co. (12/3)
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.

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.

Midwestern Gas Transmission Co. (12/17)
Nov. 8, 1963 filed 50,000 common. **Price** — By amendment. **Business**—Company owns and operates pipe line systems for transmission of natural gas from Tennessee to Illinois, and from Manitoba to Wisconsin. **Proceeds**—Tennessee Bank & Trust Co., as transfer agent, will sell these shares arising from a stock dividend to shareholders of Tennessee Gas Transmission Co., parent, and distribute the proceeds pro rata to latter's stockholders. **Address**—Tennessee Bldg., Houston. **Underwriter**—None.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile homes, parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

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. **Offering**—In early December.

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. (1/20-24/64)
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. of America, 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.

● Nationwide Corp. (12/3)
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.

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NEW ISSUE CALENDAR

November 21 (Thursday)

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

Life Insurance Co. of Florida—Common
(Pierce, Wulbern, Murphey, Inc.) 200,000 shares

Ramo, Inc.—Debentures
(First Nebraska Securities Corp.) $2,150,000

November 22 (Friday)

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

November 25 (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

Elite Theatrical Productions Ltd.—Common
(Linder, Bilotti & Co., Inc.) $2,000,000

Florida Jai Alai, Inc.—Common
(Consolidated Securities Corp.) $1,500,000

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

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

Security Title & Guaranty Co.—Common
(Offering to stockholders—underwritten by New York Hanseatic Corp.) 125,000 shares

November 26 (Tuesday)

Shippers Dispatch Co.—Common
(Francis I. duPont, A. C. Allyn, Inc.) 150,000 shares

Trans World Life Insurance Co.—Common
(Alex. Brown & Sons) $2,325,000

November 29 (Friday)

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

December 2 (Monday)

Allright Auto Parks, Inc.—Units
(Equitable Securities Corp) 20,000 units

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

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

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

December 3 (Tuesday)

Middlesex Water Co.—Common
(Kidder, Peabody & Co., Inc.) 35,000 shares

Nationwide Corp.—Common
(Kuhn, Loeb & Co., Inc., and J. C. Bradford & Co., Inc.) 1,750,000 shares

Pacific Northwest Bell Tel. Co.—Debentures
(Bids 11 a.m. EST) $50,000,000

Tennessee Gas Transmission Co.—Bonds
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc.) $35,000,000

Tennessee Gas Transmission Co.—Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) 150,000 shares

December 4 (Wednesday)

Clark Equipment Credit Corp.—Debentures
(Blyth & Co., Inc., and Lehman Brothers) $20,000,000

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 6 (Friday)

Brewer (C.) & Co., Ltd.—Common
(Blyth & Co., Inc. and Butcher & Sherrerd) 8,500 shares

December 9 (Monday)

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

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

Great Southwest Corp.—Common
(Glore, Forgan & Co.) 275,000 shares

Hardeman (Paul) Inc.—Debentures
(Hemphill, Noyes & Co.) $7,000,000

Hobam, Inc.—Units
(Doolittle & Co.) $867,000

Imperial '400' National Inc.—Debentures
(P. W. Brooks & Co., Inc.) $1,500,000

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

Opticks, Inc.—Common
(Eppler, Guerin & Turner, Inc.) 111,000 shares

December 10 (Tuesday)

Jade Oil & Gas Co.—Debentures
(Hannaford & Talbot) $2,500,000

Northern Pacific Ry.—Equip. Trust Ctfs.
(Bids 12 noon EST) $6,840,000

Planning Research Corp.—Common
(Laird & Co. Corp.) 100,000 shares

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

Lanvin-Charles of the Ritz, Inc.—Common
(Goldman, Sachs & Co. and White, Weld & Co.) 800,000 shares

December 12 (Thursday)

Texas & Pacific Ry.—Equip. Trust Ctfs.
(Bids 12 noon CST) $2,700,000

December 17 (Tuesday)

Midwestern Gas Transmission Co.—Common
(No underwriting) 50,000 shares

December 23 (Monday)

San Morcol Pipeline, Inc.—Units
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

January 3, 1964 (Friday)

San Jose Water Works—Common
(Offering to stockholders—underwritten by Dean Witter & Co.) 90,000 shares

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

January 20, 1964 (Monday)

Musicaro Brothers, Inc.—Common
(Fleetwood Securities Corp. of America) $300,000

February 25, 1964 (Tuesday)

Southern California Edison Co.—Bonds
(Bids 8:30 a.m. PST) $60,000,000

March 10, 1964 (Tuesday)

Potomac Edison Co.—Bonds
(Bids 10 a.m. EST) $12,000,000

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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 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.

● 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). **Offering**—Expected in late December.

● Okliana Corp. (11/25-29)
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).

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.
Oct. 28, 1963 filed 1,903,750 common being 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 Northwest Bell Telephone Co. (12/3)
Nov. 8, 1963 filed $50,000,000 of debentures due Dec. 1, 2000. **Price**—By amendment. **Proceeds**—To repay $48,702,702 debt due Pacific Telephone & Telegraph Co., former parent, as well as certain advances from A. T. & T. **Office**—1200 Third Ave., Seattle. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. **Bids**—Dec. 3 (11 a.m. EST) at 195 Broadway, New York. **Information Meeting**—Nov. 26 (2:30 p.m.), same address.

