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EDITORIAL

As We See It

For the fourth time this country of ours which boasts a government of the people, by the people and for the people has had to bear the ignominy of a Presidential assassination. A nation dazed by the sudden turn of events has for the most part been engulfed with the "noise of the mourning of a mighty nation." Many, perhaps the most of us, have not as yet been able to recover sufficiently from the shock to think of much other than the horror of it all and the suffering of the bereaved family of John Fitzgerald Kennedy. It has, for the moment, seemed almost profane to discuss the probable political and governmental consequences of the heinous act. Such ventures into the land of doubtful prophecy as have occurred are of necessity hedged about with many reservations. All this was inevitable and as it should be.

Yet we who are left can not for long escape the duty of seeing to it that this government of the people, by the people and for the people shall not perish from the earth and, further, that henceforth our affairs shall be conducted in a manner best to serve us all and the world. Time will not stand still, and we are sure that President Lyndon B. Johnson is fully aware of the fact he must proceed with determination whatever his natural impulses may be in the circumstances. So also must all the others in places of responsibility and indeed so must we all. The new President is a man of a definitely different type from the late President Kennedy. He has a different background and until he apparently proved himself a good soldier by conforming to and assisting in programs which were often foreign to what was formerly his general view of government and public policy, he seemed to be a poor candidate for New (Continued on page 20)

Economic Policies We Must Adopt To Make Tax-Reduction A Success

By Dr. Raymond J. Saulnier,* *Professor of Economics, Barnard College, Columbia University, New York City*

A thoughtful paper on requisites to accompany proposed tax cut strongly defends and credits policies pursued under President Eisenhower for recent years' growth and stability. Dr. Saulnier admonishes that aggressive money-fiscal expansionist efforts coupled to the tax-cut will reverse the GNP uptrend, jeopardize long-run growth, and cause price inflation and other problems. The Ex-CEA Chairman offers a constructive approach to unemployment and other unmet goals, and reminds economic planners not to forget the long range effect of their decisions upon economic growth.

The policies pursued by our federal government in economic matters are always important to one's estimate of the business outlook, but I can't recall a time when they have been more completely governing in this regard. Moreover, I believe that the federal policies we pursue in the months immediately ahead will have a critical bearing also on our chances for achieving steady as well as vigorous economic growth over the rest of this decade. The latter is especially important when we consider the exceptionally heavy needs for the expansion of job opportunities which will confront us between now and 1970. I would like, therefore, to take advantage of this opportunity to sketch out a strategy of policy which, in my judgment, would serve us best at this time.

Raymond J. Saulnier

Of necessity, this must begin with a critique of policies currently in force and of those planned for the immediate future. Now it happens that I have serious reservations about a number of aspects of the Administration's economic policies. Especially, I have had, and continue to have, serious reservations about its fiscal policies and about the theories that underlie them.

In language as plain as I could find, I have said that I thought it was unwise to cut taxes by about \$5 billion a year when (i) Federal spending as measured by cash payments to the public was rising at the rate of about \$6.5 billion a year, as it did in the 12 months which ended Aug. 31, 1963; (ii) we were already running a deficit in the cash budget of the federal government of over \$5 billion a year; (iii) we had a deficit in our balance of international payments which we seem unable to reduce below the \$2 billion a year annual rate and which, in the second quarter of this year, passed above the \$5 billion a year mark; (iv) the money supply, narrowly defined to include only currency and demand deposits, was expanding by just under 4% and, more broadly defined to include commercial bank time deposits, by more than 8%; (v) consumer credit and home mortgage debt were each rising by about 10% a year; (vi) the economy was rising at a good rate and unemployment among those persons who comprise the bulk of our experienced and continuing labor force, as measured by the rate of unemployment among married men, was only one percentage point or less above what it was in 1955-56 and was trending down at a good rate; (vii) the consumer price index was rising, at it has been since last January, at a rate of between 1.5 and 2.0% a year and increases in prices of industrial materials were accelerating and becoming more widespread. (Continued on page 18)

STATE OF HAWAII FEATURED IN THIS 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.

C. J. IVORY, JR.

Vice-President and Secretary, Simpson, Emery & Co., Inc., Pittsburgh, Pa.

National Union Fire Insurance Company

The capital stock of the National Union Fire Insurance Co. is in my judgment currently attractive for purchase for better than average income and prospective capital appreciation. The company writes a complete line of property and casualty insurance. It is one of the very good quality insurance stocks with strong financial backing.

Assets currently total $110.1 million. Premium volume in 1962 amounted to $59.8 million. Statistically, National Union is quite attractive, selling at approximately 11 times estimated 1962 investment income and at a discount of nearly 35% from book value. There are 803,000 shares of capital stock outstanding.

Exceptionally heavy losses were encountered by fire casualty insurance companies as a group in the early months of this year, and in common with most fire and casualty underwriters, National Union Fire Insurance underwriting experience was no exception. However, underwriting results for the last half of 1963 are expected to improve. Investment income has shown a steadily rising trend and should increase to the $4.15-$4.20 area per share this year, up from $4.03 in 1962. A significant reduction in the expense ratio is probable this year due to the installation of electronic data processing equipment and tighter budgetary controls over costs. Meanwhile, rate increases have been obtained on auto insurance in a number of states and additional upward rate adjustments are likely.

An important factor in the long-term growth of the company was added in 1962 when an affiliate (50% owned), the National Union Life Insurance Co., was organized to operate in that field. Half of the life affiliates initial $3,000,000 capital was raised through sale of stock to National Union Fire shareholders. This stock was originally issued at $15 a share and is currently 38½ bid. The first year's premiums written are estimated at $25 million. The long-term growth of this affiliate should become more significant in the overall growth of the Fire Company in future years.

National Union Fire Insurance Co., currently 42 bid, in the Over-the-Counter Market with a $2.20 annual dividend and an equity per share as of Dec. 31, 1962 of $68.97 appears to be a worthwhile purchase for the prudent investor. In my opinion, the security is best suited for investors whose objectives require quality, good income with potential appreciation.

CARROL A. MUCCIA, JR.

Analyst, Hayden, Stone & Co., Inc., New York City

Fibreboard Paper Products Company

Fibreboard appears to be emerging from a difficult period of transition and entering into more profitable times. Since its formation in 1955, this West Coast manufacturer of folding cartons, corrugated boxes and building products has been plagued by adverse factors, both internal and external Inefficient plants, competitive paperboard pricing and costly start-up expenses all combined to place a severe strain on profit margins and resulted in an erratically lower earnings trend. However, the company's profit trend is showing definite improvement as is evidenced by consecutively higher pre-tax margins in the first three quarters of 1963.

The present Fibreboard Paper Products Co. grew out of a combination of Pabco Products Inc. and Fibreboard Products Inc. in 1955. Prior to that time Pabco, a building materials producer, owned 56% of Fibreboard, a paperboard packaging company; Crown Zellerbach owned 44%. Pabco purchased Crown's interest for $37.8 million and the new company became an integrated producer of building and paper products.

In 1962, Fibreboard reported sales of $116.7 million and its estimated sales breakdown is paper and paperboard 75% and building products 25%. To further refine the paper division it is our estimate that folding cartons account for $40 million, corrugated boxes $29 million, milk cartons $8-10 million, and special food board $7 million. Six mills, with an indicated annual capacity of 550,000 tons, supply approximately 75% of the 13 converting plants' board needs. The company owns 96,000 acres of timberlands. However, most of the pulp requirements are obtained from purchased woodchips and waste paper. Building products, which account for about $30 million in annual sales, include such items as gypsum products, asphalt and asbestos roofing and shingles.

Since 1955, Fibreboard has experienced a very disappointing record due to numerous factors such as deteriorating product prices and various unprofitable plants and divisions. In a period of six years (1956-1961), pre-tax margins declined from 9.5% to 3.5% and earnings per share were reduced from $3.52 to $1.23. Sales declined from $127 million in 1956 to $110 million in 1961. Several concurrent factors caused adverse pressure on the profitability of Fibreboard during these years, such as abnormally high start-up costs (about 56 cents per share) on the new kraft linerboard mill at San Joaquin in 1960; and the conversion from wax to polyethylene coated container milk cartons in 1961-62, as well as start-up costs on the new Martinez gypsum plant. These costs are now behind the company, and the $54.2 million expended on modernization and expansion over the last seven years have begun to bear fruit.

Profit margins, especially in the first nine months of 1963, have reflected the improvement in operating efficiencies at the plant level and the absence of heavy start-up costs on new plants. While net sales advanced by 7.6% to $92.3 million for the first nine months, net income rose 48.1%. For the first quarter of 1963, pretax margins rose from 3.4% to 4.1%, in the second quarter from 6.7% to 7.4%, and in the third quarter from 6.1% to 7.6%. Earnings for the first nine months were $1.70 per share as compared to $1.15 per share for the same period of 1962.

If operations maintain their current improvement, it can be expected that pre-tax margins may rise above 6% for the year 1963 and that on a sales volume of $124 million, FPP could show earnings close to $2.10 per share. In 1964, earnings could show a substantial rise based upon a slight improvement in profit margins and the impact of price increases. As an example, on an annual basis, the recent folding carton price increase, I think, could add as much as 45 cents per share to earnings while the proposed 5%-7½% price increase on corrugated boxes could add an additional 35 cents per share to earnings, if both increases are upheld. Taking into account only a slight improvement in margins to 6.5% pre-tax (a minimum expectation) and taking only a part of the benefit of the recently announced price increases, earnings could advance to the $2.80 per share level in 1964.

Fibreboard is a highly leveraged company, with long-term debt representing 49.4% of total capitalization. In addition, there are only 1.8 million common shares outstanding, so that any improvement in margins can be more readily reflected in higher earnings per share. Based on estimated 1964 earnings, the stock is selling at a modest price-earnings multiple in comparison with other paper equities. In my opinion, Fibreboard appears attractive for appreciation. The stock is listed on the New York Stock Exchange.

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

This Week's Forum Participants and Their Selections

National Union Fire Insurance Co. —C. J. Ivory, Jr., Vice-President and Secretary, Simpson, Emery & Co., Inc., Pittsburgh, Pa. (Page 2)

Fibreboard Paper Products Co.— Carrol A. Muccia, Jr., Analyst, Hayden, Stone & Co., Inc., New York City. (Page 2)

To Speak on Puts & Calls

Col. Homer E. Miller, Homer E. Miller & Co., will be guest speaker at a meeting sponsored by C. B. Richards & Co., at the Hotel Roosevelt, New York City, on Dec. 3. His subject will be "Puts & Calls."

Why Life Company Stocks Merit Investor Confidence

By Shelby Cullom Davis,* *Managing Partner, Shelby Cullom Davis & Co., New York City, and Formerly, First Deputy Superintendent of Insurance, State of New York*

Expert analyst of insurance stocks renders a favorable verdict regarding recent trends of U. S. life companies. Probe of ten different areas, ranging from mortality ratios to equity and bond investment earnings, concludes "good" trends are more numeous than the "bad" ones, and that the over-all auspicious direction can be expected to continue. Observations made incude the prospect of increased interest earnings in the years ahead; of a breakthrough in cancer and heart disease; of a better trend in lapsed policies and a reduction in borrowing; of more insurance coverage per family despite stock market, mutual fund and S & L Association competition; and of favoring municipals and industrial bonds for their richer returns compared to competitively priced utilities.

"The play's the thing," cried Shakespeare's Hamlet many years ago, "to catch the conscience of the king." And, if we may paraphrase, the trend's the thing, the best way to understand what is going on in U. S. life insurance today. We have listened to many discourses and read many dissertations describing how big or important life insurance is in the United States. These truths about now should be self-evident. What seems more significant, in our view, is the changes that are taking place under the surface in this big and important U. S. institution.

Shelby Cullom Davis

We are reminded of the comedians in our youth on that dear but long departed vaudeville stage. One comedian tells the other he has just gotten a big raise in salary. "That's good," says the second. "Not so good," replies the first, "I have to marry the boss' daughter."

"That's bad," rejoins the second. "Not so bad," says the first, "She is about to inherit a million dollars."

"That's good," rejoinders the first. "But she won't have the use of it until she is 75," came the reply. And so it went, each "good" having a "bad"—which in turn had a "good" etc. So is it in many cases throughout life and so is it in many cases in recent trends in U. S. life insurance.

Divergent Trends

(1) Interest earnings last year were at 4.34% on invested funds, the highest in 30 years or since 1932. That's good.

(2) Mortality showed no improvement, the crude death rate of 6.2 per 1,000 lives exposed being the highest in 10 years and appreciably above 1956 when it was 5.8. That's bad!

A word of explanation as to these divergent trends. The net rate of interest earned in invested funds of 4.34%, the highest since 1932's 4.65%, represents the continuation of a trend which began in 1947 when interest earnings under war-time low interest rates fell to their lowest in history, 2.88%. The aggregate increases in interest earnings of 1.46% during the intervening 15 years works out to be an average of approximately 10 basis points of interest per year. Last year the increase in basis interest points was 12 or from 4.22% interest earnings in 1961 to 4.34% in 1962. In fact since the upturn began in 1948 with an 8 basis point increase, the 12 basis points rise last year was the best for any year in the past 15 excepting 1957 when it was also 12 basis points. It can be said, therefore, that the increase in interest earnings has not only not slowed down but was at its peak last year.

Although the yield from recent corporate bond offerings has been somewhat lower than a year ago, life insurance companies which have reported placements for the first in six months of 1963 in most cases have attained yields on new investments in the neighborhood of 5½%. Furthermore, bonds which the life companies bought 20 years ago during the war-time era of extremely low interest rates when U. S. Government bonds yielded only 2½%, are now being refunded. Government obligations presently yield approximately 4%. It would appear that the interest earnings of life companies have considerable increase ahead of them. The average earnings rate was approximately 5% in the 1920's, 4% in the 1930's and 3% in the 1940's. Peak interest earnings occurred in 1923, a rate of 5.18% which steadily declined with only a rare minor reversal (such as in 1936 and 1942) until 1947, a 24 year cycle. Should history repeat itself—and it seldom does exactly — another 24 years

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Articles and News

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

As we approach the closing out of calendar 1963 the thoughtful state and municipal bond dealer must wonderingly reflect on one of the most frustrating years in the memory of municipal men. Dealers have underwritten and, in a manner, distributed a record volume of tax exempt bonds ($10,000,000,000) without benefit of adequate recompense. Generally, dealers will have experienced a very poor year.

Cause of It All

Many elements have contributed to this dissappointing 1963 experience and all of them are intimately known to most of the dealers. One of the least discussed factors involved in this year of municipal bond market attrition involves our most important *modus operandi*, the syndicate. As new issue volume has increased there has been an accelerated dealer increase, an unprecedented dealer-bank increase and vast personnel increases throughout the underwriting industry.

However, the combined individual experience involved in this total growth was quite logically diluted to an extent that the influences of experienced leadership became less audible in the maelstrom of almost bitter and at times thoughtless competition.

"Hanging On" Mania

After bond issues were bought, generally in very close bidding at prices usually arrived at through superficial considerations about distribution, there was often a continuing reluctance to break up syndicates and distribute remainders at the market. Syndicates have been haplessly dragged along with niggardly price cuts accomplishing nothing more than prolonging the agony of realistic reappraisal.

Thus, unwieldy and unmarketable inventories were accrued over a period of months, while a meaningful market break was persistently set back and deferred by a literally incorrigible mania for over-bidding. The industry has never seen the likes of this misbegotten operation.

Temporary Relief

It is the belief of many in the municipal bond business that prolonged syndication, more than any other factor, averted a sharp market break even though most of the business being done was at cut rates not always openly arrived at. With dealer bank management dominating the scene, syndicate operations have been stretched out over months in many instances. This has been of some advantage to the management, and it was often superficially and temporarily beneficial to the most of the syndicate membership as it deferred the taking up of bonds.

In past years markets have been more responsive and sensitive due partly to the fact that merchandising was paramount and the banking element of the business was indeed secondary. Thus, although the market may have fluctuated 10 points or more within a year's time, the sell-off was usually brief and the rebound was also of relatively short duration. In this manner the industry functioned responsibly and better reflected the actual market situations and conditions to the investor.

Underwriting More Complex

New issue syndication runs into difficulties for a variety of other reasons, most of which have to do with judgement and experience in underwriting and distribution. State and municipal underwriting has become more complex than any other type of security underwriting in the growth of the past few years. The volume and variety of issues and their various forms, the diverse purposes and the taxation and revenues have combined in a myriad of involvement.

Syndication, as we have noted, involves both dealers and dealer banks. Generally the dealers must merchandise and distribute their bonds for obvious reasons. The dealer banks strive to do this too but the function is collateral rather than basic. They also need bonds for their portfolio purposes and, in exigency, the remainderments of their underwriting commitments may be carried along for some future marketing. The two operations are basically not congenial enough for successful culmination under the extremely competitive atmosphere that has existed for a year or more.

The small dealer must periodically kick his bonds out and start over again, so to speak. This has been expensive and demoralizing because workable market levels have not been touched off in the process.

Possible Solutions

The problem is a sticky one but an effective effort to relieve the strain ought to be in the making, however complex and difficult. Many believe that syndication must be approached as a more flexible conveyance. It must be made immediately responsive and more sensitive to the market conditions and factors that prevail in today's world-wide and politically dominated economy. A more seasoned personnel is gradually developing within the industry and this will be helpful.

However, as an immediate expedient, it would be well to at least experiment with 10-day syndicate contracts. It could be that the 30-day and longer agreement has outlived its usefulness. Markets, even in municipals, have become too sensitive to be pegged in account for 30 days or more. The operation needs more consideration of the cut and run techniques long utilized by the corporate bond practitioner. Granted that our format is more complex—and to be sure there are formidable problems — but they should be faced up to by trying something new. The old procedures are dividing the industry.

Status of Current Market

During this past week of national tragedy, the markets for tax exempt bonds have changed but little. Dollar bonds were quoted down last Friday afternoon following the President's assassination but recoveries were registered early in Monday's session. *The Commercial and Financial Chronicle's* high grade 20-year bond yield Index averages out at 3.133% this week. A week ago the Index stood at 3.130%.

The dollar quoted long-term toll road, toll bridge, public utility and various other revenue issues are also about unchanged from last week's level. The *Chronicle's* revenue bond Index averages again at 3.59%. This Index involves the yields available on 23 of the most actively traded long term revenue bond issues. Recent new flotations, including Port of New York Authority 3½s, Oklahoma Turnpike 4s and Kentucky Turnpike 4.10s have done well in relation to the market. The Port Authority bonds originally offered at 100 sold down to 97¼ and are now back to 98½ bid. The new Oklahoma 4s, originally offered at 100, moved off to 99 bid and are 99¼ bid currently. The Kentucky 4.10s, originally offered at 100, are presently 99⅜ bid. The recently issued New York Power Authority 3⅝s which were offered at 100½ were well distributed at list.

The Street inventories have apparently changed very little in the course of the week. New issue volume has been light while a period of national mourning has intervened. The total of state and municipal offerings shown in the *Blue List* is about unchanged from a week ago, the latest total being $535,458,000.

Small Volume Awaiting Market

The calendar of new offerings, another formidable market factor, remains about unchanged from a week ago. Less than $350,000,000 of bonds is now scheduled or tentatively scheduled for sale during the rest of the year. The largest issue on the calendar continues to be the $53,400,000 State of Minnesota offering rescheduled for sale Dec. 10. An issue of $50,000,000 San Francisco Bay Area, Rapid Transit District, California revenue bonds also sells on December 10, this being the second largest issue presently scheduled. Moreover, no large negotiated issues appear ready for market.

Current Week's Awards

New issues up for public bidding this week totaled only $78,620,000 of bonds. The calendar was to have amounted to over $140,000,000 of bonds but was revised downward after the death of the President as a few important borrowers deferred their financings.

Last Thursday was a busy day

Continued on page 31

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.35%	3.25%
*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, Ilinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.22%	3.16%

November 27, 1963 Index=3.133%

* 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 29 (Friday)			
Shoshone & Kootenai Cos. Jt. S. D. No. 391, Idaho	1,032,000	1965-1974	—
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	1966-1974	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	1965-1989	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.
Hoffman Estates, Ill.	3,875,000	—	8:00 p.m.
Metro. Fair & Exposition Auth., Ill.	1,800,000	1995	—
North Reading School, Mass.	1,435,000	1964-1982	11:00 a.m.
Orleans Levee District, La.	12,500,000	—	—
Paducah, Ky.	1,350,000	1965-1989	7:30 p.m.
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	1965-1990	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.
Bowling Green, Ky.	10,000,000	1965-2003	10:00 a.m.
East Brunswick Tp., N. J.	1,200,000	1964-1980	8:00 p.m.
Indianapolis San. District, Ind.	4,875,000	1966-1990	10:00 a.m.
Marshfield, Mass.	1,590,000	1964-1983	11:00 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.
Oyster Bay, N. Y.	12,264,000	1964-1993	11:00 a.m.
Pueblo, Colo.	4,000,000	1965-1989	2:30 p.m.
December 9 (Monday)			
Madison Local Sch. Dist., Ohio	1,200,000	1965-1986	11:00 a.m.
Manchester, N. H.	1,273,000	1964-1983	11:30 a.m.
River View Local Sch. Dist., Ohio	2,228,000	1965-1986	1:00 p.m.
December 10 (Tuesday)			
Adams Co. S. D. No. 14, Colo.	5,500,000	—	—
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.
Forsyth Co., N. C.	1,000,000	1966-1971	11:00 a.m.
Fresno, Calif.	1,500,000	1965-1984	10:00 a.m.
Hannibal, Oswego etc., Cent. Sch. District, N. Y.	1,040,000	1964-1974	2:00 p.m.
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.
King Co. Lake Wash. School Dist. No. 414, Wash.	1,000,000	1966-1974	11:00 a.m.
Medina City Sch. Dist., Ohio	1,400,000	1965-1984	—
Minnesota, State Refunding & School Loans	53,400,000	1965-1982	10:00 a.m.
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	1972-1999	10:00 a.m.
Tempe, Ariz.	2,000,000	1966-1993	3:00 p.m.
Union Township, N. J.	1,040,000	1964-1974	8:00 p.m.
Waukesha Co., Wisc.	1,200,000	—	—
December 11 (Wednesday)			
Alabama General Hospital, Ala.	1,000,000	1965-1974	—
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)			
Emery Unified Sch. Dist., Calif.	1,500,000	1965-1979	—
Henrico Co., Va.	5,000,000	—	—
Iowa State Board of Regents (State University of Iowa)	16,500,000	1965-2003	11:00 a.m.
Miss. St. College for Women, Miss.	2,750,000	1964-2001	10:00 a.m.
South Carolina St. S. (Columbia)	5,000,000	1965-1984	Noon
University of Mississippi Housing System, Miss.	7,452,000	1964-2002	10:00 a.m.
University of Southern Miss.	1,695,000	1965-2002	10:00 a.m.
December 14 (Saturday)			
Arizona University, Ariz.	1,250,000	1965-1989	11:00 a.m.
December 16 (Monday)			
Santa Ana, Calif.	2,000,000	1994	7:30 p.m.
December 17 (Tuesday)			
Farmington, N. Mex.	16,500,000	1964-1993	2:00 p.m.
Hampton, Va.	3,500,000	—	—
La Puente Union H. S. D., Calif.	1,320,000	1966-1988	9:00 a.m.
Phoenix, Ariz.	8,000,000	—	10:00 a.m.
Santa Clara Co. Flood Control & Water Dist., Calif.	19,500,000	—	10:00 a.m.

OBSERVATIONS...

BY A. WILFRED MAY

MARKET "EMERGENCY" PSYCHOLOGY

The market's behavior, with its unprecedented shut-down on the day of the assassination of President Kennedy, and its dramatic upswing on Tuesday, and maintenance of strength Wednesday, demonstrate anew its psychological and speculative characteristics.

It must be borne in mind that the onslaught of indiscriminate selling was sufficient to bring about the closing of the Exchange at 2:09 p.m., just 28 minutes after the announcement that President Kennedy had been shot, and 21 minutes before he was pronounced dead. In this brief interval the Dow-Jones Industrial Average fell about 24 points, with 2.2 million shares liquidated, for a net loss for the day of 21.61 points—the market had rallied by 3.31 points at 1 p.m.

Threats to a President's life always have brought about precipitous selling (but without closing the Exchange), with an early recovery as at the present time. President Eisenhower's heart attack, which occurred on a Saturday, was greeted the following Monday, Sept. 26, 1955, with a decline of 23.9 points, from 333.2 to 309.3. The very next day it rallied to 315.38 and on Wednesday it rose further to 320.32.

Likewise with the broader average of Standard & Poor's 425 Industrials; on Monday, Sept. 25, 1955, it broke from 48.98 to 45.02, rallying to 46.68 on Tuesday and to 47.02 on Wednesday. By Nov. 14 the Average recovered to its pre-heart attack level, despite continuing doubt about the President's full recovery, including his ability to run for re-election.

Motivating the liquidation at times of "crisis" it is not so much the liquidators' direct reasoning as their fear of how "the other fellow" is going to act. It is the counterpart of speculative buying on the premise that other bulls are going to take purchases off one's hands at still higher prices.

"Reasons" for the Break

As was shown by the weekend comment, *before* the snap-back of the Averages at the market's reopening Tuesday, the economic and political "reasoning" was wholly illogical.

For example, the possible non-enactment of a tax reduction bill was trotted out as a reason for bearishness. But this blandly overlooked the fact that President Kennedy's tax proposals have been in trouble with the Senate during many weeks of rising markets.

Similarly, alleged worry over or loss of confidence in the dollar disregarded the fact that our balance of payments position, and gold loss have been the subject of public comment during at least three years of generally rising stock markets.

"Reasons" for the Rise

Reasons were given with equal positiveness and confidence for the Tuesday's subsequent advance—reflected in the Dow-Jones Average greatest rise in history in points (but not in percentage of the market, its 4.5% gain having been appreciably exceeded on Oct. 30, 1929, also a day of rally after a market break, Black Thursday) as follows:

"Automobile sales are running higher, steel output is climbing, and machine tools orders—an indicator of future industrial demand—have reached a seven-year peak."

And illogical, particularly in view of the markets' rise at the 10 o'clock opening, was this kind of explanation that was prominently published: "Wall Street figures the new President is a strong man. It likes the speed with which he has taken over the reins of the Administration."

In any event, both the decline and the corresponding recovery highlight the speculative character of the market. If the market price structure were based on *value*, such jitteriness would not appear anywhere nearly as effectively as it does.

* * *

SELECTED EXPLANATIONS

The emphasis on the market's credit expansion during last week's declining prices and its overlooking of the short interest's rise, show the market community's customary proclivity to select for explanation of the market's prior action that which fits. Only a President's death would consistently knock the market down.

Growth of the short interest, usually regarded as a markedly bullish factor, was disregarded despite the fact that in the month ended Nov. 15 it rose by 248,034 to 6,897,000 shares, the largest figure reported since short interest reports were initiated in 1931. It registered the forth consecutive monthly increase.

Contrariwise, the credit situation got major attention, despite the fact that the amount of market credit outstanding has for months shown marked and steady increases, highlighted by the boosting of margin requirements by the Federal Reserve Board on Nov. 5. Customers' net debit balances, the amount owed to member firms by customers, rose to $5,515,000,000 at the end of October, a gain of $159 million during the month, and comparing with $3,889,900,000 at the end of October, 1963.

MARKET DIVERGENCE NOTE

Marked, though typical, market divergence occurred on Friday Nov. 15. The general "market as a whole" had a weak day as measured by the Dow-Jones Industrial Average falling 7.04 points. But while 684 individual issues showed losses, 365 actually rose, and 283 remained unchanged. Furthermore, stocks made new highs for the year, against 23 new lows.

Even on the day of the assassination when D-J lost over 21 points, 121 issues advanced while 198 remained unchanged for the day—against 883 declines.

In last Tuesday's recovery, which was marked by the greatest advance in history by the Dow-Jones averages, 270 stocks declined (against 903 advances).

The Fashionable Fission of Stocks—and Split Candidates

By Dr. Ira U. Cobleigh, *Economist*

At or toward the tops of bull markets a major topic of conversation in board rooms is the possibility that such and such a stock will be split two or three for one. This possibility, usually lacking any immediate confirmation by officials of the subject company, grows and inflates as a rumor. Through the efficiency of telephone and teletype communication, within a single trading day investors in New York, Chicago, Houston, Denver and San Francisco are all buzzing about the expected split. This nationwide chatter, plus mention of the item in financial columns, becomes a buy signal, and thousands decide to purchase the stock; and it goes up as a result. Is this a good way to buy stocks? Not necessarily!

Two Pieces of Paper or One?

From the standpoint of an accountant or analyst there is no special reason to believe that if you divide an equity in half, the two resulting pieces of paper should be worth more than the original one. No new factor has been added to give the company's earning power a higher valuation, or cause it to be appraised in the market at a higher multiple In fact, the split, the notices, the voting of stockholders, the bookkeeping, the authentication, preparation, production, and mailing of the new certificates to stockholders actually involve a considerable cost.

Yet despite the mathematical logic of the foregoing arguments, stock splits, in the right market climate, for substantial corporations have become not only predictable but almost inevitable. For 33 years in a row, American Telephone and Telegraph contended that splits were either unnecessary or undesirable, and now that company is a most ardent advocate of the practice; and promises to make publicly held by a 2 for 1 split next June, 487,222,000 shares of its common stock (plus an additional amount via stock subscription). And official announcement of this was enough to send "T" up 7 points in a single day.

Market Logic

Obviously then, stock fission has some rationale, not arrived at by bookkeeping criteria. The compelling reasons are found in the market place, not in corporate ledgers. Marketability and breadth of trading activity are definitely stimulated when a company has hundreds of thousands of stockholders, and when its shares sell in a popular price range that can steadily attract new buyers. These stockholders (and the newcomers) perform valuable services for a company. Because of their confidence in the company, and enthusiasm for its stock, shareholders tend to hold onto their stock, and they provide a vast reservoir of capital for future corporate growth. (Witness the long series of stockholder "rights" to buy A T & T and Consolidated Edison securities). Further a strong market interest and following in a popularly priced issue will generally cause it to sell at high price/earnings multiples, a fact which can reduce the cost of capital to a company when it seeks additional financing. This resulting high multiple is also most useful to the company when it offers its own common stock in exchange for the equity of another corporation, in a merger. A steadily increasing family of stockholders, (which a stock split definitely creates) benefits the company further because it increases the number of its partners who become eager ambassadors, and enthusiastic salesmen, of the company, its products, services and securities. Incidentally, too, the shares of a company enjoying extensive trading activity each day are usually superior collateral for loan or margin purposes than less active or less popular issues.

When to Split

From the above we conclude that there are genuine corporate gains to be achieved by stock splitting. But when should this be done? What it the ideal trading range to attract the most desirable investor following? As to the price at which the split should take place, there is no absolute figure. Stocks have been split when selling at $10 a share or at $400. The New York Stock Exchange definitely favors the splitting of listed issues when, and after, they have established a stable trading range at above $100 a share. Chrysler split 2 for 1 after it crossed 100, and split a second time when the new issue regained a trading level in the high 90's.

What Price Range is Popular

When a stock sells around 100, the NYSE would prefer a 4 for 1 split that would land the new issue in the 25 range. A number of analysts and corporate executives, however, prefer the 50 zone (2 for 1) to attract the right kind of new buyer. It is the contention of these experts that the investor, at the $50 level, is more resourceful, more likely to be a long term holder, and less likely to sell on any sharp downturn in the market, than investors attracted by a lower selling price. There is no convincing proof of the correctness of either of these viewpoints. The 2 for 1 split of Telephone would price the new stock at $65. Syntex new, after a 3 for 1 split, sells at $74, and Chrysler "new" should sell at 43.

Landing in an attractive price range is not the whole story however. Consideration must be given to the dividend rate on the new shares. A T & T proposes a $2 dividend on the split stock, against $3.60 on present shares. A number of life insurance companies, quite notable for the low cash dividends they customarily pay, have in many instances continued the prior cash dividend rate on the new shares after a split, thus doubling the dividend income to holders. In any event, to assure the attainment of the objectives sought in a split, a company should at the time, increase its cash dividends and maintain the higher rate thereafter.

Candidates

Our top candidate for a split is *Travelers Insurance*, now selling at 200. The company will be 100 years old next April and a split at that time seems appropriate. In 1955, Travelers split 20 for 1. *Connecticut General* at 165 and *Lincoln National* at 170 seems also in the proper range. On the Stock Exchange our current nominees would include *American Chrystal Sugar* around 85, *Corning Glass* around 190, *Cambell Soup* at 104, *Minneapolis Honeywell* at 125, *Norfolk and Western* at 110, *Newmont Mining* at 86, *Rohm & Haas* at 130, *U. S. Gypsum* at 85, *Sears Roebuck* at 95 and *Youngstown Steel* at 124. Two that should split, but won't, are *Superior Oil of California* at 1200, and *Kansas City Life* around 3400, OTC.

Growing Mainland Interest In Hawaiian Securities

By Willard F. Axness, *Analyst, Mitchum, Jones & Templeton, Inc., San Francisco, Calif.*

Hawaiian companies traded on the Honolulu Stock Exchange number approximately 35-40 and 15 of this number are said to enjoy fairly active OTC markets on the mainland. Mr. Axness sketches ten representative Hawaiian companies none of which include the 25 publicly-held plantation companies that are closely-held and controlled by the Island's "Big Five" companies.

The investment of equity funds in selected Hawaiian securities is a unique, truly satisfying, and relatively new experience for the mainland investor. Prior to Hawaiian statehood in 1959, outside investment interest in the fortunes of Hawaiian companies was held primarily by mainland and foreign insurance companies, most of which possessed agency ties within the Islands. Their investment funds, however, sought greater participation in the mortgage loan market, than in the equity area. Over a period of 13 years, the holdings of insurance companies in the mortgage loan field have increased from $27 million in 1950 to approximately $380+ million today, and it is still growing.

With the advent of statehood and the excitement generated by it, seekers of investment opportunities became aware of Hawaii, its history, economy, and prospects. At that time, most of the mainland investment interest was centered on either of the two extreme ends of the investment spectrum: the potential inherent in the underlying real asset value of the companies in Hawaii or purchase for the short haul, the in-&-out benefits accruing from temporary boom conditions and excitement. The Honolulu Stock Exchange, in those days, was alive with heavy buying and selling of shares.

Following Hawaii's entrance into the Union as a state, a period of sober reappraisal set in, interest flagged, and investment analysts finally were able to set a leisurely pace in the evaluation of the Hawaiian companies. Such evaluation noted a broadening of the economic base, gradual unification of the Islands, and increasing mainland ties which were aiding Hawaiian business conditions. Thus, when sugar prices began to rise in March-April of this year, investors were somewhat better informed about Hawaii. While interest in the extremes of the investment spectrum is still in evidence, today investors are seeking out the "investment values," they are acknowledging the long-range and favorable prospects of the Hawaiian economy, and they are beginning to consider 10-12 leading Hawaiian companies as participants in their regular investment planning.

Equity Opportunities

Today, it is possible to purchase an equity interest in Hawaiian banks, trust companies, utilities, retail-wholesaling firms, construction companies, and the "Big Five," a group of mercantile companies dating back to the missionary days, with their diverse activities. The "Big Five" includes C. Brewer, T. H. Davies & Co., American Factors, Castle & Cooke, and Alexander & Baldwin. Approximately 35-40 Hawaiian companies are traded on the Honolulu Stock Exchange and about 15 of this number enjoy reasonably active Over-the-Counter markets on the mainland. The shares of Hawaiian Telephone also have been listed on the New York Stock Exchange, and Castle & Cooke and C. Brewer enjoy the privileges of the Pacific Coast Stock Exchange. Hawaiian Electric and American Factors probably will seek listing next on a mainland stock exchange.

Briefly, statistical material and introductory, narrative descriptions on 10 representative Hawaiian companies are given below. It will be noted, none of the 25 publicly-held plantation companies are discussed. Most of these companies are closely-held and controlled by the "Big Five" agency companies. The shares of the Hawaiian trust companies are also closely-held, thus resulting in a lack of mainland investor interest.