Pacific Power & Light Co.
Sept. 27, 1963 filed 718,354 common being 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. **Price**—$23.75. **Proceeds**—For debt repayment. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—Blyth & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Paribas Corp., New York.

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.

● Planning Research Corp. (12/10)
Nov. 6, 1963 filed 100,000 common. **Price** — By amendment. **Business**—Company provides analytical, technical and economic services to commercial, industrial and governmental clients. **Proceeds** — For debt repayment, working capital, and possible acquisitions. **Office**—1333 Westwood Blvd., Los Angeles. **Underwriter**—Laird & Co. Corp., New York.

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

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

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

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

Racon Inc.
Oct. 3, 1963 filed 1,250,000 common. **Price**—$1. **Business**—Company plans to manufacture fluorocarbons for sale to refrigerant wholesalers, the aerosol industry and other users. **Proceeds** — For construction of a new plant and working capital. **Office**—11 North Jackson St., Houston. **Underwriter**—None.

● Ramo Inc. (11/21)
Sept. 16, 1963 filed $2,150.000 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 late 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.

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)
Oct. 7, 1963 filed 125,000 common to be offered for subscription by stockholders on a share-for-share basis. Rights will expire Dec. 10. **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.

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).

Tennessee Gas Transmission Co. (12/3)
Nov. 7, 1963 filed $35,000,000 of first mortgage pipe line bonds due Dec. 1, 1983. **Price** — By amendment. **Business**—Operation of pipe line systems for the transmission and sale or delivery of natural gas. **Proceeds**—For loan repayment and other corporate purposes. **Address**—Tennesee Bldg., Houston. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co., and Halsey, Stuart & Co. Inc., New York.

Tennessee Gas Transmission Co. (12/3)
Nov. 7, 1963 filed 150,000 preferred shares ($100 par). **Price**—By amendment (max. $102). **Business**—Operation of pipe line systems for the transmission and sale or delivery of natural gas. **Proceeds**—For loan repayment and other corporate purposes. **Address**—Tennessee Bldg., Houston. **Underwriters** — Stone & Webster Securities Corp., and White, Weld & Co., New York.

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

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.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Temporarily postponed.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of

the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

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

● **Trans World Life Insurance Co. (11/26)**
July 31, 1963 filed 465,000 common. **Price**—$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.

● **Ultronic Systems Corp. (12/2-6)**
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.

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

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

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.

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

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J **Underwriter**—To be named.

Young Industries, Inc.
Sept. 30, 1963 filed 100,000 class A common and warrants to purchase an additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 25 shares. **Price**—$501.25 per unit. **Business**—Commercial development of real estate, primarily shopping centers, in Kentucky, Indiana, Ohio and Tennessee. **Proceeds**—For debt repayment and property acquisitions **Office**—508 West Jefferson St., Louisville, Ky. **Underwriter**—None.

Issues Filed With SEC This Week

★ **Bankers Financial Corp.**
Nov. 12, 1963 filed 365,262 common to be offered for subscription by stockholders of Marine Capital Corp., on the basis of one Bankers share for each two Marine shares held. Rights will expire Jan. 20, 1964. **Price**—$2.70. **Business**—Company plans to acquire control of, or invest in, other firms engaged in the financial field. **Proceeds**—For investment. **Office**—125 East Wells St., Milwaukee. **Underwriter**—None.

★ **Brewer (C.) & Co., Ltd. (12/6)**
Nov. 15, 1963 filed 8,500 common. **Price**—By amendment (max. $80). **Business**—Sugar production in Hawaii and Puerto Rico, and distribution of molasses in the continental United States. **Proceeds**—For selling stockholders. **Office**—827 Fort St., Honolulu. **Underwriters**—Blyth & Co., Inc., New York, and Butcher & Sherrerd, Philadelphia.

★ **Consolidated Edison Co. of New York, Inc. (12/11)**
Nov. 15, 1963 filed $75,000,000 of first and refunding mortgage bonds due Dec. 1, 1993. **Proceeds**—To repay bank loans, and finance construction. **Office** — 4 Irving Place, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Dec. 11 (11 a.m. EST), at above address.

★ **Coronet Industries, Inc.**
Nov. 19, 1963 filed 210,000 common. **Price**—By amendment (max. $15). **Business** — Manufacture and sale of tufted carpets and rugs. **Proceeds** — For selling stockholders. **Address**—P. O. Box 570, Dalton, Ga. **Underwriter**—Hemphill, Noyes & Co., New York.

★ **Farmbest Inc.**
Nov. 18, 1963 filed 9,653 common; also $240,000 of retained capital certificates. **Price**—For common, $1; for certificates, 25 cents. **Business**—A farmers cooperative for swine producers. **Proceeds** — For general corporate purposes. **Address**—Denison, Iowa. **Underwriter**—None.

★ **First Mortgage Investors**
Nov. 20, 1963 filed $10,000,000 of senior debentures and $5,000,000 of convertible debentures both due in 1978, to be offered in units of two $100 senior debentures and one $100 convertible debenture. **Price**—$300 per unit. **Business**—A real estate investment trust. **Proceeds**—To repay bank loans. **Office** — 1040 Biscayne Blvd., Miami. **Underwriter**—Shearson, Hammill & Co., New York.