Alexander & Baldwin: (OTC & Honolulu) As a member of the "Big Five," this company is financially strong and appears to be entering a period of some diversification and growth. The company acts as agent and has a large interest in a pineapple plantation, two sugar plantations, and produces sugar in its own right after its merger last year with Hawaii's largest sugar plantation company, the Hawaiian Commercial and Sugar Co. It also acts as agent for several mainland insurance companies, maintains a substantial investment portfolio, and is engaged in many miscellaneous business activities in the Islands. With over 50% of its 1962 gross revenues derived from sugar interests, A & B accounted for 19% of the Hawaiian sugar crop in 1962 and stands to benefit greatly from rises in sugar prices this year. It is suspected the common shares possess a much greater asset value than the stated $26 a share. While its strong financial position would appear to suggest a liberal and consistent dividend policy, the company adheres to conservative declarations of cash dividends, with no stated regular quarterly payout. Investment in the common shares assures full participation in the pocket economy of Hawaii.

American Factors: (OTC & Honolulu) As another member of the "Big Five," this company has been often termed appropriately the "G. M. of Hawaii." Aside from being Hawaii's largest sugar producer (28% Hawaiian production resulting in 36% Amfac 1962 revenues), largest wholesaler, largest insurance agency, and one of the largest retailers (Liberty House group of stores) and land developers in Hawaii, Amfac is also engaged in international activities spreading from western Australia to South America. Management has stated clearly it is their intention to utilize fully every acre of the 90,000 acres owned and 78,000 acres leased by the company in Hawaii. A small investment portfolio holds interests in affiliates, joint ventures, and sugar marketing cooperative stock. In September of this year, the company instituted a 3-for-2 stock split of the common shares (50% held on the mainland) and declared the payment of small stock dividends would be discontinued. With the stock split, the nominal cash dividend rate was increased 20%. At present prices, the common shares are probably selling 30% below their real asset value. Good management and aggressive expansion plans entitle the common shares to high consideration as a means of taking part in Hawaii's growth.

Bank of Hawaii: (OTC & Honolulu) This company is the largest bank in Hawaii, with loans and deposits respectively in excess of $214 million and $361 million. As a state-chartered bank, it has 60+ branches throughout the Islands and island groups west and south of Hawaii. The company offers the usual range of banking services (except trust services), and in maintaining excellent contacts with all countries on the Pacific Ocean periphery, tries to implement Hawaii's hub position as the 'financial center of the Pacific Ocean.' In part, this concept of banking, as well as emphasis on the small depositor and borrower, is indicative in length and breadth of the shadow of one man, Mr. Rudolph Petersen, who was chosen recently the President of the Bank of America. In the late 1950's, Mr. Petersen served briefly as an officer of the Bank of Hawaii. During his tenure, deposits increased by two-thirds and net profits doubled. While the increased 1963-64 sugar monies for the Islands will not filter immediately into the banking system, good business conditions this year suggest higher net operating earnings for the company. Another nominal stock dividend is expected this year and over the near-term, a nominal increase in the cash dividend should follow.

C. Brewer & Co.: (OTC-Honolulu-Pacific Coast) As a member of the "Big Five" and primarily in the sugar business through nine subsidiary sugar plantation companies, this company produced about 26% of the 1962 Hawaiian sugar crop. In 1961, the company acquired the Puerto Rican sugar properties of the Fajardo Eastern Sugar Associates. Sugar operations in Hawaii and Puerto Rico probably will account for about 70% operating revenues in 1963. Another 18% will be provided by a molasses distribution business in the United States, which was acquired in April, 1963. The company also conducts terminal & shipping operations, manages ranches & dairies, maintains an insurance department, and merchandises industrial equipment. Reflecting business conditions this year, the company just completed a 1-for-5 rights offering of its common shares. The company has announced plans to split the shares 2-for-1 in December, 1963, and increase the cash dividend 30%. Substantially higher earnings are expected this year in view of higher sugar prices, a new fertilizer plant, and entry into the molasses field. Interest in this company, which is believed to be the oldest American business organization west of the Rocky Mountains, has been reflected in the price of the common shares.

Castle & Cooke: (OTC & Honolulu, & Pacific Coast) As agent for and majority stockholder in three sugar plantations, this company accounted for 14.6% of the Hawaiian 1962 sugar crop and derived about 14% revenue from such operations. Other interests involve pineapple and seafood activities through wholly-owned subsidiaries, Dole Corporation and Bumble Bee Seafood, both of which were acquired in 1961. Another subsidiary, Oceanic Properties, has been formed to develop land holdings on the mainland and in Hawaii, where the company owns about 156,000 acres of land, 30% of which is utilized by the plantations. The company is also involved in other miscellaneous business activities. Land development plans and pineapple investment in the Philippines were stimulated when the company received $17 million for its Honolulu Oil Co. investment. Other portfolio investments include holdings primarily in Hawaiian companies. Price weaknesses in the Dole and Bumble Bee subsidiaries reduced fiscal 1963 earnings below the average earnings rate of $1.50-2.00 a share for the last few years. With sugar prices strong, some rebound in earnings is expected. The common shares are currently selling about $10 below 'stated asset value.'

Dillingham Corporation: (OTC & Honolulu) Formed by the merger of the Oahu Railway and Land Company into the Hawaiian Dredging & Construction Co. in December 1961, the main operations of this company lie in the construction, dredging, and transportation fields. As a result, profits from year-to-year vary substantially and do not lend themselves to easy predictability.

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Hawaii's Past Growth Forces Continue in Strength

By James H. Shoemaker, *Vice-President-Director of Business Research, Bank of Hawaii, Honolulu, Hawaii*

Knowledgeable forecast concludes bullish factors decidedly outweigh the bearish ones to an extent where they presage a 4% to 5% gain for the Hawaiian economy during 1964. The State's principal island, Oahu, with 4/5ths of the population and 90% of total economic activity, and Honolulu itself have undergone dramatic growth changes in the past eight years and equally dramatic events are held to be inevitable in the years ahead. Mr. Shoemaker reviews progress made in the past four postwar periods, and what is contemplated for the creation of a new and decidedly different Oahu and Honolulu. Peering into the long-range future, without exaggerating Hawaii's economic scale, Mr. Shoemaker foresees rapid growth in the State's relations with other parts of the Pacific Hemisphere which presage making the Island a "center for services" throughout the Pacific Basin while enjoying continued internal economic expansion.

James H. Shoemaker

All indications point to a normal, though not pronounced, growth in Hawaii during 1964. Although major activities show some divergent tendencies—the positive factors decidedly outweigh the negative ones.

Construction probably will not quite measure up to the high levels of the past three years. Throughout 1963, there was a clearly discernible increase in competitive offerings of housing, apartments, office space, and hotel rooms. Thus the building of single-family dwellings, apartments, office buildings, and hotels for further offering will proceed at a somewhat more moderate pace.

This is not to imply that there is a decline in the year-to-year growth in the need for such accommodations. On the contrary, there is a continuing advance. It is, rather, that the acute shortages which created the construction boom have been overcome. In most fields, capacity is now reasonably adequate to meet demand (with the possible exception of medium-to-low-cost housing).

In retailing, for example, sales have advanced. But the number and capacity of retail outlets also has increased—making it necessary to cut the pie into more pieces. Retailers thus have faced increasing competition — a trend that will continue during the coming year. Hence, the number of new retail outlets to be built and opened in 1964 will not measure up to the rapid expansion of recent years.

It should be noted that public construction shows continuing strength — which should largely offset the prospective moderation in private construction.

The pineapple industry will record a reasonably good year in 1964 in spite of the loss of some foreign markets this year. The total dollar volume in 1963 will be about the same as it was in 1962 ($114 million).

While pineapple exports should hold at or near the 1963 level, 1964 will be a year of consolidation rather than one of expansion.

Leveling off in these areas is counterbalanced, however, by substantial advances in tourism and in the dollar volume of sugar—supported by continuing high levels in industrial production as well as in Federal activities and expenditures in Hawaii.

Tourism's Growth

In tourism, growth during 1964 should more than match the strong 1963 advance.

This year there was a $16 million increase in the volume of tourist trade (from $154 million in 1962 to $170 million in 1963) and an increase of 38,000 in visitor arrivals (from 362,145 visitors in 1962 to an estimated 400,000 or more visitors in 1963).

The basic factors that have made Hawaii a world travel center continue in strength. There are two additional growth factors for 1964. The first is the introduction this month (Nov. 1) of the $100 thrift fare (as a one-way rate on regularly scheduled jet planes between the West Coast and Hawaii), as well as a corresponding reduction of fares on nonscheduled, propeller-driven planes to $75.

The second is the prospective rise in Japanese visitors when exchange restrictions in Japan are relaxed.

Both of these new factors, however imply a change in the character of the visitor population—as well as in the pattern of accommodations and the facilities for their entertainment.

The sugar industry expects to complete a near-record year in dollar volume. Sugar prices are well above the average levels that obtained prior to the sharp rise of last spring, and the world demand-supply relationship indicates continuing high prices well into 1964. Hence, the outlook is for another exceptional year in the value of sugar exports.

Industrial Expansion

Industrial production has recorded pronounced advances over the past decade, from $89.3 million in 1952 to $240 million in 1962. The 1963 rise was not quite up to the two previous years. It should be noted, however, that during 1961-62 some exceptionally large developments caused an unusually sharp advance (including the construction of two cement plants and the completion of a $65 million oil refinery).

Current plans for manufacturing and processing plants indicate a continuing normal expansion during 1964.

Defense activity has been a basic growth factor since 1950—rising from $147 million during that year to $401 million in 1961. There was a decline in 1962 to $376 million and in 1963 to about $360 million.

Overall expenditures of the Federal Government, however, should be above the 1963 level in 1964 for two reasons.

The first is the present effort to reduce the outflow of gold due to military spending abroad (a) by purchasing more of the required military goods and services within the United States, and (b) by stationing some of the armed forces personnel now abroad on American soil. Because of the strategic position of Hawaii, any action of this sort should increase defense activity in the Islands.

The second reason lies outside of defense—in the area of expenditures by civilian agencies of the Federal Government in its participation with the State Government in various local programs. The total of such nondefense spending in Hawaii rose from $55.5 million in 1950 to $153.8 million in 1962, and is estimated at $175 million in 1963. It is expected to show a further rise during the coming year.

Service activities continue to record their substantial postwar year-to-year growth. Electric power consumption on Oahu rose from 522.3 million kilowatt hours in 1950 to an estimated 1.9 billion kilowatt hours in 1963, with every indication of a continuation of this rise during 1964. Telephones-in-use, inter-island surface and air transportation, and other basic service activities show similar advances.

Basic measures of the economy (such as population, labor force, and personal income) have shown a continuing normal rise.

This brief review indicates substantially differing conditions in specific areas of activity. The bullish factors, however, decidedly outweigh the bearish ones—indicating an overall growth rate for the Hawaiian economy during 1964 of 4% to 5%.

The Emerging Pattern of a New Oahu

Hawaii is equal in size to the combined areas of Connecticut and Rhode Island, but Oahu is less than one-tenth of the total area of the Islands. Other islands thus predominate in their aggregate volume of agricultural output.

Oahu, however, contains over four-fifths of the population of the State—and represents nearly nine-tenths of its manufacturing, retail trade, construction, and personal income.

This is due to the fact that Oahu is the operational center in practically all respects (for defense, for the State Government, for the sugar and pineapple industries, for overseas and inter-island transportation, for communications, for retailing and chain stores, for banking and finance, for industry, and for other fields such as broadcasting, printing and publishing, and service enterprises).

Thus, in analyzing the developments on Oahu, we are dealing not only with the business center of Hawaii, but with the bulk of the economy itself.

Oahu today is in the midst of the most dramatic series of changes in the island's history. This is evidenced by eight years of construction at unprecedented levels—equivalent in dollar volume to all of the expenditures for construction on Oahu prior to 1955. Even a superficial examination of aerial photographs will convince anyone that the present pattern of development differs radically from that of less than a decade ago — and that equally dramatic changes lie ahead.

These changes are best understood in the light of four postwar periods:

(1) *1945-50—A Period of Readjustment and Depression.*

During the first five years after the war, business in Hawaii faced two basic problems of readjustment. The first was the drastic cutback in defense expenditures—from an annual wartime level of $800 million to only $147 million during 1950. The second was the sharp rise in militant unionism, accompanied by serious strikes—the most devastating being the long waterfront strike from May 1 to October 24 in 1949.

The result was a record number of business failures, a sharp rise in outmigration — and the worst depression in Hawaii's history.

(2) *1950-55 — A Period of Recovery.*

The advent of the Korean war in June, 1950, accelerated defense activity. This, plus substantial increases in tourism and industrial development, brought the economy out of the depression and prepared the way for major advances. Outmigration, however,

Continued on page 20

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Arizona Manufacturing Firms — Review — First National Bank of Arizona, Phoenix, Ariz.

Bond Market Outlook—Discussion —New York Hanseatic Corporation, 60 Broad Street, New York, N. Y. 10004.

Canada and Canadian Provinces—Brochure on funded debts outstanding—Investment Dealers Association of Canada, 55 Yonge St., Toronto, Ont., Canada.

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.

Growth Stocks—Brochure on 101 companies which qualify for the six characteristics of growth stocks — Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dept. AA-190, 70 Pine St., New York, N. Y. 10005.

Also available is the current issue of "Investor's Reader" containing articles on **Crane Company, Controls Co. of America, Eli Lilly & Company, Boeing Company, General Steel Industries, Sel-Rex Corp., National General Corp., Stouffer Foods Corp., Globe Security Systems Inc., Berman Leasing Co. and Foreign Market Patterns.**

Japanese Market — Review — Daiwa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006.

Also available are reports on **Nissan Motor, Daimaru, Toyota Motor,** and **Honda Motor.**

Japanese Stocks—Report on sales and pre-tax earnings of 34 major companies — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York, N. Y. 10006.

Life Insurance Stock Analysis & Information — $75 yearly service includes analyzed reports on over 200 actively traded life insurance stocks, bi-weekly news reports on dividends, mergers and earnings; bi-weekly quotation reports, and a bonus book "A Factual Record of 80 Life Insurance Companies—Insurance Stock Market Service, Colle Publishing Co., P. O. Drawer 29, Santa Barbara, Calif.

Special $35 yearly service includes bi-weekly news reports and quotation reports and six analyzed reports of subscribers choice; six months service for bi-weekly news reports and quotation reports, plus three analyzed reports, $21.

Mutual Funds — Pocket summary with detailed facts about 164 mutual funds—Available to investment industry—Kalb, Voorhis & Co., Woodward Building, Washington, D. C. 20005.

Oil Company Earnings—Review—Burnham and Company, 60 Broad Street, New York, N. Y. 10004.

Also available is a detailed report on **Phelps Dodge Corp.**

Oil Stocks—Comments—Ralph E. Samuel & Co., 2 Broadway, New York, N. Y. 10004.

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.

Patterns in Odd Lot—Analysis by William D. Horgan—in November issue of "The Exchange" Magazine, 11 Wall Street, New York, N. Y. 10005—25¢ per copy; $2.00 per year. Also in the same issue is a discussion of the **Moisture Control Industry** and comments on **McClouth Steel Corp., Holiday Inns of America, Nutone, Inc., Associated Spring Corp.** and **Becton, Dickinson & Co.**

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

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 Stocks — Comparative figures on issues which have shown an uninterrupted increase in earnings for the past 10 years —Brooks, Clark, Behrens & Corn, Inc., 333 Pine Street, San Francisco, Calif. 94104.

Selected Stocks — List of issues which appear unduly depressed—Rittmaster, Voisin & Co., 40 Exchange Place, New York, N. Y. 10005.

Steel Industry — Analysis — W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005. Also available is an analysis of **City Investing Company.**

Stocks in the Dow Jones Industrial Average—Statistical tabulation of market performance—The Illinois Company, Inc., 231 South Lt Salle Street, Chicago, Ill. 60604.

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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American Factors Ltd.—Report—Robert H. Huff & Co., 210 West Seventh St., Los Angeles, Calif. 90014. Also available are reports on **Beneficial Standard Life Insurance Co.,** and **Von Hamm-Young Co.**

Beneficial National Life Insurance Company of New York—Analysis —Ralph B. Leonard & Sons, Inc., 50 Broadway, New York, N. Y. 10004.

Braun Engineering Company — Analysis—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **Franklin Life Insurance Co.**

Brunswick Corp.—Comments—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Divco Wayne Corp., Northrop Corp., Commonwealth Oil Refining Co., Xerox, National Fuel Gas** and **Controls Co. of America.**

C T S Corporation — Analysis — Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005.

Caterpillar Tractor—Comments—Henry Gellermann, Dept CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **Greyhound, Borg Warner, H. J. Heinz, Disney** and **Paramount Pictures.**

Eagle Picher—Analysis—Colby & Company, Inc., 85 State Street, Boston, Mass. 02109. Also available is an analysis of **Pullman Inc.**

Echlin Manufacturing Company—Analysis—Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga. 30301.

General Steel Industries—Technical analysis—McDonnell & Co., Incorporated, 120 Broadway, New York, N. Y. 10005. Also available is a technical study of **ACF Industries.**

General Time—Bulletin—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

B. F. Goodrich Company—Analysis—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are comments on **Max Factor** and **Kayser Roth.**

International Business Machines—Report—Moore & Schley, 120 Broadway, New York, N. Y. 10005.

International Nickel Company of Canada—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco, Calif. 94106. Also available is an analysis of **Thompson Ramo Wooldridge Inc.**

Koehring Company—Bulletin—De Witt Conklin Organization, 120 Broadway, New York, N. Y. 10005.

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

Massey Ferguson—Review—Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ont., Canada. Also available are reviews of **John Labatt Ltd** and **Home Oil Ltd.**

Milton Bradley Company—Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles, Calif. 90014.

Murray Ohio Manufacturing—Report—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Niagara Mohawk Power Company —Report—Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available is a review of **Oil Stocks.**

Science Research Associates, Inc. —Analysis—William Blair & Company, 135 South La Salle Street, Chicago, Ill. 60603.

Seeburg Corporation—Comments, Orvis Brothers & Co., 30 Broad Street, New York, N. Y. 10004. Also available are comments on **Indiana General** and **Addressograph Multigraph.**

Simplicity Manufacturing Company—Analysis—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee, Wis. 53202. Also available is an analysis of **First Western Financial Corp.**

South Puerto Rico Sugar—Comments—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York, N. Y. 10004. Also available are comments on **Alco Products.**

Stokely Van Camp—Report—Uhlmann & Co., Inc., Board of Trade Building, Kansas City, Mo. 64105. Also available is a report on **Wallace & Tiernan.**

Telex Corp. vs. Data Products Corp.—Comparison and analysis —Leason & Co. Inc., 39 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **International Railroads Weighing Corp.**

United Engineering & Foundry Company — Analysis — Mitchum, Jones & Templeton, Incorporated, 510 South Spring Street, Los Angeles, Calif. 90013.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

How a $5 Investment in a Book Helped Me Collect a $1,000 Loss and Make a $50,000 Sale

I have a customer with whom I have done business in the amount of about $250,000 of tax free bonds and a sizable amount of local bank stocks during the past year. About the fifteenth of August, this man gave me an order for $50,000 of housing bonds which I secured for him. We were not in the buying group and took the bonds down, when issued. We only made a small profit based upon the very modest concession that was granted non-members of the account. At the time I took the order the customer told me that he expected to go to Europe in the middle of September. Having had other satisfactory business with this man, I had no hesitancy in taking his order. My firm confirmed the trade by mail. I then called him on the phone and our conversation was mutually agreeable that, before he left for Europe, he would arrange with his bank to accept the bonds against payment when they were ready for delivery.

Money Rates Are Advanced, Long Term AAA Housings Fall

Within days after this offering, if you are familiar with conditions in the money markets, and the bond market, long-term high grade bonds began a sharp slump in price. The public reception to this new issue I sold this client was poor. The bonds were not moving out at the reoffering price and buyers were aloof. By the end of August there was still a large proportion of unsold bonds in the account.

Around the end of the month there was an important political meeting that I thought my client would like to attend and, sensing that it would be a good time to recontact him, I telephoned him to suggest that he accompany me to the meeting. When I began speaking with him I sensed that he was agitated and when he replied, "I am leaving for Europe tomorrow and I am not interested in any meeting" . . . I sensed trouble. I then said, "Isn't this rather sudden?" He replied, "You bet it is, I've had enough of what is going on in this country" etc. etc., and he took off on a wild tirade concerning his opinions regarding the Administration, the money managers, the inflation, and he finally wound up with, "I am taking some money over to Switzerland; at least there is one place where I can be a little certain that the politicians won't rob me."

By this time I knew that the 50m of housings he had bought might be right back in my lap but I had to suggest that we arrange for delivery. When I said this, he replied, "I don't want those bonds. You knew they were no d--n good when you sold them to me and I don't want them." I replied, "But you bought them, we confirmed them in good faith, you made a commitment," and he cut in, "I did like h-ll, you told me they might be hard to get, instead you hung them on my neck, so just forget all about it. . . . I've got passports to pick up; I am getting out of here tomorrow . . . I'll talk bonds with you when I get back."

I realized that I had an emotionally upset man to contend with so I told him that naturally I couldn't accept his cancellation, but under protest and considering

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Hawaii: Pivotal Catalyst For Pacific Basin Expansion

By Hon. John A. Burns, *Governor of Hawaii, Honolulu, Hawaii*

Four years of statehood have been encouraging ones for Hawaii. Governor Burns outlines domestic political and economic strides made and envisioned. Moreover, he optimistically portrays the island's future role as a catalyst for trade and industrial expansion in the Pacific Basin with almost unlimited beneficial gains accruing to the Island's development. The Governor says the State's two most rapidly rising industries are diversified manufacturing and tourism and that it enoys a stable agricultural base and is breaking into a new field of economic development by attracting research and development. The Governor also states in his panoramic review that he expects tax structural changes to be made in the near future.

My Administration is pledged to move Hawaii with all prudent haste into a position to ride the crest of the oncoming wave of Pacific trade. I am committed to a program for developing in our State a center for stimulating greater exchanges between the peoples of the Pacific Basin, for providing services which would facilitate these exchanges and attract the future Pacific trader to Hawaii for his negotiations.


John A. Burns

We know that within the Pacific Basin great changes are taking place. The impact of Europe's Common Market will bring new trade arrangements throughout the world. Underdeveloped Pacific nations are yearning for the good life afforded by Western technology. The threat of Communism, and particularly the power of China, challenges the Free World to assist these nations in achieving it.

This should mean a great upsurge in Pacific trade, and in Hawaii we are orienting our thinking to meet it and to profit from it. This is why we are establishing a foreign trade zone, as the first step toward an International Trade Center Complex.

The Complex will include an International House and International Merchandise Mart. It will set the stage for greater industrial activity in Hawaii as a re-export and distribution center which brings in foreign raw materials for manufacturing into products to be sold not only within the State or within the continental states but in foreign overseas markets as well. The fact that diversified manufacturing and tourism are the fastest growing industries in Hawaii today is evidence that our Islands are capable of asserting themselves in such a role.

Another program for the State's economic development is an inter-Island ferry system to tie the non-contiguous islands of our State together with a common bond. In this regard, we are following with keen interest Alaska's efforts with a State ferry system. While awaiting the findings of engineers who are perfecting new types of vessels, we are planning the land transportation systems needed to complement a ferry system and the recreational facilities to provide for the freedom of movement that such a system would offer.

Hawaii today is a State of more than 650,000 people—nearly 700,000 including our military population. Our per capita and per family income figures are well above the national average. (Hawaii's per capita income last year was $2,403 versus the U. S. average of $2,366. Family income in 1959, the last available year, was $6,366 for the State, as compared with $5,660 for the nation.) Our unemployment figure, 4.5% of the work force is well below the national figure.

A Lucrative Market

The 50th State, then, offers a lucrative market. And it has other ingredients for an invigorating business climate. The State Government operates on a balanced budget—and an austere one when necessary. Government programs are administeerd well within the limits of our economic base.

And that base is expanding with such national manufacturing names as Weyerhaeuser, St. Regis Paper, Swift & Co., Seagrams & Sons, Layne & Bowler, Standard Oil and Sealy Mattress, among others. National and local manufacturers, including Hawaii's fashion industry, boosted Hawaii's diversified manufacturing to a $240 million volume last year, an 18% rise in one year.

Meanwhile, Island tourism continues to break records year after year. Last year, the State was host to more than 360,000 visitors (overnight or longer), up more than 40,000 from the previous year. Tourist spending hit $154 million last year, up from $137 million. This year's forecast is for well over 400,000 visitors.

In this field, national names such as Sheraton and Hilton are sharing in Hawaii's growth. The recent opening of a Sheraton Hotel on Maui represents a breakthrough in Neighbor Island tourism away from Waikiki. On the Big Island of Hawaii, resort plans are moving ahead under the financial aegis of no less a name than Laurance Rockefeller.

Hawaii has a stable agricultural base in the sugar and pineapple industries. Efforts are being made to encourage diversified agriculture, including macadamia nuts, and such new departures as tree-farming for a timber industry, which holds considerable promise for us.

Furthermore, we are breaking new ground in economic development—the kind of precedent-shattering ground upon which our country's "new technology" is based—by attracting to Hawaii a share of the burgeoning research and development field. Our State is a key-point in the logistics of the nation's space efforts, thanks to our tracking stations and astro-physical research facilities. Hawaii has the facilities for outstanding research in the fields of geophysical, space-age and oceanographic studies.

From the foregoing, one can begin to appreciate the fact that Hawaii's economy is in ferment of the type conducive to creative industrial endeavor. My Administration is pledged to work for a more favorable climate for business, to encourage small business, to utilize the available offices of government for meeting the needs of business, and to remove illegal barriers to their rapid growth.

On the subject of taxation, let me make these observations. Hawaii's tax structure is highly centralized. Because of the limited number of local governments, there is no multiplicity of taxes. I am pledged to secure fair and equitable taxation for all the people of Hawaii. I am pledged to the eradication of past tax assessment practices which permitted unproductive lands to aggravate our land shortage and inflate land prices.

Tax Changes

Also, there seems to be a growing feeling that the State tax structure needs overhauling to eliminate "double taxation" and other business-inhibiting and inequitable provisos. My Administration is addressing itself to these problems and will have legislative recommendations next year.

I have attempted in this brief resume to outline Hawaii's economy today and show its relationship to the policies of the State Administration. It is evident that the four years since Statehood have been eventful ones for Hawaii — bearing with them both economic and political progress. Hawaii is the only State under the American flag which was once an Island Monarchy. Today it is caught up in the Space Age and is emerging as a bridge between East and West in "the era of the Pacific" now beginning to unfold.

In the years between, Hawaii has advanced because of the hospitality it has extended to the venturesome and the creative who have journeyed to its shores.

The people of our great State extend an invitation to the investor, to the industrialist, and to the vacationer to partake of this tradition of Aloha and to share with them the bounty of its fruits.

Whitman & Gerard To Be White V-Ps.

ST. LOUIS, Mo.—Effective Dec. 5, W. Gene Gerard and A. L. Whitman will become Vice-Presidents of White & Company, Inc., 506 Olive Street, members of the New York Stock Exchange and other leading exchanges.

Mr. Gerard has been with the firm for some time.

Mr. Whitman is President of Whitman Securities Co. of Memphis, members of the Philadelphia-Baltimore-Washington Stock Exchange.

Form Archway Inv.

ST. LOUIS, Mo. — Archway Investments, Inc., is engaging in a securities business from offices at 2401 South Brentwood Boulevard. Officers are H. Jackson Daniel, president; Marvin Teeter, vice-president; Terry Nicholson, secretary; and Robert E. Chapman, secretary.

Cliburn To Host Smith, Barney Anniv. Concert

Smith, Barney & Co., members of the New York Stock Exchange, will celebrate its 90th anniversary by presenting a two-hour concert over WQXR-Radio on Sunday evening, Dec. 1, with the noted American pianist, Van Cliburn, as host and commentator as well as one of the featured artists.

Mr. Cliburn will introduce the musical selections, all of which have been chosen for their association with 1873—the year Smith, Barney & Co. was founded. The music will mark the birth of the artist or composer, or the initial performance of the piece.

The 90th anniversary program also will be carried on AM and FM stations across the country in 11 other cities where Smith, Barney & Co. has offices.

The investment firm initiated advertising on radio in June 1961 on WQXR, sponsoring "Music Magazine." It has continued to be represented on the station since then and has added to its radio sponsorship each year with special holiday programming, extending to other stations across the country.

Growing Mainland Interest In Hawaiian Securities

Continued from page 6

To overcome, this situation, the company is attempting to take advantage of its large real estate holdings in Hawaii, which while being carried at $32 million are probably worth about $135 million at market. Through sale-purchase or exchange, the company is actively trying to acquire high yielding, steady income-producing properties in Hawaii and on the mainland. One recent exchange deal involved the tax-free exchange of some Hawaiian Land for a $3.5 million apartment development in Dallas, Texas. Management hopes such switching will improve eventually the earnings base of the company. In the construction field, the company is building currently, among other projects, a 43-story building in San Francisco on land held under long-term lease from the Wells Fargo Bank. The common shares, which are reflecting this variable earnings picture in price, are still closely-held by the Dillingham family. An issue of convertible preferred shares, outstanding since the 1961 merger, appears quite attractive for long-term investment in the company.

First National Bank of Hawaii: (OTC & Honolulu) Thirty-nine years older than the Bank of Hawaii, this nationally-chartered company maintains excellent relationships with the old missionary family interests and traditionally has exhibited conservative banking practices. As the second largest bank in Hawaii, it maintains obout 40 branches throughout the Islands and offers the usual banking services. It also maintains an excellent research department, which keeps in close touch with all the aspects of Hawaii's economy. As of Dec. 31, 1962, it possessed $305 million in deposits and $167 million in loans. Approximately 25% of the outstanding shares is closely-held. In future years, as the outer islands within the Hawaiian group gain in population, tourist attraction, and industry, the operations of this bank should show material growth.

Hawaiian Electric: (OTC & Honolulu) This company has been the fifth fastest growing electric utility in the United States since statehood for Hawaii in 1959. Load growth for this utility has been nearly double the national rate. Construction expenditures in the 1963-68 period will be increased approximately 30% over the 1957-62 rate of expenditure. This growth has taken place despite the limiting of its operations to the island of Oahu. In future years, expansion will be tuned to further population growth on Oahu and possibly through mergers or acquisitions of the four smaller, independent electric utility companies on the outer islands. Currently, the company is expanding its generating capacity in the Kahe Valley on the Western edge of Oahu. In 1962, the company sold its electrical equipment and accessory subsidiary to private financial interests. Proceeds from this sale resulted in a 13 cent a share non-recurring gain in 1962 net income. At this time, the company does not expect any new equity financing before 1965. Approximately 20% of the outstanding shares is held by mainland investors.

Hawaiian Telephone: (Honolulu & New York) As the only telehone company operating in Hawaii, this company furnishes telephone service on the Hawaiian islands and radiotelephone and radioteletype service between all the islands except Niihau. In partnership with other communication companies, the company maintains cable-telephone and radiotelephone systems connecting Hawaii with the Far East and the mainland. Growth of the company has been outstanding during the 1957-62 period and profitable cable volume is continuing to increase rapidly. In the years ahead, the company expects also some increase in domestic service, in that the number of telephones in Hawaii number 36 per 100 people, whereas the national average is 42 per 100. This growth, however, has not taken place without dilution of share earnings. Apart from preferred share and debt financing, rights offerings covering additional common shares have been utilized regularly by the company to secure funds. In this regard, a common share rights offering, in conjunction with debt and preferred share financing, was just completed in October, 1963. In April of this year, Hawaiian Telephone became the first company in Hawaii to list its shares on the New York Stock Exchange.

Honolulu Gas: (Honolulu) This company possesses a franchise to sell manufactured gas through distribution systems on the island of Oahu and in the south Hilo district of Hawaii. All of this gas is manufactured from oil, and by-products are shipped to the West Coast for sale. The company has also a non-utility division, which distributes LP Gas to the rural areas of Oahu, Hawaii, Molokai, Kauai, and Maui. In conjunction with this operation, gas appliances are also sold. Utility and non-utility gas is used primarily for cooking and water heating. In future years, the company is contemplating the shipment of liquified natural gas to Hawaii by tanker, specially-built to keep the gas in a liquid form. This would increase net profits for the company, despite some added expense to create storage facilities, because of increased usage by the customer at lower costs and better operating efficiencies within the company. At current prices, yield on the common shares is higher than average for this type of company.

Von Hamm-Young Co.; (OTC & Honolulu) This company is a leading construction contractor in Hawaii, owns 18 acres of prime, commercial Honolulu real estate which is being slowly developed, and conducts a widely-diversified wholesale and retail merchandising and service operation business. Johnston & Buscher, Inc., a subsidiary, is Hawaii's largest wholesaler of liquor, wine, and beer. Other merchandising activities involve trucks, tries, drugs, textiles, medical equipment, candies, etc. In 1962, with the advent of new management, new inventory controls, cost controls, elimination of unprofitable divisions, and a decentralization of authority were instituted to improve the operating performance of the company. This "house cleaning" resulted in a loss for the fiscal year ending March 31, 1963, but profitable operations should be experienced this year. Annually the company pays 20 cents a share in cash dividends and 4% in stock. Dividends have been paid by the company without interruption for the past 47 years.

Statistical Summary

	Assets (000.000)	Revenues (000.000)	Earnings (000.000)	Net/Sh.	Recent Price '63 Range-Div.	Shares Outs.
Alexander & Baldwin	$90.7	$50.5	$5.3	$1.70	37-(43-27)-1.50	3,097,525
American Factors, Ltd	112.3	118.2	3.7	1.56	32-(32-20)- .80	2,398,398
Bank of Hawaii	403.4	19.7	3.1	2.65	58-(59-46)-1.40†	1,171,875
C. Brewer & Co.	85.7	91.4	2.8	3.92	72-(75-37)-1.20†	880,406
Castle & Cooke, Inc.	147.9	166.5	2.8	1.22	34-(38-28)-1.20	2,302,508
Dillingham Corp.	77.1	48.3	1.2	.47	19-(23-18)- .60	1,633,112
First National Bank	340.3	15.8	3.0	3.57	62-(64-55)-1.60	700,000
Hawaiian Electric	143.9	36.9	6.0	1.38	30-(31-23)- .92	3,473,032
Hawaiian Telephone	111.7	33.0	5.4	.99	23-(24-19)- .64	5,280,311
Honolulu Gas	18.2	7.8	.6	1.20	20-(21-18)-1.00	401,750
Von-Hamm-Young Co.	23.7	34.5	.7*	.49*	14-(14-11)- .20†	1,545,299

(Note: The above statistical information is taken from results published for the latest fiscal year. Certain adjustments have been made in the 'per share features' of some of the companies to account for changes during the year 1963.)
† Plus stock. * Loss.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

John F. Kennedy was a controversial President but it will have to be admitted that what he so often claimed was a fact—that the country was at peace and prosperity was great. Corporation profits for 1963 are likely to be the highest in the history of the country.

Despite complaints about the alleged censoring of news by the government, Mr. Kennedy's press conferences were wide open and the most informative I ever had attended. It was truly amazing the intimate knowledge Mr. Kennedy showed of every detail of his administration. He did it with grace and downright charm.

Apparently much of the controversy was created by young Bobby Kennedy who was as much unlike his brother as daylight is from dark. The Kennedy's were reputed to be vindictive but I never saw this trait on the late President's part. Only once or twice in his press conferences did he flare up and show any anger. He wouldn't speak to the reporter who asked him the irritating question for two press conferences thereafter but then he went back to her and seemed to show unusual consideration. Mr. Kennedy was one of the most intellectual men we have ever had in the White House. He gave his life for his beliefs and his country as surely as did Abraham Lincoln. A brave man he was and a brave man he died. The repercussions from his sudden and tragic death will be widespread in the affairs of this nation and of the world. The country is in deep mourning and in deep grief but the country must carry on as it has done in the past after tragic and unexpected deaths of other Presidents.

A terrific burden automatically has been transferred to the shoulders of the former Vice-President Lyndon B. Johnson. Only recently in Washington there have been rumors that Mr. Kennedy wanted to ditch him in 1964 and that this was the reason for the troubles of Bobby Baker, Mr. Johnson's protege, who was Secretary of the Democratic majority. It was said that the attack on Baker was an effort to discredit Johnson. Mr. Kennedy took the occasion at a recent press conference to state clearly and succinctly that Mr. Johnson would be on the Democratic ticket with him in 1964.