★ **Lanvin-Charles of the Ritz, Inc. (12/11)**
Nov. 14, 1963 filed 800,000 common. **Price**—By amendment (max. $22). **Business**—Importation and distribution of Lanvin perfumes, and manufacture and distribution of cosmetics. **Proceeds**—For selling stockholders. **Office**—767 Fifth Ave., New York. **Underwriters**—Goldman, Sachs & Co., and White, Weld & Co., New York.

★ **Opticks, Inc. (12/9-13)**
Nov. 13, 1963 filed 111,000 common, of which 74,000 will be sold by company and 37,000 by stockholders. **Price**—By amendment (max. $11). **Business**—Operation of a wholesale optical laboratory, and 48 retail outlets. **Proceeds**—For expansion and loan repayment. **Office**—6067 Sherry Lane, Dallas, Tex. **Underwriter** — Eppler, Guerin & Turner, Inc., Dallas.

★ **Royal Business Funds Corp.**
Nov. 13, 1963 filed 130,000 common, of which 65,000 shares are to be offered for the company and 65,000 for certain stockholders. **Price** — By amendment (max. $6.60). **Business**—A small business investment company. **Proceeds**—For investment. **Office**—60 East 42nd Street, New York. **Underwriter** — H. M. Frumkes & Co., New York. **Offering**—Expected in early January.

★ **San Jose Water Works (1/3/64)**
Nov. 18, 1963 filed 90,000 common to be offered for subscription by common stockholders of record Jan. 3, 1963. **Price**—By amendment (max. $30). **Business**—A public utility supplying water to residents of Santa Clara County, Calif. **Proceeds**—To repay bank loans, and for construction. **Office**—374 West Santa Clara St., San Jose, Calif. **Underwriter**—Dean Witter & Co., San Francisco.

★ **Varner-Ward Leasing Co.**
Nov. 15, 1963 filed 125,000 common, of which 60,000 are to be offered by company and 65,000 by stockholders. **Price**—By amendment (max. $11). **Business**—Leasing of automobiles. **Proceeds**—For working capital. **Office**—1525 Franklin St., San Francisco. **Underwriter** — Birr, Wilson & Co., Inc., San Francisco.

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."

Brantly Helicopter Corp.
588,780 common being offered for subscription by stockholders at 50 cents per share, on the basis of three new shares for each share held of record Oct. 15. Rights will expire Dec. 6. No underwriting is involved.

Ford Motor Co.
4,000,000 common offered at $50.50 per share by 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., New York, and Dean Witter & Co., San Francisco.

Masco Corp.
200,000 common offered at $17.50 per share by Smith, Barney & Co., Inc., New York,

Mid-Continent Telephone Corp.
150,000 common offered at $20.25 per share by The Ohio Co., Columbus.

Missouri National Life Insurance Co.
103,500 capital shares offered at $5.50 per share by Sterling, Grace & Co., New York.

New England Power Co.
$10,000,000 of 4½% first mortgage bonds due 1993 offered at 101.155% and accrued interest, to yield 4.43% by Francis I. duPont, A. C. Allyn, Inc., New York.

Puget Sound Power & Light Co.
$40,000,000 of 4⅝% first mortgage bonds due Nov. 1, 1993 offered at 100.40% plus accrued interest, to yield 4.60% by Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., New York.

Pacific Northwest Bell Telephone Co.
1,903,750 common being offered for subscription by stockholders at $17 per share, on the basis of one new share for each 16 held of record Nov. 18. Rights will expire Dec. 16. No underwriting is involved.

Ralston Purina Co.
$35,000,000 of 4⅜% sinking fund debentures due 1988 offered at 99¾% to yield about 4.39% by Kidder, Peabody & Co., New York.

Union Electric Co.
$30,000,000 of 4½% first mortgage bonds due Nov. 1, 1993 offered at 101.322% and accrued interest, to yield 4.42%, by Lehman Brothers, Blyth & Co., Inc., and Eastman Dillon, Union Securities & Co., and Bear, Stearns & Co., New York.

Union Electric Co.
200,000 shares of $4.56 dividend preferred (par $100) offered at $101.33 a share by White, Weld & Co., and Shields & Co., New York.

Prospective Offerings

★ **American Telephone & Telegraph Co.**
Nov. 20, 1963 the company announced that it will offer stockholders the right to subscribe for 12,250,000 additional common shares on the basis of one new share for each 20 held of record Feb. 18. Rights will expire in early April. **Proceeds** — For expansion. **Office** — 195 Broadway, New York. **Underwriter**—None. **Offering**—Expected in early March.

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

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common carrier operating in Michigan, Ohio, Indiana and Illinois. **Proceeds**—To retire outstanding 6% cumulative preferred stock. **Office** — 15 Andre St., S. E., Grand Rapids, Mich. **Underwriter** — Hornblower & Weeks, New York. **Offering**—Indefinitely postponed.

Bank of the Southwest N. A. (Houston)
Oct. 16, 1963 it was reported that stockholders had approved a 2-for-1 split and the offering of 100,000 $10 par shares to stockholders on the basis of one new share for each 20 held of record Oct. 15. Rights will expire Jan. 6, 1964. **Price**—$45. **Proceeds**—To increase capital funds. **Office**—900 Travis St., Houston, Tex. **Underwriter**—None.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

★ **Boston Edison Co.**
Nov. 20, 1963, the company announced that it plans to sell $25,000,000 of bonds sometime in 1965. **Proceeds**—For construction of a new plant. **Office**—182 Tremont St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Lehman Brothers; Harriman Ripley & Co.; and White, Weld & Co.