When word first came of the President's assassination there was fear that he might have died at the hands of a violent opponent of civil rights, an issue which has torn the country, particularly in the South. Texas, however, is not a violent segregationist state and it turned out that the culprit was a communist and a follower of Fidel Castro. It was apparently Kennedy's firm handling when communist Russia was installing long range missiles last year and his constant pressure on the Castro government since that brought his death. If the country had begun to feel that we must not be so seriously on our guard against the infiltration of communist sabateurs that has been changed in the twinkling of an eye.

The President's successor, while like President Kennedy a seeker of world peace and strongly opposed to a nuclear war, is fully aware of the threat of world communist saboteurs that has been much to do with the problem of space development. President Johnson has supported the Kennedy programs strongly as they related to civil rights as he has done with regard to the Kennedy tax reduction plans and other major issues of the day. It is doubtful, however, that he will show as much patience in civil rights agitation as Mr. Kennedy did.

It was while he was majority leader of the Senate that the first civil rights bill in 80 years was written into law, and since he took office as Vice-President he has consistently supported President Kennedy's civil rights program. Mr. Johnson is a Southerner and a Texan. He is the first Southerner to sit in the White House since Andrew Johnson. He is another Johnson who succeeded to the Presidency when President Lincoln was assassinated in 1865.

Although he faces a widely divided Congress with many of the Senators and Representatives of his own party lining up against the Kennedy policies and programs, Lyndon Johnson was a strong leader when he was in the Senate and probably will be now that he is President.

Glore, Forgan Co. To Admit Partners

CHICAGO, Ill.—Effective Dec. 5, Arthur H. Stromberg will be admitted to partnership in Glore, Forgan & Co., 135 South La Salle Street, members of the New York Stock Exchange.

On Dec. 1, Richard D. Denison, Stacey H. Hill, Frederick W. Leich, Walter D. Scott and John H. Kirvin will become partners.

Thomas Anthony Secs.

IRVINGTON, N. J. — Thomas Scalea and Anthony Tortoreti have formed Thomas Anthony Securities with offices at 1091 Springfield Avenue, to engage in a securities business. Both were formerly with Elizabeth Securities.

Hawaii Puts Pacific Basin In America's Front Yard

By Dr. Thomas K. Hitch, *Vice-President and Director of Economic Research, First National Bank of Hawaii, Honolulu, Hawaii*

Hawaiian banker-economist refers to our historic westward expansion, and credits Hawaii's entry into the union as a full-fledged State with literally displacing the Atlantic basin as our front yard with the Pacific basin. Dr. Hitch traces the post-World War II events which have accelerated this inevitable displacement, and he counts on Hawaii keeping the Atlantic-oriented portion of our population conscious of the monumental unfolding changes in the Pacific.

A major difference between Hawaii and the other forty-nine states is the strength of our cultural ties with the Orient in contrast to the traditional American cultural ties to Europe. While this may result in our being a bit too much oriented in our thinking to the Pacific world, it serves (in my opinion) as a counterbalance to the tendency on the part of the rest of the country — particularly that majority of the country that lies east of the Mississippi—to be too much oriented to the Atlantic and to Europe. This may prove to be one of the important contributions Hawaii can make to the nation as its newest state.

Thomas K. Hitch

The 1960 census showed that out of Hawaii's total population of 633,000, over two-thirds were "nonwhite." While a large number of these are classified as Hawaiian or part-Hawaiian (Polynesian), there are actually very few full-blooded Hawaiians and the part-Hawaiian is most frequently a mixture of Hawaiian and Oriental. In any case, the Polynesian is a product of the Pacific with no European ties whatsoever. Practically all Hawaii's "nonwhite" population is of Oriental or part -Oriental ancestry.

Of the nearly one-third of the population listed as being "white," approximately half are either uniformed members of the armed forces or the civilian dependents of soldiers, sailors, marines, and airmen. Of the permanent resident civilian population (a total of about 530,000 in 1960), over four-fifths are "nonwhite" and less than one-fifth are "white."

(It might be noted parenthetically that the classification of people in Hawaii by racial ancestry becomes more and more arbitrary and less and less meaningful each year. Since statistics began to be kept at the turn of the century, approximately one out of every three marriages in Hawaii has been an "out-group" marriage, and the resulting mixture of *races* in Hawaii is comparable to the traditional mixture of *nationalities* on the Mainland. The fact remains that the fast bulk of Hawaii's population is largely of Oriental ancestry, with a fair admixture of Polynesian blood.)

Hawaii—Part of the Pacific Basin

This then causes Hawaii's fully Americanized people to consider the Pacific basin as their home, just as America's Mainland population automatically thinks of America as being a member of the Atlantic community. This diversity of viewpoint was brought forcibly to my attention a little over a year ago when I was working with an East Coast-based research organization on a study of Japan's role in the world economy. The East Coast members of the study group started out with the viewpoint that America's relations with Japan were the product of our being a member of the Atlantic community of nations —and nothing else. The Hawaiian members of the group naturally felt that the American nation (not just Hawaii, Guam, Samoa, Alaska, and the western states) was equally an integral part of the Pacific as well.

This is not just a product of World War II and postwar developments in the Pacific, but historically the Pacific has been more of a "front yard" for America than a "back yard."

America has always realized that her destiny — or at least a large part of her political and economic destiny — lay in the West. The Louisiana Purchase in 1803, the annexation of Texas, the push to the Pacific Coast and into the Northwest, and the purchase of Alaska in 1867 all were tangible evidences of this basic proposition.

Pacific Basin Displaces the Atlantic Basin

But despite the alleged continental isolationism that has at times been said to characterize American foreign policy, this push to the West never stopped at the edge of the continent — because we knew that sooner or later the entire Pacific basin would be of equal if not greater political and economic importance to America than the Atlantic basin.

It was for this reason that as early as the 1840's we enunciated our first open-door statement regarding China, and that in 1852 we forced open the doors of Japan which had been effectively shut to the rest of the world for over three centuries. Our subsequent annexation of Guam and Samoa, our admittance of Hawaii into the union with territorial status (a move that actually started in 1875 with the admittance of Hawaiian sugar duty-free), the annexation of the Philippines, and our participation in the Boxer rebellion all were tangible evidences of our real interest in the Pacific in the nineteenth century.

The twentieth century, particularly during and after World War II brought even greater involvement.

The first was military and political. The temporary postwar occupation of Japan, the defense of Korea, the protectorate over Okinawa, the protection of Taiwan, the trusteeship of the islands forming the Trust Territory of the Pacific, and the continuing military assistance to countries of Southeast Asia that are subject to being infiltrated by Red China —have all been moves dictated by the same considerations which caused us to make it clear to Japan in the 1930's that we would not acquiesce in any plans she might have for dominating the Pacific.

The second was economic. Our postwar aid programs have succeeded in bringing about a recovery in Japan that has been one of the outstanding examples of the Marshall Plan. The extent of this recovery is evidenced by the fact that (outside of Canada) Japan has become as important a customer of ours and vice versa) as is the United Kingdom, and far more important than any other country of the world—including West Germany. Not only has Japan become the fastest growing economy of the postwar world, but she is now the sixth industrial power of the world and has succeeded in introducing to Asia a standard of living that is nearly the equal of Italy and other European countries. The fact that she is our second largest customer is an indication of the vast potentialities of countries in the Pacific as and when they can move as Japan has moved.

ECM's Effect Upon the Pacific

Another important development affecting the economic orientation of certain Pacific countries was Britain's decision to seek admission into the European Common Market. Australia had long realized that her strong economic ties with Britain must someday end, and in the postwar years has embarked on a vigorous program of expanding her trade relations with all countries in the Pacific. Now New Zealand has become conscious of her need to become an independent economic Pacific nation, rather than an economic dependency of Britain. As a prominent Australian spokesman recently said: "Australia and New Zealand . . . increasingly recognize that success (in achieving their national economic goals) is, in large measure, linked with the fortunes and ambitions of their Asian neighbors."

Hawaii, at the crossroads of the Pacific and with a viewpoint that orients us to that part of the world, is particularly conscious of America's historic, current, and increasing economic and political involvement in the life of the nations in the Pacific basin. Hardly a month passes without some organized group of businessmen visiting Hawaii on a trade mission from Japan, Taiwan, the Philippines, Hong Kong, Okinawa, Korea, Australia, or New Zealand — just as they visit each other and as we visit them in our efforts to build trade and commerce in the Pacific.

We hope that as a new state in the union and with full representation in the national Congress we can aid in keeping the Atlantic-oriented portion of our population conscious of the great importance to America of what is happening and will be happening in the Pacific.

CORRECTION

In the CHRONICLE of Nov. 21 reporting that Col. Homer E. Miller (USA ret.) would address the Investment Association of Philadelphia, it was indicated that Col. Miller was associated with Saul Lerner & Company, Inc. We are informed that this is in error, Col. Miller heading his own firm Homer E. Miller & Co., New York City, member of the Put and Call Dealers Association.

Mackenzie V.-P. Of Stone, Webster

John Mackenzie, Jr., has been elected a Vice-President of Stone & Webster Securities Corporation, 90 Broad St., New York City, E. K. Van Horne, Chairman of the firm, has announced.

John Mackenzie, Jr.

Mr. Mackenzie, who joined Stone & Webster in 1956, heads the firm's lease financing activities. Previously he was assistant to Admiral Lewis L. Strauss, who was then Chairman of the Atomic Energy Commission, in Washington.

Following his graduation from Yale University, where he was a member of Phi Beta Kappa, and of the Yale Law School, Mr. Mackenzie served as an assistant to Mr. Thomas K. Finletter and Mr. S. A. Mitchell in the State Department, Washington, from 1943 to 1946.

Later, he was associated with the New York law firm of Simpson, Thacher & Bartlett, before moving to Denver, where he was assistant manager of the Matador Land and Cattle Co., the last of the large publicly-owned British ranches in the U. S.

NASD Opposes SEC Study Group's Quotes Proposal

The November issue of the NASD "News" reports that the Association's Board of Directors has taken a "firm stand" against the SEC Study Group's recommendation that wholesale quotations on Over-the-Counter stocks be published. In reporting this action, the NASD "News" stated as follows:

A firm stand against the publishing of wholesale quotations, as suggested in the SEC Special Study Report, has been taken by the NASD Board of Governors after thorough discussion of the subject at the recent Board Meeting and subsequent industry conferences.

Four Governors, representing the 21-man Board, held an all-day exploratory meeting on Oct. 9 with key Commission staff people and expressed the NASD position that publication of wholesale markets would destroy established OTC merchandising concepts and drastically affect the liquidity and depth in many security issues.

The NASD representatives stated that the merchandising nature of the over-the-counter securities market was completely different from the auction-type market for listed securities, and the separate functions performed by the retail and wholesale segments of the OTC business were each of vital importance to the continued availability of investment opportunity for the public. The Governors viewed the publication of wholesale quotations as neither serving the best interest of the public nor the industry if the predictable result would hamper present retailing operations and the flow of capital into new business ventures.

At the time Chapter VII of the Study Group Report was released, SEC Chairman William Cary stated that the Commission itself, while in agreement with some of the quotations recommendations, was not prepared on the basis of the work done so far, to determine the acceptability of those recommendations pertaining to publishing wholesale markets and making available inter-dealer quotations systems to the public.

He said in a letter to Representative Oren Harris, Chairman of the House Interstate and Foreign Commerce Committee, "The remaining recommendations call for exploration, study or action with respect to new regulatory concepts which could be expected to change, in some respects quite drastically, the existing methods of pricing securities in over-the-counter retail transactions and the operating procedures which have evolved in conducting that market. The Commission is not prepared to determine which of these concepts, if any, should replace those so far applied in the discharge of our obligations under the Act. Certainly, at this juncture, it would be impossible for the Commission to judge with assurance or certainty what the ultimate and total effect these suggestions might have upon the markets and the broad and essential functions they perform. We view these subjects as appropriate for discussion with our staff and with the industry."

Meetings held so far between NASD representatives and SEC Commissioners and staff have been exploratory in nature. Additional conferences, in which these and other Study Group recommendations will be discussed in depth, are planned for the near future.

Named Director

Frank L. Mansell, Vice-President and a director of the investment banking firm of Blyth & Co., Inc., has been appointed to the board of directors of The Stanley Works to succeed Philip B. Stanley, a director since 1920, who died on May 11, 1963. The announcement was made by Stanley's President, John C. Cairns. The Stanley Works, founded in 1843, has subsidiaries in Canada, England, Germany, Italy and Australia.

Frank L. Mansell

Customers' Brokers to Hold Meeting

The Association of Customers' Brokers will hold an educational meeting on the "Outlook for 1964" on Thursday, Dec. 5 at 4 p.m. at 15 William Street, New York City.

Speakers will be Heinz H. Biel, Emanuel, Deetjen & Co.; Lucien O. Hooper, W. E. Hutton & Co.; and Ragnar D. Naess, Naess & Thomas.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Fritchie and Eaton

As even moppets in school know, it was Barbara Britchie who cried out: "Shoot, if you must, this old gray head, but spare your country's flag."

At the New York Financial Writers' Follies at mid-month there was a blackout scene showing sweet Barbara Fritchie at her window waving Old Glory. Her home, inscribed "Mutual Funds," was besieged by a trio of Confederate soldiers, insignias on their backs spelling out "S. E. C." Before the dear lady could finish the brief apochryphal plea immortalized by John Greenleaf Whittier, the soldiers shot her.

The 1,700 business and financial leaders gathered in the Astor grand ballroom roared their laughter. Nobody laughed louder than attending fundmen.

But fundmen are doing more than laughing — they're talking back. In Charles F. Eaton Jr., the new Chairman of the Investment Company Institute, fund folks appear to have an able spokesman. The same week that the newsboys' show was twitting the SEC, Eaton was up in Yankeeland to address the Bull and Bear Club of Harvard Law School.

Eaton told his audience: "The record of this industry for integrity is good."

He noted that public study and discussion of the funds is not new. Said he: "Investment companies were examined at length in the period 1936 to 1940 by the Securities and Exchange Commission. . . . As you must know, in recent months there has been much publicity concerning mutual funds. This has sprung, first from the Wharton School report and, second, from a chapter in the recently completed 'Special Study of the Securities Markets' made by an SEC staff under a Congressional resolution."

Eaton had a good deal to say to Harvard men about SEC, Wharton and the history of the mutual funds in this country. His speech should be read for profit by all who toil in the fund field.

Much of Eaton's address dealt, as might be expected, with the spectacular growth of the fund business. As he pointed out, mutual funds had their American beginnings in New England — the Boston Personal Property Trust was set up in 1893.

To young men casting about for a career, he was able to cite a field in which total assets have soared by about $25 billion since they came into the world, a trade that serves more than 3 million individuals, families and institutions.

"The mutual fund concept," said Eaton, "has done much to awaken millions of Americans to the advantages of equity investment. And, as a result, billions of dollars have been funneled into the American economy over the years."

This is something for Harvard boys to think about when the Radcliffe girls are out of the dormitories. It would be a happy prospect indeed if a good deal more young brains, talent and vigor could be channeled into the fund business. In an age when youth largely seeks opportunity in electronics, nucleonics or aerospace, there is the formidable problem of attracting a goodly quota to toil in the investment area.

Folks in finance, by and large, have done a standout job of serving the investment-minded and, in the process, reaping rich rewards for themselves. The occasional shady dealer, of course, is nearly guaranteed front-page treatment, which can be a deterrent to many young men and women who have considered a career in the investment field.

The mutual funds — fastest-growing segment of the trade— especially need bright, young, dedicated people. Such men as Charles Eaton and Arthur Wiesenberger, brilliant and articulate, can make a large contribution here.

While serving on the Financial District frontier, the new generation of hopefuls will be exposed to sniping, but even Barbara Fritchie survived to the ripe old age of 92.

The Funds Report

Chase Fund of Boston reports that at the close of the fiscal year on Oct. 31 net assets totaled $30,631,947, or $6.74 a share, against $28,005,060 of assets and $5.52 per share at the end of the previous year.

* * *

Eurofund announces that at Sept. 30 net assets were $29,726,427, or $18.11 a share, compared with $29,669,365 of assets and $18.09 a share a year earlier.

* * *

Fidelity Fund reports that at Sept. 30 net assets amounted to $464,017,618, or $16.51 a share, against $371,084,632 and $13.37 a share a year earlier.

* * *

Fidelity Trend Fund announces that at Sept. 30 net assets totaled $84,116,737, equal to $15.45 per share. This compares with assets of $49,945,882 and $11.27 a share a year earlier.

* * *

George Putnam Fund reports that at Sept. 30 net assets totaled $315,050,000, or $15.09 a share. This compares with $262,531,000 and $13.51 a share at Sept. 30, 1962.

Fabricant to Speak on 1964 Business Outlook

Dr. Solomon Fabricant, professor of economics at New York University's Graduate School of Business Administration and director of research at the National Industrial Conference Board, will discuss "The Business Outlook in 1964" at 12:00 p.m. Tuesday, December 3, at a luncheon meeting of the GBA Financial Club at the Denis Restaurant, 120 Cedar St., Manhattan.

Dr. S. Fabricant

A leading economist, Dr. Fabricant has acted as a consultant to the Committee for Economic Development, the Bureau of Census, the Bureau of the Budget, the New York State Tax Commission, as well as other government agencies. A former Vice-President of the American Economic Association, he is a member of the board of trustees of the Joint Council on Economic Education and fellow of both the American Statistical Association and the American Philosophical Society. His publications include "Capital Consumption and Adjustment," "Employment in Manufacturing," and "The Trend of Government Activity in the United States."

NYSE Reinstates Williston, Beane

The suspension of J. R. Williston & Beane, Incorporated, 2 Broadway, New York City, was terminated by the New York Stock Exchange, Nov. 22. Immediately, the firm commenced handling orders for securities and commodities. The two and a half day suspension was lifted after the firm satisfied all net capital requirements of the New York Stock Exchange.

Part of the new capital was voluntarily advanced by the stock exchange firms of Walston & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith, Inc.

Alpheus C. Beane, Chairman of the 75 year-old firm said: "We are immensely gratified by the confidence of these firms and the public in their support of us. We wish to state publicly that we feel this action by Walston and Merrill Lynch is a great tribute to the keen desire of our industry to act in the best interests of the investing public.