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.

Commercial Bank of North America (N. Y.)
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** — $31. **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.**
Nov. 18, 1963 the SEC denied the application of the 12 utilities which jointly own this new firm for permission to negotiate with underwriters for the sale of up to $55,000,000 of the firm's bonds. The Commission stated: "the evidence tended to indicate that Connecticut Yankee's senior securities could be sold successfully at competitive bididng." A spokesman for the firm stated that it has not yet decided whether to appeal the ruling, or to proceed with a competitive sale. **Business**—Company was formed in December 1962, to own and operate a 500,00 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.

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 sell $10,000,000 of bonds in the last half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,810,000 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).

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.

Northern Pacific Ry. (12/10)
Nov. 7, 1963 it was reported that this road plans to sell $6,840,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Brothers & Hutzler. **Bids**—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.**
Nov. 19, 1963 the company announced tentative plans to sell $6,000,000 of preferred and $14,000,000 of first mortgage bonds in early January 1964. **Proceeds**—To redeem outstanding 5.75% preferred ($5,000,000), and possibly $7,000,000 of outstanding 5⅛% first mortgage bonds due Feb. 1, 1984; the balance would be used for construction. **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 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).

• Sears, Roebuck & Co.
Nov. 19, 1963 a spokesman for Allstate Enterprises, Inc., subsidiary, announced that the latter is proceeding with plans to form a new mutual fund, following notice from the SEC staff that they will recommend that the Commission adopt a new rule exempting Sears and other large, publicly held firms from a provision of the Investment Company Act. This provision has been interpreted by some to mean that registered investment companies could not hold Sears stock if Sears itself owned a mutual fund. **Office**—925 So. Holman Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

• Shippers Dispatch Co. (11/26)
Oct. 30, 1963 it was reported that the company had applied to the ICC for permission to sell 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.

Sinclair Oil Corp.
Nov. 12, 1963 the company announced that it plans to file a registration statement shortly covering $150,000,000 of 25-year sinking fund debentures. **Proceeds**—To repay short-term loans, and finance the acquisition of additional oil and gas properties. **Office**—600 Fifth Ave., New York, N. Y. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Southern California Edison Co. (2/25/64)
Nov. 13, 1963 the company announced plans to sell $60,000,000 of first and refunding mortgage bonds, series R, due 1989. **Proceeds**—To repay bank loans and finance construction. **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). **Bids**—Expected Feb. 25, 1964 (8:30 a.m. PST), at above address.

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)
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.
Nov. 13, 1963 it was reported that the SEC is studying 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's parent **Price**—At book value ($11.15 per share on April 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.

★ Vornado, Inc.
Nov. 20, 1963 it was reported that a registration statement is being prepared covering the secondary offering of up to 186,000 common shares held by Sidney Hubschman who recently resigned as President and Director. **Business**—Manufacture of home appliances, and the operation of discount stores. **Office** — 174 Passaic St., Garfield, N. J. **Underwriter**—To be named. The initial public offering of Two Guys from Harrison, a predecessor company, in August 1957 was underwritten by Bache & Co., New York.

Currency Comptroller Publishes New Journal

The first issue of the *National Banking Review*, a new quarterly journal of banking and monetary affairs, was published recently by the Office of the Comptroller of the Currency.

The inaugural issue commemorates the Centennial of the National Banking System.

Deal With Money as Well As Banking

The publication's announced purpose, contained in a foreword by Comptroller of the Currency James J. Saxon, is "to afford a medium of expression to those who are concerned with public policies in the field of money and banking, and with the problems and practices of banking institutions."

Saxon said the *Review* would be "open to those both within and outside the government." His foreword added: "From time to time we shall publish the results of the work of our own staff. In all cases, manuscripts will be judged solely according to traditional standards of scholarship, and will not bear the official endorsement of this office nor be appraised according to the policies of this office."

The *Review* is edited by the senior staff of the recently-formed Department of Banking and Economic Research headed by Victor Abramson, Director. Mr. Abramson, Ph.D. Brown University, was formerly a staff member of the Brookings Institution. He served as economic adviser to the Office of Price Administration, the Alien Property Custodian and the President's Committee on Patent Reform. Prior to joining the Comptroller's office in November 1961 as chief economist, he was adviser on financial policy in the Office of International Finance of the Treasury Department.

Other staff members are:

Deane Carson, Ph.D., Clark University, who is associate professor of economics at Brown University, on leave to serve on the staff of the Department of Banking and Economic Research, Office of the Comptroller of the Currency.

Paul M. Horvitz, Ph.D., Massachusetts Institute of Technology, former financial economist, Federal Reserve Bank of Boston; assistant professor of finance at Boston University, and economist, MITRE Corporation.

David C. Motter, Ph.D., Vanderbilt University, formerly assistant professor, Department of Economics, Wharton School of Finance and Commerce, University of Pennsylvania.

Sherman Shapiro, Ph.D., University of Chicago, formerly associate professor of finance and business economics, College of Business Administration, University of Notre Dame.

Bernard Shull, Ph.D., University of Wisconsin, formerly economist, Federal Reserve Bank of Philadelphia.

Stanley Silverberg, Ph.D., Yale University, formerly chief of financial research in the Economics Department of the Bank of America, San Francisco.

Abramson said the publication staff welcomes the submission of articles, communications and reviews pertaining to the field. "Manuscripts will be judged on traditional standards of scholarship and their pertinence to the fields of interest," Abramson said. Communications should be addressed to The Editor, National Banking Review, Office of the Comptroller of the Currency, Washington, D. C. 20220. The annual subscription rate is $4.00 per year.

With Hamilton Mngmt.

ST. PAUL, Minn. — Peter B. Grams is representing the local office of Hamilton Management Corporation of Denver.

Joins Financial Programs

PORTLAND, Oreg. — Bruce M. Cox has become connected with Financial Programs, Inc., Wilcox Building. He was formerly with Hunter Parker, Connoway & Holden.

TAX-EXEMPT BOND MARKET

Continued from page 6

issue of importance up for public bidding. Monterey County, Flood Control and Water Conservation District, California awarded $12,900,000 serial (1966-2004) bonds to the syndicate headed by the *First National City Bank, R. H. Moulton & Co.* and *Halsey, Stuart & Co., Inc.* at a net interest cost of 3.446%. This bid compared favorably with the runner-up bid, a 3.45% net interest cost which came from the account jointly managed by Crocker-Citizens National Bank, Wells Fargo Bank and First Western Bank and Trust Company.

Other major members of the winning syndicate are Security-First National Bank of Los Angeles, Republic National Bank of Dallas, F. S. Smithers & Co., National Bank of Commerce, Seattle, First of Michigan Corp., J. C. Bradford & Co., Banco Credito, Wood, Struthers & Co. Second District Securities Corp., Inc., Austin Tobin & Co., James A. Andrews & Co., Lyons, Hannahs & Lee, Inc. and the Pacific Northwest Co.

Scaled to yield from 2.35% in 1966 to 3.70% in 2001, this issue got off to a disappointing start. Balance in syndicate at press time was $5,650,000. The bonds due 2002 to 2004 carried a 1% coupon and were sold pre-sale.

Also on Monday the account managed jointly by *Butcher & Sherrerd* and *Merrill Lynch, Pierce, Fenner & Smith* purchased, through negotiation, $3,340,000 Lower Burrell City Municipal Authority, Pennsylvania Sewer revenue (1965-2004) bonds at a net interest cost of 3.97%.

Other members of this account include Eastman Dillon, Union Securities & Co., Equitable Securities Corp., Goldman, Sachs & Co., Hornblower & Weeks, John Nuveen & Co., Blair & Co., Granbery, Marache & Co., Dolphin & Bradbury, Stroud & Co., Yarnall, Biddle & Co., Cunningham, Schmertz & Co., Kay, Richards & Co., C. S. McKee & Co. and Woodcock, Moyer, Fricke & French Inc.

Reoffered to yield from 2.30% to 4.00%, all but $946,000 of the bonds have been sold.

Booming Tuesday

Tuesday was a busy day with two large sales on the calendar, plus 15 additional sales of $1,000,000 each or more. The largest issue involved $32,950,000 Pennsylvania State School Building Authority lease revenue (1964-2003) bonds which was purchased by the *Halsey, Stuart & Co.*, Inc. account at a 3.467% net interest cost. The second and only other bid, a 3.541% net interest cost, came from Drexel & Co. and associates.

Other major members of the Halsey, Stuart & Co. account are C. J. Devine & Co., Goldman, Sachs & Co., Glore, Forgan & Co., Kuhn, Loeb & Co., Blair & Co., Granbery, Marache & Co., Merrill Lynch, Pierce, Fenner & Smith, Ira Haupt & Co., Stone & Webster Securities Corp., Salomon Brothers & Hutzler, Shields & Co., R. W. Pressprich & Co., John Nuveen & Co., L. F. Rothschild & Co., Dean Witter & Co., Weeden & Co., Bache & Co., Paine, Webber, Jackson & Curtis and Francis I. du Pont & Co.

Scaled to yield from 2.10% in 1964 to 3.65% in 1999, this issue to date has not attracted a broad demand with the present balance in account $19,797,000. The 2000 to 2003 bonds carried a 1½% coupon and were sold pre-sale.

Also on Tuesday the sale of $7,700,000 St. Paul, Minnesota various purpose (1966-1993) bonds was transacted. This well rated bond issue attracted nine bidding groups with the syndicate managed by the *First National Bank of Chicago* the successful bidder at a net interest cost of 3.266%. The runner-up bid, a 3.27% net interest cost, came from Halsey, Stuart & Co., Inc. and associates and the other bids ranged in interest cost from 3.284% to 3.32%.

Other major members of the First National Bank of Chicago syndicate include the Northern Trust Co., Continental Illinois National Bank and Trust Co., Mellon National Bank and Trust Co., Equitable Serurities Corp., W. H. Morton & Co., King, Quirk & Co. and Bacon, Stevenson & Co.

Reoffered to yield from 2.30% to 3.40% for all 3.30s, the present balance in syndicate totals $2,090,000.

Well Received

On Wednesday, the nationwide group of 160 dealers managed by *Phelps, Fenn & Co., Lehman Bros., Smith, Barney & Co., Inc.* and *W. H. Morton & Co., Inc.* brought an issue of $62,765,000 New York State Housing Finance Agency, State University Construction (1964-1995) bonds to market. This issue was purchased through negotiation at a net interest cost of 3.5799% to the agency.