"We also want to pay tribute to the loyalty and confidence of our customers and employees. Our entire sales force and operating staff are intact. And hundreds of customers have called to express support and confidence during this trying period."

Systematic Planning

FOREST HILLS, N. Y.—Systematic Planning, Inc., has been formed with offices at 107-21 Queens Boulevard to engage in a securities business. Officers are Thomas G. Campbell, chairman; William G. Roberts, president; J. William Camp, vice-president, and Norman Bushan, secretary and treasurer.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Columbia Gas System, Inc.

Columbia Gas System, with annual revenues of $583 million, is the second largest natural gas pipeline system, being "runner-up" to the Tennessee Gas System. As a holding company, it controls three groups of distributors operating in industrialized areas in Ohio, Pennsylvania, West Virginia, and parts of New York, Virginia, Maryland and Kentucky. About 1,500,000 customers in 1,320 cities are served directly while 2,000,000 others in 600 communities are served on a wholesale basis. Principal cities served at retail are Columbus, Toledo, and Springfield, Ohio; part of Pittsbrugh, Charleston and Wheeling, W. Va.; Binghamton, N. Y.; Cumberland, Md.; and Frankfort, Ky. Principal wholesale markets include: Washington, D. C.; Baltimore, Md.; Cincinnati and Dayton, Ohio; Richmond and Norfolk, Va.; Bethlehem, Reading, Allentown and Harrisburg, Pa.; and Nyack and Poughkeepsie, N. Y. The total population served (directly and indirectly) is about 15.5 million.

The system has 1,764 miles of pipeline and gathering lines with a capacity of 666 millions cf a day In earlier years the company obtained a substantial amount of gas from its own reserves in the Appalachian fields, but these have become somewhat depleted and now supply only 8% of requirements, though the company also purchases 7% from other producers in this area. Some 85% of requirements now come from the southwest—28% from system-controlled wells and 57% from other pipeline systems, principally Texas Eastern and Tennessee Gas. Some oil and hydrocarbons are produced by Columbia but 98% of revenues are from gas. Revenues are obtained as follows: residential and commercial 46%, industrial 17%, wholesale 34% and miscellaneous 3%.

The system has enjoyed excellent growth, revenues having increased from $228 million in 1953 to an estimated $600 million for calendar 1963. About 27,000 new retail customers are being added annually, together with a corresponding increase in wholesale customers. The wide range of areas served and the diversified manufacturing activity helps to maintain industrial growth, sales to industry having increased last year by 17 billion cf.

The company has been fortunate in obtaining a big new gas supply in southern Louisiana recently. The FPC has authorized two large producers, Humble Oil and Isaac Arnold of Houston, Texas, to sell Columbia some 6.1 trillion cf of gas at a fixed price over a 23-year period. The cost will range between 19 cents and 20.6 cents depending on some legal questions. A subsidiary, Columbia Gulf Transmission, will transport the gas to the company's customers in seven states and the District of Columbia. A $49 million expansion program will be required to handle this new gas. The company has also purchased mineral rights under a substantial amount of off-shore acreage in the Gulf of Mexico.

Columbia has a conservative capital structure with an equity ratio approximating 46%. For the first time in many years it is not selling any new securities this year to finance construction, but instead is borrowing about $80 billion from banks. The company began this year in excellent cash position.

For some years Columbia has been gradually streamlining its system structure, mainly for regulatory reasons. A recent step in this program was the transfer of the retail properties of Ohio Fuel Gas to a new susbidiary, Columbis Gas of Ohio.

Columbia Gas' regulatory situation is somewhat involved since its wholesale rates are regulated by the FPC and its retail rates by various state commissions (and initially in Ohio by municipalities). The system has been fortunate in not being heavily involved with the FPC as were two other big systems, Tennessee Gas and El Paso Natural Gas. Only two cases are now pending, involving rates which have been in effect subject to refund since April, 1960. These cases are expected to be cleared up soon and reserves in the income account have been provided for possible refunds. Regarding the rate cases of the pipelines from which Columbia buys gas (principally Tennessee Gas) substantial amounts have been obtained by Columbia in refunds which are being passed along to its own customers. Some retail rate increases are being obtained from state commissions—$2.5 million were gained last year and $2.8 million increases have been pending before commissions and courts this year.

In the past decade Columbia has been able to increase its earned rate of return on net property from 4.1% to 7.6%, according to Standard & Poor's calculations. During this period earnings per share have increased from 63 cents in 1953 to an estimated $1.85 for calendar 1963; however, gains have been quite irregular, occurring mainly in the years 1954, 1956 and 1962-3. For the 12 months ended Sept. 30, 1963, Columbia Gas earned $1.81 per shares vs. $1.49 for the preceding 12 months, a gain of 21%. The increase was due in part to favorable weather, which was 10% colder than during the previous heating season.

System accounting is conservative. Tax savings resulting from the use of accelerated depreciation and the investment credit have been normalized thus far, and subsidiaries do not use guideline depreciation rates. The Ohio subsidiaries have apparently not yet formulated a future tax policy to conform with the flow through principle adopted by that state in 1962; should they adopt flow through, this would of course improve reported system earnings.

Columbia Gas has been selling recently around 28 and pays $1.16, to yield about 4.1%. Based on the latest interim earnings the price-earnings ratio is 15.5.

No British Bank Rate Increase Expected

By Paul Einzig

Spelled out are various reasons why an increase in the British Bank rate should not be expected to emulate the recent Belgium and French advances, and even our Treasury bill yield rise. Analysis includes uncovered and covered interest arbitrage reactions, and the absence of any reason for forward sterling to go to an "intrinsic discount" to make outward arbitrage profitable. Dr. Einzig discounts ECM's ability to forge a uniform interest rate policy and to affect UK exports to the Common Market adversely because of disinflationary measures taken there. Our decision to keep the Treasury bill level from going higher is accepted as an influencing counterpoint to the psychological effect of higher ECM Bank rates. So, too, are the international cooperative measures forged to overcome large-scale "hot money" moves.

LONDON, England—Owing to the increase of the Belgian and French Bank rate, which followed each other in close succession, speculation about the possibility of an early increase of the British Bank rate has gained considerable strength. The result was a heavy fall in the gilt-edged market. The British financial press carries articles predicting a period of rising interest rates.

There is no reason to suppose, however, that the British authorities are thinking at present in terms of a higher Bank rate. It is true, they view with concern the latest batch of wage demands, but there is no reason whatsoever to suppose that they consider it necessary at the present stage to check the wage increases by means of a higher Bank rate. According to the latest statement by the Chancellor of the Exchequer, Mr. Maulding, there is still some unused producing capacity in Britain, which means that he does not consider the economy to be sufficiently overloaded to necessitate a policy of dear money.

The position of sterling certainly does not call for a higher Bank rate. It is true, the recent rise in U. S. Treasury Bill rates caused spot sterling to decline some time ago to a slight discount, and ever since that discount has been fluctuating around the modest figure of one-quarter of a cent. This suits, however, the requirements of the British monetary authorities, because it tends to discourage the flow of funds to New York through uncovered interest arbitrage.

As for covered interest arbitrage, the forward sterling-dollar rate tends to adjust itself to the change of London/New York interest parities resulting from higher interest rates in New York. As the prospects of sterling are viewed with confidence, at any rate as far as the near future is concerned, there is no reason why forward sterling should go to an "intrinsic discount" that would make outward arbitrage profitable.

Sees No Uniform ECM Interest Rate Policy

The fact that interest rates tend to rise in Western Europe does not mean that they must rise also in Britain. After all, the Danish Bank rate was recently lowered, so that the upward trend is by no means general. The reason why France and Belgian raised their Bank rates was that wages and prices in Western Europe had been rising distinctly fast lately. I understand the Common Market's Committee on Currency advised recently all member governments to raise their Bank rate in order to resist the inflationary trend and its effect on the balance of payments. Although this Committee acts in a purely advisory capacity there is a possibility that other Common Market countries, too, might probably follow the French and Belgian examples. This need not necessarily be the case, however, for the integration of monetary policy within the Common Market is still at its initial stage. For instance the six governments concerned have not established a united front in respect of the various proposals concerning an increase in international liquidity, or indeed in respect of the basic question whether such an increase is necessary. The French Government is understood to be firmly against it, while other Common Market Governments are inclined to favor it.

There is no reason whatsoever why the British Government should allow itself to be influenced by monetary policies of the Common Market. It is true, the disinflationary measures adopted on the Continent are liable to affect British exports to the Common Market unfavorably. It may take some time, however, before such trend would develop sufficiently to affect the British balance of payments to any noteworthy extent. As for the possibility that higher interest rate on the Continent might attract money from London, in this respect the position is substantially the same as in respect of high interest rates in New York to which I referred above. Covered interest arbitrage is barely profitable, owing to the confidence in sterling as expressed in forward rates, while uncovered interest arbitrage is discouraged by the discount on spot sterling. From the latter point of view the fact that sterling has no official support points in relation to exchanges other than the dollar, so that its maintenance depends not on official intervention but on space arbitrage on private initiative, makes uncovered interest arbitrage more risky. For while the theoretical risk of an appreciation of sterling in relation to the dollar is strictly limited by its upper support point of 2.82, in theory it can appreciate to a larger degree in relation to other currencies before space arbitrage operations bring its appreciation to a halt.

In any case, since short-term investment facilities on the Continent leave much to be desired, from the point of view of sterling interest rates in New York are much more important than interest rates on the Continent. The fact that the American monetary authorities have decided to call a halt to the rise in U. S. Treasury Bill rates has more than outweighed the psychological effect of higher Bank rates on the Continent.

Strong International Cooperative Resources

Last, but by no means least, existing arrangements with the International Monetary Fund, together with the $500 million swap arrangement between London and New York and with the possibility of other Central Banks' support, remove the necessity for raising the British Bank rate in order to prevent large-scale withdrawals of hot money. The official attitude is now to let the hot money go if it wants to go. The result of its withdrawal is simply that the liability represented by privately-owned foreign balances is replaced by a liability in relation to the International Monetary Fund or to Central Banks whose facilities are used to support sterling.

Phila. Inv. Ass'n Receives Slate

PHILADELPHIA, Pa.—Robert J. Caulfield of Equitable Securities Corporation has been nominated for President of The Investment Association of Philadelphia to serve for the year 1964. Mr. Caulfield, who was formerly Vice-President of the association, would succeed Harry J. Kirby, Jr., of Paine, Webber, Jackson & Curtis, whose term is expiring. The annual meeting and Christmas Party of the association will be held on Thursday, Dec. 12 at the Mask and Wig Club in Philadelphia.

Robert J. Caulfield

Other officers nominated were: Henry E. Crouter, of DeHaven & Townsend, Crouter & Bodine, Vice-President; Stuart J. Bracken of Merrill Lynch, Pierce, Fenner & Smith Inc., Secretary; and Joseph E. Labrum of Butcher & Sherrerd, Treasurer.

Nominated for election to the Executive Board of the association were: Mr. Kirby, Frank J. Murray of Woodcock, Moyer, Fricke & French, Inc. and Samuel R. Roberts of Schmidt, Roberts & Parke.

The Nominating Committee consisted of Robert T. Arnold of White, Weld & Co.; H. Gates Lloyd, 3rd, of Drexel & Co.; Herbert S. Bengtson of Schmidt, Roberts & Parke; John J. F. Sherrerd of Drexel & Co. and Mr. Kirby.

J. E. Folsom Co. Opens

CULLMAN, Ala.—James E. Folsom & Co., Inc., has been formed with offices in the Ponder Building to engage in a securities business. Officers are James E. Folsom, president and treasurer; Jamelle M. Folsom, vice-president and Carolyn H. Burnham, secretary.

In Securities Business

ATLANTA, Ga.—Economy Plan, Inc., of Church Finance is engaging in a securities business from offices at 155 Nassau Street, N.W. Officers are Ralph T. Kyle, President, and C. J. Kyle, Secretary and Treasurer.

Forms Internat'l Services

ALAMEDA, Calif.—Roy L. Singleton is engaging in a securities business from offices at 1705 "C" Central Avenue under the firm name of International Services.

DIVIDEND NOTICE

QUALITY

The American Tobacco Company

237TH PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on January 2, 1964, to stockholders of record at the close of business December 10, 1963. Checks will be mailed.

J. R. WATERHOUSE
Treasurer

November 26, 1963

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DIVIDEND NOTICES

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 135

A Dividend No. 135 of Twenty-Two Cents ($.22) on the Common Stock has been declared, payable Jan. 2, 1964 to stockholders of record Dec. 2, 1963.

M. B. LOEB, President

Brooklyn, N. Y.

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 198

A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable December 19, 1963, to stockholders of record at the close of business on December 9, 1963. The stock transfer books of the Company will not be closed.

DAVID J. CONROY
Secretary

ELECTRIC BOND AND SHARE COMPANY

New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) a share on the Common Stock, payable December 27, 1963, to shareowners of record at the close of business on December 6, 1963.

B. M. BETSCH
Secretary and Treasurer

November 22, 1963.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY

9 Rockefeller Plaza, New York 20, N. Y.

On November 26, 1963, a quarterly dividend of 43¾ cents per share on the Preferred Stock, and a dividend of 40 cents per share on the Common Stock, plus an extra of 20 cents per share on the Common Stock, were declared payable January 2, 1964, to stockholders of record at the close of business December 16, 1963.

WM. C. SIMONSON, Secretary

Massachusetts Indemnity and Life Insurance Company

Boston, Massachusetts

The Stockholders and Directors of this Company, at special meetings on November 26, 1963, declared a stock dividend of one share for each four existing shares, payable December 9, 1963 to stockholders of record December 2, 1963, with provision for adjustment of fractional share interests during a period ending January 7, 1964.

ROGER BILLINGS, President

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of forty cents (40¢) per share on the Common Stock of the Corporation, payable January 2, 1964, to stockholders of record at the close of business on December 10, 1963.

B. M. BYRD
November 26 1963 Secretary

UNITED GAS
SERVING THE
Gulf South

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

HARTFORD STEAM BOILER INSPECTION & INSURANCE CO.

Hartford Steam Boiler Inspection and Insurance Co. is the leading writer of boiler and machinery insurance in the world and is the only stock company whose writings are confined exclusively to these coverages. The company writes approximately 30% of the total industry premiums in its particular line. Premiums written in 1963 are expected to exceed $25 million.

The company introduced the concept of boiler and machinery insurance in this country, in 1866, the year of its incorporation. Business is now underwritten in each of the 50 states, with the exception of Alaska and Hawaii, and in Puerto Rico, the District of Columbia and in Canada through a subsidiary. The company insures losses resulting from high pressure boilers, turbines, engines, electrical machinery, refrigerating and air conditioning equipment used in large industries to smaller boiler and hot water tanks in stores, schools and other establishments. Unlike most lines of insurance, which essentially provide compansation in case of accident, there is a definite element of accident prevention present in the inspection and engineering services rendered by the companies in the field. These services, which are continued through the life of the policy and require highly specialized engineering skills, are as important to the insured as the coverage itself.

Hartford Steam Boiler is also the leading factor in the boiler

SELECTED STATISTICS

	Premiums Written	Admitted Assets	Capital Funds	Loss Ratio	Expense Ratio	Underwriting Profit Margin
			(Millions)			
1958	$24.8	$77.4	$34.6	32.5%	60.7%	6.8%
1959	23.5	82.3	37.3	30.2	66.0	3.8
1960	27.2	87.2	39.2	33.7	66.7	—0.4
1961	26.8	101.9	48.3	31.2	65.0	3.8
1962	18.6	93.4	46.6	31.8	66.1	2.1

PER SHARE DATA

	Adjusted* Underwrit. Earnings	Net Investment Income	Earnings	Consol.† Earnings	Dividends Paid	Adjusted* Book Value	Price Range
1958	$4.33	$4.11	$7.18	$8.00	$1.88	$112.45	$87-54
1959	2.05	4.56	5.44	5.87	2.50	111.38	98-68
1960	.90	5.00	5.77	6.78	2.50	125.82	94-72
1961	2.78	5.28	6.46	7.27	2.50	151.91	143-91
1962	—.15	5.73	1.96	2.68	3.00	146.18	147-95

*Adjusted for equity in unearned premium reserve.
†Including The Boiler Inspection and Insurance Co. of Canada.

and machinery insurance business through its unconsolidated subsidiary—The Boiler Inspection and Insurance Company of Canada. The affiliate, with assets of $7.4 million and premiums of $3 million in 1962, writes approximately one-half of Canada's total boiler and machinery volume.

In its domestic operations, Hartford Steam Boiler has a more extensive organization that any of its competitors with a greater number of inspectors and specialization within the service, a larger regional set-up and a substantial group of special agents used to increase the production of local agents. The company's inspectors specialize in boiler and pressure vessels, turbines and engines, or as general electrical engineers. Over one hundred special agents are employed as a salaried force who are given specific territories with responsibility over production. The company also has its own claims adjustment service. It's organizational set-up puts it in an advantageous position in relation to its competitors and permits it to provide greater service to its policyholders.

The composition of operating ratios in the boiler and machinery field is quite different from conventional lines, as the cost of providing engineering and inspection services results in high expense ratios, and conversely the low loss ratios generally reflect the efficiency of the company's engineering staff. In view of the degree of specialization in the business, the companies generally determine their own loss experience and negotiate their rates accordingly. Premium rates have generally been adequate in the field. Approximately two-thirds of the cost involved in the premium rate structure represents the expense ratio.

Hartford Steam Boiler has had a past record of successful underwriting. Underwriting losses were incurred during the World War II years as industrial plants were over-taxed by the war effort. Since that time operations have been generally profitable. Profits have been reduced since 1958 by the company's contributions to an employees' retirement fund.

Management has traditionally followed a conservative policy in investments. The company's volume of business is low in relation to its capital funds. Its investment portfolio is well-balanced, with common stocks and tax-exempt bonds each representing 40% of total assets at year end 1962. The company's growth in premium volume and investment policies have resulted in a consistent increase in net investment income over the years. This increase has been passed on to stockholders in the form of higher cash dividends. Dividends have traditionally averaged two-thirds of after-tax net income and have been paid for 92 consecutive years.