Bond proceeds from this loan will be applied to the costs of 12 projects located on eight campuses of the State University of New York. The bonds are not a debt of the State of New York but are general obligations of the agency. All monies from tuition, fees, fines etc. are pledged to these bonds. While State credit is not directly involved, it may be argued that the State has a strong moral obligation in this respect.

The bonds are reoffered to the public at prices to yield from 2.10% to a dollar price of 99 for 3.60s and, based on early indications, this issue appears to be off to an excellent start with broad interest apparent. Syndicate and special sales amounted to $40,000,000 as we went to press.

Wednesday's two important competitive sales oddly enough involved West Coast credits. The group led jointly by *Harriman Ripley & Co.* and *Lehman Bros.* submitted the best bid, a 3.3478% net interest cost for $24,000,000 Electric Plant Revenue (1964-1993) bonds of Los Angeles, Calif. The runner-up bid, a 3.38% net interest cost, came from the First Boston Corp. and associates.

Other major members of the winning group include Blyth & Co., Halsey, Stuart & Co., Inc., Smith, Barney & Co., Kidder, Peabody & Co., Blair & Co., Granbery, Marache & Co. and Goldman, Sachs & Co.

The bonds were reoffered to yield from 2.10% to 3.50% for various coupons and it is estimated that $9,000,000 of the bonds have been spoken for.

Almost a Dead Heat

The final sale of mention involved $30,000,000 East Bay Municipal Utility District, Calif. (1964-1993) bonds. The group headed by *Halsey, Stuart & Co., Inc.* submitted the winning bid, a 3.279% net interest cost, just nosing out the Bank of America N. T. & S. A. group which submitted a 3.280% net interest cost bid.

Associated with Halsey, Stuart & Co., Inc. as major underwriters in this issue are Morgan Guaranty Trust Co., Lehman Brothers, Phelps, Fenn & Co., Goldman, Sachs & Co., C. J. Devine & Co., White, Weld & Co., Mercantile Trust Co., St. Louis and John Nuveen & Co.

The bonds were reoffered to yield from 3.00% in 1975 to 3.45% in 1991 and, due to time differences between here and the coast, no balance is presently available. However, the first ten maturities were taken by a large commercial bank for portfolio account and the 1992 and 1993 maturities were sold pre-sale. This is a very auspicious start.

Pleasant Ending

As we close this weekly monologue on municipals, it appears that Wednesday's three large issues may have met with unusually sympathetic investor interest. Certainly the New York State Housing Finance Agency issue is close to being a sell-out and the DEWAP and East Bay issues seem on their way to better than one-half sold performances. With the slim calendar ahead and with the Treasury markets doing better than they have for sometime, a variety of investors may be forced to do some more buying, however reluctantly.

Nine Point Plan to Meet World Steel Competition

Trade association report on world competition in steel recommends nine points for our negotiators in their forthcoming trade talks.

A report on "World Competition in Steel," containing nine recommendations for consideration in the forthcoming tariff negotiations, was issued recently by American Iron and Steel Institute.

The 36-page report was prepared by the Institute in response to an invitation of the Business and Defense Services Administration of the U. S. Department of Commerce. The BDSA requested that steel producers give their views on the forthcoming negotiations on mutual tariff reductions sponsored by the General Agreement on Tariffs and Trade.

Difficult Competition

American steel producers are suffering from a negative trade balance in steel mill products, and face a tough competitive battle in the world steel markets of the mid-1960's, according to the Institute report, which asserted that the United States has suffered from disadvantages with respect to employment costs, tariff structures, non-tariff trade barriers, export subsidies, tax structures and regulatory policies. These forces have made competition difficult and will continue to do so, said the Institute.

The report said that the following factors must be "clearly understood and carefully appraised by our negotiators in order to avoid further injury to American steel producers in the world competitive situation which lies ahead:

"(1) **Tariff Structures**—There is little basis for expecting that any steel tariff reduction by the European Economic Community and the United States will appreciably increase their mutual trade. If for any other reason steel products are to enter into the forthcoming negotiations, the steel tariffs on the products covered by the Treaty of Paris establishing the European Coal and Steel Community should be included in the negotiations. Steel should be bargained against steel and not against some dissimilar commodity such as corn.

"(2) **Non-tariff Trade Barriers**—The primary disadvantage of the United States compared to the European Economic Community is the existence in the latter of turnover taxes. Since it is unlikely that the Community or the United States tax structures will soon be changed to provide even approximate similarity, the negotiators should request that American producers be compensated—either by greater reduction in European tariff rates or by other means—for the advantages which the Europeans receive through the import equalization tax and the remission of the transactions tax on export sales.

"(3) **Antidumping Legislation**—The present United States law provides no real protection for American steel producers against imports at less than "fair value." The law would be substantially improved without deviating from the concept of "dumping" which the GATT Agreement condemns, by the passage of S. 1318 now before Congress. In addition, it would be helpful if the Treasury Department and the Tariff Commission in the administration of the antidumping law would give more sympathetic consideration to, and show greater understanding for, the legitimate interests of industry and labor.

Remove World Export Subsidies

"(4) **Export Subsidies**—Export subsidies exist in many countries. There is no objection to such facilities as financing arrangements on reasonable terms, export insurance programs and currency convertibility guarantees, which are intended to compensate for the extra risks entailed in export selling. However, we are opposed to direct export subsidies, such as special tax benefits for exports, which are artificial bounties, and our government should seek their removal wherever they exist.