In 1962 Hartford Steam Boiler experienced a disappointing year as earnings fell sharply to $1.96 per share from $6.46 in the previous year. Premiums written declined from $26.8 million in 1961 to $18.6 million reflecting an off year in the company's three year underwriting cycle. Virtually all of the company's policies are on a three-year term basis, and as a comparatively small number of large dollar risks are underwritten, annual premium volume tends to fluctuate widely. The trend of earned premiums gives a more accurate picture of growth. The company's unusually heavy underwriting losses last year resulted from the severe cold wave in the South which caused extensive damage to equipment lacking protection against sub-freezing temperatures.

Significant recovery is being experienced in the current year. For the first six months, premiums written rose from $8.9 million in 1962 to $12.9 million, and premiums earned rose in excess of $1 million to $13.5 million. The underwriting profit margin of 5.8% compares favorably with a loss of 3.2% recorded in the first six months of 1962. Total adjusted earnings were $3.13 per share compared with only 17 cents per share profit recorded in the first six months of 1962. Full year earnings should be in excess of 1961's $6.46 per share.

The 400,000 shares of capital stock of Hartford Steam Boiler Inspection and Insurance Co. are traded in the over-the-counter market. The price has ranged between $144 and $108 per share in 1963 and is currently at $142 bid. At the present price, the stock is selling at approximately 22 times estimated earnings for 1963 and provides a yield of 1.7% on its regular dividend of $2.40 per share. An extra dividend, omitted this year due to the lower earnings recorded in 1962, is expected to be restored in 1964.

News About BANKS AND BANKERS

Richard C. Borella, Frank G. Brennan, Thomas J. Cosgrove, Daniel E. Kelly, and John C. Philpot have been promoted to Assistant Vice-Presidents of the **Chase Manhattan Bank, New York.** All are in the international dept.

The appointments of eight Assistant Treasurers, all in the international department, were also made known. They are: Kirby L. Broderick, Stephen P. de Got, Robert Gjerlow, Hugh B. Goedecke, Andrew L. Gray, Oswald E. Judar, Donald B. Mahler, and Alfred I. Puchner.

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Theodore C. Serocke has been appointed a Vice-President of **First National City Bank, New York.**

Mr. Serocke is supervising officer of the Bank's Check Processing Department. He joined First National City as an Assistant Manager in 1928 having previously been associated with the Bank of America, New York.

Mr. Serocke from 1935-1943 served in the Brooklyn branches of First National City and was appointed an Assistant Vice-President in the Check Processing Department at 55 Wall Street in 1954.

A native of Brooklyn, he was graduated from the American Institute of Banking and the Graduate School of Banking at Rutgers.

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On Nov. 18 the New Delhi Branch of **First National City Bank, New York,** was opened.

The new branch is headed by M. V. Stolen, Manager.

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Harry P. Barrand, Jr., has been elected an Executive Vice-President of **Manufacturers Hanover Trust Company, New York,** it was announced Nov. 22. John H. Andren, Tristan E. Beplat, James R. Greene and John A. Waage were elected Senior Vice-Presidents, and Michael C. Bouteneff and Joseph A. Corrado, Vice-Presidents. All are in the international division.

At the same time it was announced that on Jan. 1, 1964, Mr. Barrand will become officer in charge of the bank's international division, succeeding Andrew L. Gomory, Executive Vice-President, who will retire at the end of 1963 after a career of more than 40 years in international banking.

Mr. Barrand joined the then **Hanover Bank** in 1946 and soon thereafter was assigned to its international division. He was named an Assistant Manager in 1951, European representative in 1953, Vice-President in 1956 and Senior Vice-President in 1958.

Mr. Andren has been with the bank since 1928 and a Vice-President since 1956. Mr. Beplat was appointed a Vice-President in 1952. Mr. Greene has been with the bank since 1955 and has been a Vice-President since 1957.

Mr. Waage joined the bank in 1936. He was appointed an Assistant Vice-President in 1952 and a Vice-President in 1954.

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The **Federation Bank and Trust**

Company, New York, contracted to build its 12th branch, to be located at Strang and Baychester Avenues. A trailer-type Federation office which has been operating at the site since early 1963, will continue to function until the new building is completed in the summer of 1964.

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The **Kings County Trust Company, Brooklyn, N. Y.,** received approval for an increase in the par value of all previously authorized shares, and an increase in the amount of capital stock from $2,795,100 consisting of 279,-510 shares of the par value of $10 each, to $4,402,290 consisting of 293,486 shares of the par value of $15 each.

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The **Meadow Brook National Bank, West Hempstead, N. Y.,** appointed George G. Berry, Vice-President.

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The State Street Bank and Trust Company, Boston, Mass., announced the promotion of Henry F. Russell of Melrose to Assistant Treasurer in the depositors' service division.

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The **Third National Bank of Hampden County, Springfield, Mass.,** elected James P. Smith, Jr., a Director.

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F. S. Astarita was elected President and Chief Executive of the **Montclair National Bank & Trust Co., Montclair, N. J.,** succeeding T. J. McHugh who is retiring and becomes Chairman.

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The Comptroller of the Currency James J. Saxon on Nov. 15 approved the application to consolidate the **Peoples Bank of Rural Retreat, Rural Retreat, Va.,** into **Wythe County National Bank of Wytheville, Wytheville, Va.**

* * *

Shareholders of **The Ohio Citizens Trust Company, Toledo, Ohio,** will be asked at a special meeting on Dec. 9 to authorize an increase in the capital account from 140,000 to 150,000 outstanding $20 par value shares.

Notice of their action was mailed to all stockholders of record Nov. 25.

Subject to shareholders authorization and approval of the State Superintendent of Banks, Directors propose a stock dividend—one for each 14 shares presently held for a 7.14% overall increase. The capital account would then rise from $2,800,000 to $3,000,000.

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Henry M. Tibbits, Vice-President in the trust department of **Harris Trust and Savings Bank, Chicago, Ill.,** will retire Nov. 30 after 38 years of service with the bank. Mr. Tibbits joined the Harris in 1925 and worked in the bookkeeping department before becoming a member of the trust department in 1926. He was elected Assistant Secretary in 1939, Assistant Vice-President in 1947, and Vice-President in 1960.

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Directors of **The Northern Trust Company, Chicago, Ill.,** elected Douglas R. Fuller, President of the bank, following a special meeting of stockholders at which he was elected to the board.

Mr. Fuller had been named President-Designate at a Directors meeting on Oct. 15, when Edward Byron Smith was elected Chairman of the Board and Chief Executive Officer and Solomon B. Smith was elected Chairman of the Executive Committee

The Market . . . And You

BY WALLACE STREETE

For the first time since widespread public participation in the stock market has been a way of life in America, investors this week had to react to a Presidential assassination.

Their actions were bewildering. The first reaction, and an abbreviated one, was a panic dumping of stock although the indications were that this was largely a professional precautionary reflex.

Trading Suspended

On the immediate news of the death of President Kennedy on Friday, Nov. 22, the general public had little chance to react since trading was shut down swiftly and, in some cases, effective trading in individual issues had ceased to all intents and purposes by hopeless logjams even before the markets closed.

Three days of suspension followed when the bulk of the investment advice was aimed at allaying fears, counseling against intemperately hasty actions without regard for investment objectives, an then a spate of bargain hunting moved in early.

By the time trading started up again on Tuesday morning, what had been expected to be a resurgence of investor confidence turned into a stampeding rush to buy, and in some cases to buy anything.

It gave the much-abused, but still closely followed, Dow Jones industrial average its biggest one-day jump in history in a thoroughly illogical demonstration of mass reaction that was far from solidly based on any realities.

Emotional Selling

And, as usual, it left the stock market vulnerable to some second-thoughts. In some cases, the vigorous rebound was merely undoing the damage that emotional selling had done last Friday.

Polaroid, for instance, had sold off some 16 points on news of Mr. Kennedy's death. There has been no obvious change in the fate of this speculative favorite that called for such a drastic reassessment. And the better than 17-point rebound could be classed merely as the inevitable reaction.

But there were other cases where masses of buy orders, some of which prevented issues from trading most of the initial session on Tuesday, pointed mostly to unreasoning demand to get into the act regardless of investment considerations.

Speedier Congressional Action Hoped For

From a change in Administration to a new President more conversant with the ways of Congress, the chief hope is that the legislative logjam which has seen an unprecedented peacetime lag in action on Federal appropriations and tax reduction, will be resolved more speedily.

Uncertainty and delay are the things most disliked by securities markets. But the history of Congressmen who move on to the White House shows no guarantee that all conflicts between the two branches disappear overnight.

Future Prospects

The program of the new President has yet to be spelled out and the one bright hope of the stock market in recent months—that a tax cut would materialize this year—is still a big question mark.

Whether any progress can be made under a new Administration to solve the nettlesome balance of payments gap is also very much up in the air, although the urgent buying by institutions and public investors in the wake of the change in command would seem to indicate that all major problems have been settled. The possibility that the actual story might be quite different, bred a rather large dose of caution among the professionals.

Their attention was much more concentrated on issues that didn't make the spotlight, than on the widely gyrating specialties that had broken out into action not easily chartered.

Neglected Item

Pillsbury, for instance, was virtually unaffected by the shock selling and the unreasoning grasping for stocks afterward. It held in small fractional moves through the commotion. It was hovering above its year's low, and well under the high, and, in fact, has been pretty much of mundane item all year.

That the company was able to retire a small issue of preferred and some $12½ millions of notes within the last few weeks might have stimulated interest, but it appears to have escaped notice.

The company has been making progress in pushing deeper into the prepared food mixes and what the trade has come to call "convenience" foods. But this has yet to show in the earnings picture which has been clouded by the expenses of this expansion.

While sales have pushed ahead each year for the past five, earnings have slipped, although on a per-share basis, the drop from $3.80 to $3.55 has not been drastic. And the $1.60 indicated dividend is well sheltered.

Brighter Outlook

That a turn for the better could be in the works might be the 20% increase in its profit for the first half of the 1963 fiscal year. Before this could take hold, lower prices for its products, a decline in grain prices, a dock strike—all moved in to blunt the progress being made. Offsetting factors were present, so earnings were reasonably stable, in fact edged higher.

Followers of the company are confident that they have detected the early indications of better times, profitwise, and that the company is in the early stages of making a significant turn for the better. In fact, earnings this year are being projected at a comfortable increase over last year. With the market price some 30% under the all-time high, and a price/earnings ratio of 14, or below average, Pillsbury is being given a chance for excellent prospects in some quarters.

Another Depressed Issue

Western Union is another company, widely considered depressed, which seems to be working ahead to better times. The price of this stock was affected, but only slightly, by the selloff and subsequent rebound of the general stock market.

Western Union, like other utilities, has been affected by accounting procedures that have had much to do with its income statements. The company's cash flow, before these various charges and credits, has been pushing ahead this year which, to the balance sheet students, indicates an improvement in the quality of its earnings.

With business in high gear, and Western Union's future pinned more and more to its private wire services rather than the dwindling public telegraphic business, the worst could be behind the company. The speculative aspect is its litigation with American Telephone to snare a larger share of the growing telecommunication market.

[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.]

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money and capital markets, in the opinion of quite a few specialists, are not likely to move very much in either direction for the foreseeable future. This is taken to mean that for the balance of the year at least short-term and long-term interest rates are going to stay pretty much in the plateau which they have been in the immediate past.

Sizable amounts of money are still seeking an outlet in capital market issues, with long-term Government bonds getting more of these funds because of the very attractive yield which is available in these securities. The very narrow yield spread between the very best bond obtainable, namely a Treasury security and non-Federal issues is beginning to make itself felt in the way of larger purchases of Government bonds.

No Higher Rates Pressure

The admission by those in the know that an income tax reducing measure will not come along until sometime next year, together with the fact that the economy is not booming, appears to have taken away for the time being domestic pressure for higher interest rates.

The international monetary situation continues to be pretty much of a standoff in spite of the recent increases in the bank rates in Belgium and France. These two countries are not too significant from the standpoint of being important international money and capital markets, nor are their monetary units key currencies. Therefore, the upward push in these two Central Bank rates is not taken to mean too much at this time and will probably not have much effect, if any at all, on our own discount rate, unless they are advanced much more sharply in the future.

England and Canada

The Central Bank rates that could have a very noticeable effect on our rates here are those of England and Canada. These are our principal competitors in the international movement of funds from one country to another.

As of now, these two countries have problems not dissimilar to our own so that higher interest rates in England or Canada which would force us to follow suit in order to protect our competitive short-term money rates in the international monetary scheme of things do not appear to be in the making for the foreseeable future.

Treasury-Federal Cooperation

The debt management program of the Treasury has shown its flexibility by limiting or adding to the size of its offerings of securities whether they be short or long ones. This cooperation between the Treasury and the Federal Reserve Board has been able so far to keep our near-term rates high enough to be competitive with those in other free world money centers so that aid is being given to the dollar and our gold holdings. At the same time, long-term interest rates have been kept from going up to any great extent by the monetary authorities so that the capital needs of the economy can be obtained at interest rates which are not so high that the recovery in business will be slowed down because of it.

Our overall monetary pattern, namely high short-term rates and not too high long-term rates appears to be working, although there are not a few money and capital market followers who still say it cannot be done.

Market Movements

The demand for short-term Government obligations with maturities out to a year is as large as ever in spite of some runoffs in these securities by industrial owners because of the need for funds at this time of the year. Treasury bills are in a very solid position but there are some signs that the market for certificates of deposit is not as good as it has been.

The intermediate and long Government bonds likewise are continuing to build up followers, with many income minded investors being attracted to these securities because of the favorable yield available in these issues. As has been the case right along, the 4⅛% of 1898-1994 is still the leading obligation in this market.

Form Ferguson Associates

ATLANTA, Ga.—Ferguson & Associates, Inc., has been formed with offices at 4770 Westfield Drive, Northeast, to engage in a securities business. Officers are Joseph M. Ferguson, Jr., President and Treasurer, and James L. Moye, Secretary. Mr. Ferguson was formerly with Clement A. Evans & Co., Inc., and Courts & Co.

Cambridge Financial Br.

ALEXANDRIA, Va.—Cambridge Financial Corporation has opened a branch office at 3806 Mount Vernon Avenue under the direction of Norman Wigutow.

Recent Trends in U. S. Life Insurance Are Auspicious

Continued from page 3

would bring us to 1971, still a comfortable 8 years away!

Mortality Rate Turns Up

Why has mortality failed to improve in recent years? As far back as 1949 the crude death rate per 1,000 ordinary policyholder lives exposed dropped to 6.1 compared with 6.2 last year. The historic low point was 5.8 per 1,000 in 1956. Even as long ago as 1921 it fell to 6.5 per 1,000 which remained the low point until 1947 when it fell to 6.3 and then in relatively easy stages to the historic low point of all time of 5.8 per 1,000 in 1956. Looking at the matter through decades, the death rate per 1,000 ordinary policyholders averaged 7.5 during the 1930's, 6.9% in the 1940's, 6.1 in the 1950's and 6.1 in the first three years of the 1960's. To have the death rate 6.2 in 1962, therefore, is certainly a "that's bad" in the language of our aforementioned comedians. What is the cause?

One factor certainly is that more and more persons, formerly rated as uninsurable, now are granted insurance by life companies. Selection in other words is not as stringent. When the death rate reached its peak of 10.3 per 1,000 in the influenza epidemic of 1918 the life companies were understandably worried. Selection then became more important than ever. This undoubtedly helped to drop the death rate within three years to 6.5 in 1921 and to keep it at a low level in subsequent years. Last year 97% of the total number of policies applied for were accepted as insurance risks. Of the applications declined (only 3% of the total) about 59% were turned down because of serious physical impairments, chiefly heart conditions. Less than one-half of 1% were rejected for occupational reasons. The fact that higher premiums are paid for extra-risk policies does not alter the death rate per 1,000 even though the companies are receiving additional compensation for the additional risk. Of all ordinary policies actually purchased last year, 5% were extra risk compared with 7% in 1950. Certainly the broadening of availability of life insurance has retarded the improvement in the ordinary policyholder death rate—which is a "that's good" rejoinder again to a "that's bad."

Changes in Heart and Cancer Ratios

Examining in greater detail the causes of death of ordinary policyholders in recent years reveals a surprising fact. It is generally believed that the increasing incidence of deaths caused by heart and cancer have elevated the death rate. This is not so. In 1955 cardiovascular-renal diseases (heart) caused 57.2% of ordinary policyholders deaths In 1962 only 55.3%. The trend is for the better here. Granted it was only 40.7% in 1945, still diseases of the heart are now causing fewer deaths percentagewise than seven years ago. It is almost but not quite the same story in cancer. There has been a slight increase from 18.6% of ordinary policyholders deaths in 1955 to 18.9% in 1962, a drop, however, from 19.0 in 1961. The increase, as in heart, since 1945 is startling when the percentage of cancer deaths was 12.2%. Still it can be said that the rising rate from cancer has been arrested and has made little progress in the last seven years.

Where then the worsening in mortality occurred? From that old fashioned scourge, the Common Cold and its by-products, pneumonia and influenza. In In 1955 they amounted to a mere 2.0% of deaths for ordinary policyholders. In 1962 the figure had risen to 2.9%. Apparently while our researchers are engaged in an all-out attempt to make a breakthrough in heart or cancer, which last year to be sure accounted for nearly 75% of ordinary policyholders deaths, the cold germ was having a field day. And yet on a "that's good" side, it would not appear that the problem of pneumonia and influenza is as difficult to solve as heart or cancer. Mortality still offers the possibility of substantial improvement particularly with important breakthroughs expected in heart or cancer.

Drop in Expense Ratio

(3) Operating expenses, the ratio of operating expenses to total income declined to 17.1%, the lowest since 1955. Another "that's good"! Since 1958 the decline has been persistent, with one minor exception in 1960, from 17.9% to 17.1% last year. It appears that rationalization, as it is called abroad, and automation are having significant effects. Last year there were 30 persons employed per million dollars of premiums while in 1957 there were 40 persons employed per million dollars of premiums and in 1947 the number was 65.

Expenses had continued to creep up for life companies from the war-time low point of 13.5% in 1944 to the peak of 17.9% in 1958. The trend now seems clearly reversed. During the 1950's the average expense ratio was 17.1%, in the 1940's 14.9% and in the 1930's 14.3%. Of course the latter two decades were abnormal in that they comprised war-time years in the first case and depression years in the second. In 1933, for example, the ratio reached an all time low of 13.4%. The all time high occurred in 1920 during the post-war inflation when it reached 21.0%. During 1939-41, neither depression nor war-years, the ratio averaged 14.0%.