"(5) **Tax Structures**—America's steel producers have been at a disadvantage because of the differences in the tax structures in the United States and in the countries of our principal competitors. Even though the new depreciation guide lines and the investment credit in 1962 have helped remove some of this disadvantage, inadequacies in depreciation allowances still remain. Lower corporate income taxes would contribute further to equalizing the competitive position of the American steel industry.

"(6) **Credit and Insurance Coverage**—The United States tends to suffer from the fact that lower interest rates and extended repayment terms on credit underwritten by foreign governments are offered in certain countries on export sales. These practices should be curbed.

"(7) **Regulatory Policies**—Within the world steel industry, the attitude of other governments toward the competitive problems with respect to trade policy and permissable trade practices of their respective steel industries is quite different from that existing in this country. Our government should strive to create a climate in which all competitors operating in export markets do so under comparable conditions.

"(8) **Tied Loans**—So long as it is the policy of the United States Government to provide foreign aid it should continue its practice of tying such aid to the purchase of United States materials. This policy has already made a worthwhile contribution toward correcting the American balance of payments position.

Foreign Aid Steel Projects

"(9) **New Foreign Steel Capacity**—Government financing agencies, in weighing appeals from foreign countries for assistance in financing the erection of still more new steel mill capacity abroad with the help of American tax funds, should give consideration to the steel supply-demand imbalance which exists in the world today and which threatens to be with us for many years to come."

The Institute report concluded:

"The issues of tariff structures, non-tariff trade barriers, export subsidies and tax structure must be considered as a group by the United States Government in the forthcoming tariff negotiations. Our negotiators should resist any tendency to bargain away tariff structures and leave inequities created by non-tariff trade barriers, export subsidies and tax structures which remain as equally large barriers to United States competitive ability."

Wastrom Joins F. Eberstadt Co.

F. Eberstadt & Co., 65 Broadway, New York City, members of the New York Stock Exchange, have announced that Peter L. Wastrom has joined this organization in charge of new business development. Mr. Wastrom was formerly with the Empire Trust Co. where he served as Vice President of the bank's Chemical and Drug Division and more recently as head of the Institutional Division.

Peter L. Wastrom

Exch. Statement On Firms Suspension

Henry M. Watts, Jr., Chairman of the Board of Governors of the New York Stock Exchange, on Nov. 20, made the following announcement:

"The Chairman of the Board has been advised by the Board of Governors that as a result of the failure of a customer to meet its commitments in commodities, J. R. Williston & Beane, Incorporated and Ira Haupt & Co., are each in such financial condition that they cannot be permitted to continue in business with safety to their creditors or the Exchange.

"Under Section 2 of Article XIII of the Constitution, J. R. Williston & Beane, Incorporated and Ira Haupt & Co., and the members and allied members therein become suspended from membership and allied membership.

"The Article further states that a member organization and its members and allied members may be reinstated providing settlement has been made with creditors."

[ED. NOTE: A statement issued by Ira Haupt & Co. on the Exchange action will be found on page 13. A commentary in like vein is understood to have been issued by J. R. Williston & Beane, Incorporated.]

Two or More Cars Per Family by 1980 Seen By Chase Bank

Three-and four car families may soon be quite common in the United States, according to the Chase Manhattan Bank.

"The nation is rapidly approaching the day when there'll be a car for every adult and for a good fraction of all teen-agers as well," the bank observed in its bimonthly report, *Business in Brief*. "Among the pace setters there may be a different car for each occasion — work, errands, sport, long trips and city living."

"The widespread desire for more than one car has created what amounts to a booming new industry," the bank noted. "From just over 1½ million in 1949, the number of families owning more than one car has climbed to 12 million, about 1 in every 5. This is a 7-fold gain from 1949, and a trend that could put 2 cars in every family's garage by 1980."

"Already people are buying a second car for the first time account for around 10% of the 15 million or so new cars sold each year," the bank reported. "They also account for a major part of all new additions to our automobile population, now rising about 2½ million units annually."

"Were it not for this development," the bank commented, "automobile makers might be facing a saturated market, for in recent years there have been only slight gains in the proportion of American families owning cars."

For example, in 1929, 21 years after the debut of Ford's first Model T, 65% of all American families owned cars. In 1957, after declining during the Great Depression and World War II, the proportion had risen to 75%, a gain of only 16%.

Although surveys have shown that the tremendous growth in multiple car ownership was accelerated by—among other things—rising income and suburban migration, the bank points out that "neither of these explains anywhere near all the postwar growth. Compared with the 7-fold gains in multiple car ownership, income has gone up only 1½ times, and the suburban population has barely doubled."

Perhaps of greater importance, the report says, is that automobiles have altered the American style of living in a way that has made owning a car essential, and an additional car increasingly desirable—if not necessary.

"The trend toward owning more than one car," the report concludes, "should provide automobile producers with an important and expanding market for many years ahead."

Paine Webber Adds

CLEVELAND, Ohio — John H. Mascio has joined the staff of Paine, Webber, Jackson & Curtis, Union Commerce Building.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The world's population of 3,180,000,000 has increased during the past three years almost the equivalent of another United States.

And here in the United States the population is increasing each year to the equivalent of another Maryland. Despite the decline in the percentage growth rate of 1.7% in the 1950s, our current population is about 190,000,000 compared with 180,000,000 when the last decennial census was conducted in 1960.

A few days ago our Secretary of Commerce, Luther H. Hodges, made an address that deserved much more attention across the land than it received. It is obvious that a great amount of research went into it. It pertained to the population growth in the United States and presented some of the projections by our government of what our economy will look like by the end of the 1960s.

Mr. Hodges was a highly successful business man in Chicago and in his native North Carolina before returning to the Tar Heel State to enter poltics where he served as Lieutenant Governor and Governor before President Kennedy asked him to serve in His Cabinet.

Secretary Hodges said in his prepared address for a function sponsored by George Washington University, and delivered at the Arlie House at Warrenton, Va., that the population density of urban America appears destined to become more crowded than the present population per square mile of India or Haiti.

After pointing out the Bureau of the Census is a part of the Commerce Department, the Secretary disclosed that almost everything they do at the Commerce Department in efforts to develop the American economy is conditioned by the challenges of population growth.

"If the population statistics teach us nothing else," said Mr. Hodges, "they remind us that the future grows out of the past. What has happened in our population trends set the stage—and to a large extent establishes the limits for our future development as a nation."

U. S. Fourth Largest Nation

Although the Cabinet Officer had a wealth of research, along with a series of projections including one that our gross national product (goods and services), should hit $750 billion by 1970, he could have pointed out that our country is but the fourth largest nation in the world. At this point, it might be pertinent to take a look at some of the fantastic growths being recorded in some other countries.

The largest country in the world by far of course is China with an estimated 731,000,000 people, with India second (461,000,000), Soviet Union third (225,000,000) followed by the United States in fourth place with 190,000,000.

The six largest countries following the United States are Indonesia 100,000,000, Pakistan 99,000,000, Japan 96,000,000, Brazil 78,000,000, West Germany 55,000,000, and United Kingdom 54,000,000.

Thus it is shown that Asia, with 1.8 billion or 56% of the world's people, has five of the world's 10 most populous nations.

Latin America Fastest Growing

The Population Reference Bureau in Washington says that although Asia has this tremendous population, the records show that Central and South America are now the fastest growing regions in the world. The rate is almost 3% per year.

If the Latin America growth rate persists at the current rate, it will have 623,000,000 people at the end of the current century compared with 406,000,000 people projected for the United States and Canada. Latin America's total population already has passed this country.

Of all the countries in the world, little Costa Rica in Central America has the greatest annual population increase of 4.4%.

In contrast to the rapid Latin American growth (Brazil's population is expected to double in 19 years), the growth on the European continent is growing more slowly, 0.8% a year, than in any major region of the world. East Germany and Ireland are losing population primarily through emigration.

Secretary Hodges' Forecasts

But back to the projections by the Department of Commerce as expressed by Secretary Hodges—our population by the end of 1969 is expected to be about 210,000,000, an increase of 29,000,000 over 1960. This will follow an increase of 28,000,000 in the 1950s, and 19,000,000 in the 1940s.

Since World War II the young people in this country have married earlier, have had their children earlier, and the number of children per family is increasing.

What will all of this mean in a little more than six years from now when a new decade starts, and the gross national product is about $750 billion, in terms of 1962 dollars?

The consumer market for goods and services would expand by about 35%, and consumer durables would increase to about 50%. Steel production would be running about 135,000,000 tons a year, compared with 107,000,000 this year. Automobile production would be in the neighborhood of 10,000,000 units as compared with 7,600,000 this year.

Urban Density

From all indications, the Commerce Department is now expecting the population density of urban America to increase sharply.

Assuming the present trend continues through this decade, 140,000,000 Americans will be living in the more than 225 metropolitan areas that embrace central cities of 50,000 or more and their surrounding suburbs. This would mean that more than 65% of our people would live on less than 9% of the total land area of the United States.

It has long been an established fact that our suburbs have been mushrooming while the central cities, with few exceptions have been losing population. Los Angeles is the only one of the five largest cities that chalked up an increase within its city limits in years.

More 1970 Projections

Some other Department of Commerce projections by 1970:

The "Go West" movement will continue with 17.6% of the total U. S. population living in the Mountain and Pacific States along with Hawaii and Alaska; agriculture, forestry and fisheries will continue to employ fewer and fewer people; mining, transportation and utilities will have a net increase in employment, but their share of employment will continue to decline.

The labor force is expected to total 86,000,000 workers, 13,000,000 more than 1960; enrollments in high schools will jump 50%, and college enrollments will nearly double; more slums will be cleared, sewer and sanitary systems will be built, and more parks and recreational facilities will have to be provided, and more schools, hospitals and highways will be built.

As a matter of fact, there will be more and more needs for nearly everything in the area of goods and services. Some mighty challenges lie ahead, but they will be met.

The Department of Commerce did not point out that as the population increases, the lives of Americans are likely to become more and more regulated.

[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.]

"No, I'm NOT having turkey for Thanksgiving—It'll only remind me of all the OTHER turkeys you've sold me!"

COMING EVENTS

IN INVESTMENT FIELD

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

CHRONICLE's Special Pictorial Supplement Dec. 19.

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

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

CHRONICLE's Special Pictorial Section April 30.

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

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

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

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

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

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

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