If the expense ratio is headed toward such a figure it would be a drop of 3.1 full percentage points from last year. While this figure may not seem large, it would increase by nearly 75% what life companies were able to add to special reserve and surplus funds and pay their stockholders last year — which was 3.9% of the premium dollar. Consequently any such drop in the expense ratio would be exceedingly "that's good" for policyholders and stockholders of U. S. life insurance companies.

Lapse and Borrowing Rate

(4) The voluntary termination rate, generally called the lapse rate, last year dropped to its lowest since 1956, another "that's good." Last year it was 5.1% for all policies in force, with a peak of 5.7% in 1958. The trend is in the right direction, perhaps due to the increased esteem in which life insurance is now held following the stock market panic of May-June 1962 and subsequent lessening of fears of inflation.

No doubt the constantly rising stock market during the 1950's and general fear of inflation caused the lapse rate to rise from 3.2% during the early 1950's to 5.7% in 1958. This increased lapse rate caused concern among life insurance executives, as well it might. The trend appears better now.

(5) On the other hand policy loans, policyholders' indebtedness to U. S. life insurance companies, rose last year to the highest level since 1944, 4.7%. "That's bad." The rise furthermore has been persistent, each year since 1955 when the ratio was 3.6%, a low point since the turn of the century. Probably policyholders during the last seven years have been borrowing increasing sums to put into the stock market or into competing savings media. Why the trend was not reversed last year may be ascribed to the fact that, with the panic in the stock market, policyholders drew upon the life companies for funds in order to keep themesives solvent. The sale of policies sometimes is stimulated by financial schemes in which the policyholder finances his premium through borrowing the cash value of his policy from the company. While the trend is in the wrong direction to the tune of an increase in lapse ratio from 3.6% to 4.7%, the figures are not yet alarming. During the 1920's and 1930's it was consistently above 10% where it was exactly in 1940. The peak was in 1932, a black year everywhere, at 18.3%. The low point was not until 23 years later in 1955 at 3.6%. Even in 1910 the ratio was 12.8%.

Life Insurance Coverage

(6) Life insurance per family rose last year to its highest peak in relation to disposable personal income per family, a ratio of 175%. The figures were $11,400 life insurance per family compared with $6,500 disposable personal income per family. In 1961 the ratio was 171%. In 1952 it was 115%, in 1942 108%, etc. Another "that's good."

And yet when the picture is viewed in relation of premiums to disposable personal income, it is less favorable although showing recent improvement. The ratio of premiums on life policies to disposable personal income was 3.84% last year compared with a post-war low point of 3.41% in 1951. However, the figure was 3.85% in 1959 so that no improvement has been shown in the past three years, although the trend has been better since 1960. When premiums are used as a measurement instead of insurance in force, it becomes apparent that Americans are paying less for their insurance in force than formerly, due to a variety of causes such as declining cost of life insurance, preference for lower cost, term policies, etc. In stock-crazy 1929 the ratio of life premiums to disposable personal income was 4.02% compared with 3.84% last year. Peak in the past 30 years was in 1935 at 6.30% and the low point came in 1943 at 3.26%. During the war not only were a large percentage of the younger men, prime life prospects, under arms but Government life insurance fulfilled their immediate needs. The climb back since 1951 has been gratifying in spite of the intense competition of the stock market, mutual funds, savings and loan associations, etc.

Industrial Bond Holdings Rise

(7) Investments in obligations (bonds, mortgages and real estate) by life companies pursued trends which for the most part have been in existence since the end of World War II. U. S. Government bond holdings continued to decline, at the end of 1962 to only 4.6% of assets compared with 4.9% in 1961 and 45.9% in the peak of 1945. There has been a drop in U. S. Government bond holdings each year in the past 17 years, a clearly defined trend How far will this decline go? In 1925 U. S. Government bond holdings comprised 5.4% of assets and in 1930 only 1.7%. Certainly we are not far from but perhaps not at the bottom yet. Whether this is "that's good" or "that's bad" will be for the reader to decide. Railroad bonds continued their uninterrupted decline also since 1945 to 2.6% of assets in 1962 from 6.6% 17 years earlier. What was once the bulk of U. S. life insurance portfolios, 30.5% in 1917 for example, and 19.4% in 1925, has now become a minor holding. Industrial bonds, however, continued their uninterrupted advance since 1945 when they comprised only 4.3% of assets to 23.1% last year. In 1925 industrial bonds were only 0.8% of assets.

Although the declining trends in U. S. Government and railroad bondholdings still persist as well as the rising trend in industrial bondholders, in three other categories the situation is somewhat different. Foreign Government bondholdings declined in almost every year since 1945 until last year when they rose slightly from 0.3% of assets to 0.5%, the first reversal in trend in 17 years. Back in 1917 when America was far more "isolated" than today the figure was 2.8% and even in 1930 0.9%. We may be at the beginning of a new trend here.

Tax-Exempts Gain Over Utilities

Because of the heavier burden of Federal income taxes the value of tax exempts, state and municipal bonds, has increased for life companies and their holdings have risen in recent years—from a low point of 1.8% in 1947 to 4.0% last year and in 1961. Public utility bonds, electric light and gas companies, attained great favor after the war and rose to 16.5% in 1950 from 13.9% a decade earlier. Since then they have fallen from favor and last year declined to 13.0%, a steady yearly decline since the high point in 1950. Public utility bonds yield less than industrial bonds for the most part and it is not surprising therefore that life insurance investment managers have sought out the richer yields. There seems no reversal of the trend here. The fact that public utility bonds are subject to competitive bidding in which competition has been extremely keen has also forced the prices of their bonds up and their yields down to the detriment of their desirability by life companies.

Mortgages and real estate continue to be important life insurance holdings with no very important changes in recent years. Last year mortgages amounted to 35.2% of assets compared with 34.8% in 1957, an insignificant change. During the same interval real estate has remained unchanged at 3.1% of assets. Mortgages and real estate are clearly not being favored to the exclusion of other investments at the moment. In 1945 the mortgage figure was only 14.8% whereas real estate comprised 1.9%.

(8) What about stocks? With America growing more common stock minded, with the rising stock market and fear of inflation in the 1950's and early 1960's, has this influenced the life companies too? Not a great deal. Last year stocks, both preferred and common, amounted to 4.7% of assets compared with 4.0% in 1955. Furthermore last year preferred stocks accounted for nearly two thirds of stockholdings — so that common stocks represented only 2.5% of life assets last year. That is not a very large figure compared with investments by life companies elsewhere, in Great Britain for example. Nor was the experience very heartening last year, when common stocks (in retrospect of course) were extremely cheap. The life companies purchased $472 million of common stocks in 1962 when prices were very low for the most part of the year, compared with $502 million during high priced 1961. Apparently the life insurance companies have lessons to learn in the timing of common stock investments, but so has the U. S. public in general!

It may seem surprising that as long ago as 1900 stocks comprised 5.5% of life assets and in 1905 the figure was 6.4%. Historically it was the Charles Evans Hughes famous investigation of life insurance companies around 1910 which caused the disesteem for common stocks. Hughes showed what he described as undue influence on the part of life companies on the management of corporations whose common stocks were owned and therefore commonstockholdings on the part of New York State domiciled life insurance companies were barred until 1961. Common stocks have therefore been under a cloud for many years as far as life insurance companies are concerned. While the amounts held are still extremely low in relation to assets, no doubt they will grow in the future. One can hardly say a "that's good" about the present situation.

(9) It may well be a "that's good" that the number of new U. S. life insurance companies formed is slowing down. The number tripled from the end of the War through the next 15 years, from 473 total number of U. S. life insurance companies in 1945 to 1,441 in 1960. During the middle and later 1950's the growth in number in existence was rapid, an increase of 84 in 1956, 82 in 1957 and 92 in 1958. Last year the rise was 26, probably most of which were formed during the first half of the year, before the market crash. In 1961 the increase was only 12 and in 1960 16. So last year represented a slight reversal of the trend, although far less than in previous years. Why is this important? Because a sharply increasing number of new companies means far keener competition, for agents, for trained personnel, for business. A certain amount of competition is healthy but where solvency is as important as in life insurance, undue competition can be ruinous. In passing it is interesting to observe that 89% of the companies

were owned by stockholders but 65% of all life insurance in force was participating, in which policyholders received dividends on their policies. Of the total, 60% of insurance in force was with mutual life companies, signifying that stock life insurance companies had 5% of the participating policies in force.

10) It is generally known that the United States has more life insurance in force in relation to national income than any other country excepting Canada. At the end of 1961 Canada led all companies with a ratio of 179% of life insurance in force to national income. For the United States the figure was 148%. What is seldom brought out is the trend. What countries have been sharply increasing their ratios of life insurance in force to national income during the past decade?

There is some hazard in making such comparisons because obviously those countries having the largest amounts of life insurance a decade ago will find it more difficult to increase their ratios than countries having very little life insurance before. Nevertheless the showing of the United States is average or somewhat above. In increasing its ratio of life insurance in force from 91% of national income in 1951 to 148% in 1961, the United States experienced a 63% gain in this respect. In Canada the gain 67%, in Germany 68%, Italy 66%, Belgium 65%, Netherlands 48%, United Kingdom 31% and Switzerland only 14%. Higher rates of gain were achieved by Sweden 81%, Australia 82%, Mexico 85%, Philippine 100%, Austria 100%, Costa Rica 155%, France 170%, Puerto Rico 194% and Japan 313%. This list is not all inclusive. Only Denmark, Equador and the Republic of China reported that this ratio declined during the decade 1951-61. So although the rate of gain in the United States during the past decade has not been among the best, its performance on the whole can be judged satisfactory and in line with other similar countries having large amounts of insurance in force in the earlier years.

It may be concluded from the above analysis that there are more "that's good" than "that's bad" in recent trends of U. S. life insurance. That is precisely our opinion, weighted rather heavily on the positive side. There formerly was a saying, "In time of peace, prepare for war." We do not feel this way about U. S. life insurance in 1963. We belive we can say, on the record: "The trend is good. Prepare for more of the same!"

*An address by Mr. Davis before the Ninth Hemispheric Insurance Conference, Mexico City, Nov. 15, 1963.

Opens Branch Office

NORTH MIAMIA BEACH, Fla.—Cambridge Financial Corporation has opened a branch office at 2303 Northeast 171st Street under the direction of Jerome B. Udoff.

Draper, Sears Office

CHESTNUT HILL, Mass.—Draper, Sears & Co., have opened a branch office at 200 Boylston St., under the direction of Irving H. Gale.

C. H. Hendricks Opens

HOUSTON, Tex. — Clinton H. Hendricks II is conducting a securities business from offices at 3317 Montrose.

The State of TRADE and INDUSTRY

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

The fact that the stock market plummeted in a panic-stricken nose-dive, amounting to $11 billion in paper losses (DJIA declined 21.16), on the news of the President's horrendous murder until the market was hastily and prematurely closed is almost as difficult to accept as having occurred as the wanton-cruel slaying itself. That the market panicked is even more unbelievable in that we have assumed small investors *today* are more knowledgeable, mature and less emotion driven than their predecessors. As it turned out, cooler heads were vastly outnumbered and the sell orders became a veritable typhoon. The professionals pulled out their buy orders and waited for the drop. One can understand the aberrations of an individual but not, try as we may, that of the supposedly anchor sector of our society—"peoples capitalism."

Until last Friday, despite the ups and downs of the stock market cycle, it was easy to look back with disdain at previous similar episodic occurrences. The superior attitude, of course, came from believing all the grown-up things said about today's supposedly superior breed of investors. The fact that a moment's reflection brought sense to the mob-reaction attests to the belief that ultimately good sense does prevail and it took less time than heretofore to manifest itself. Following last Monday's day of mourning, the stock market opened-up on Tuesday surging with all the evidence of full faith and confidence in our political and economic institutions. The DJIA rose 32.03 points for an historic record one-day rise and paper profits advanced $15 billion. Whether the market rose or not is unimportant; the reaction to the President's senseless demise is important. Chief Justice Warren in his splendid Eulogy called for our learning past lessons with regard to unlawful, physical violence. We could couple to that another lesson, applicable to the investment community as a whole—but not to its leaders who reacted properly and promptly.

The foul blot on our history and the loss of a great President with whom one could differ are not expected to have any deleterious affect upon THE STATE OF TRADE AND INDUSTRY. The following current assessment of the business picture was provided by the Department of Commerce on the day that Mr. Johnson addressed Congress for the first time as President—Wednesday, Nov. 27.

The Business Situation

Economic activity moved up in the early part of the fourth quarter but the rate of advance continued moderate, the Department of Commerce reported in a review of the business situation appearing in the October issue of its monthly magazine, *Survey of Current Business.*

Total production was being stimulated by a high rate of motor vehicle output. Capital goods demand increased, homebuilding was at its best rate in several years, and retail sales were strong, according to the summary issued by the Office of Business Economics. Although some leveling in defense purchases was dampening the rise in income and output, activity during October, on balance, was at a higher rate than the third quarter average.

Employment in nonfarm establishments rose in October but unemployment continued at about the 5½% rate that has persisted for about a year. Plant capacity continues to be more than ample to meet current production requirements—a factor contributing to the stability of the average of industrial prices over the past month despite the flurry of price increases late in the summer.

Both retail sales and personal income moved sharply higher in October, after seasonal adjustment, but in both instances special factors accentuated the rise over the previous month. The 3% rise in October retail sales was from a low September rate. Nonetheless the general trend of retail buying is upward: the October sales rate was 1% above the third quarter average and 5% above October, 1962.

Personal income rose to a seasonally adjusted annual rate of $470 billion in October, up $3 billion from September and $22 billion from last October. Of the rise over the previous month, $1.2 billion represents an increase in military payrolls, effective Oct. 1.

Adjusted Bank Clearings Show 14.9% Gain Over Year-Ago Week

Bank clearings, compiled and published by the *Chronicle*, in the latest statement week ending Nov. 23, gained 25.5% in dollar volume over the year-ago week. This large gain is due to the fact that Thanksgiving Day occurred in that week last year (i.e., Nov. 22, 1963) whereas it falls today (Nov. 28, 1963) and will not be reported until next week. The seasonal comparison for the week prior to the Thanksgiving week for the respective years shows bank clearings were up in this Nov. 23 ending week 14.9% ($35,082,832,593) as against the Nov. 24, 1962, tally of $30,521,231,886. In the recent week-to-week change, bank clearings were up 11.3% above that for the Nov. 16, 1963 week.

Our preliminary totals were $35,082,832,593 against $27,943,177,602 for the same week in 1962.

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

Week End. Nov. 23—	1963	1962	%
	(000's Omitted)		
New York	$19,205,881	$14,723,563	+30.4
Chicago	1,542,680	1,179,164	+30.8
Philadelphia	1,381,000	1,120,000	+23.3
Boston	1,093,168	823,153	+32.8
Kansas City	642,818	532,427	+20.7

Steel Output 0.8% Ahead of Last Week for 13th Rise Out of Past 14 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 No. 23 was 1,995,000 tons (*107.1%) as against 1,979,000 tons (*105.1%) in the Nov. 16 ending week. It marked the fifth weekly increase in a row.

This fractional rise in output was the thirteenth non-spectacular weekly advance in the past 14 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 important news about the steady, non-sensational performance is that steel output this year to date exceeds all of last year's In the Jan. 1-Nov. 23, 1963 period production came to 98,934,000 net tons whereas in all of 1962 it came to 98,327,785 net tons.

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 unequaled 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 thirteen weekly advances in output out of the fourteen past weeks marking 14.5% rise for those weeks or a hair's width more than 1% a week average. The industry had hoped for a more vigorous upturn in the past several weeks but will not me 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 7.1 percentage points above the 1957-59 base period's average weekly output and was approximately 14% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 10.8% above the 1,804,000 tons produced in the year-ago week of four days, due to Thanksgiving Day falling on Nov. 22, 1962, as against this week's 5-day 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 98,934,000 net tons (*113%) which is 11.2% above the Jan. 1-Nov. 23, 1962 production of 88,989,000 net tons. The latest week's index for the cumulative 47 week total faltered at 113.0% (1957-59=100) compared to the index of 113.0 in the prior week. The 11.2% cumulative gain since the Jan. 1 to date has remained unchanged for three weeks in a row — the same percentage recorded for the previous week ending Nov. 9.

District	*Index of Ingot Production for Week Ending Nov. 23	Nov. 16
North East Coast	105	105
Buffalo	108	109
Pittsburgh	97	93
Youngstown	96	90
Cleveland	100	103
Detroit	159	155
Chicago	113	112
Cincinnati	112	114
St. Louis	117	126
Southern	93	100
Western	109	109
Total Industry	107.1	106.2

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

Steel Market May React to President's Death

Reaction to President Kennedy's death brought a note of uncertainty to the steel market, *Iron Age* magazine said.

The magazine notes the tragic event came at a time when steel demand was getting stronger every day and indications pointed to continued gains.

But if only as a reflex action to the sudden chain of events, short-term forecasts were in a state of suspension. At least a brief period of uncertainty could be expected until a normal state of mind returned to both business and consumers, *Iron Age* said.

Referring to the state of the steel market before the President's death, *Iron Age* said new orders were moving up and supplementary orders to tonnage already placed were becoming a regular thing. This has dual significance when applied to the current market:

(1) Steel consumption is holding up and even gaining.

(2) The end of inventory liquidation is at hand and steel users are at long last buying for immediate production needs.

Equally important, the demand is spreading from the amazing auto industry to a wide range of steel users. There are a few soft spots among markets and products, but recent advances are attributed to a wider base of demand.

This isn't discounting automotive. Automakers are still the backbone of steel market gains. But nearly all products are now doing better.

Here are some examples from major mills:

There has been late ordering of rails, bars, semi-finished steels and high-strength steels. December is looking better than November for standard structurals. Even tinplate, which has been disappointing, shows signs of activity.

In Detroit, it is estimated that November orders from automakers reflect a 90% better use rate and December will hit nearly 100%. Orders now coming in for January reflect no slowdown. Some auto-oriented mills expect delivery dates to lengthen in January.

Prior to this week, the rate of tonnage produced was the highest since the week of July 13. There has been continuous rise in production rates since Aug. 17, with but one weekly exception.

On a tonnage comparison, production had increased 13.6% from the year's low point.

Steel Output in December to Match November's and October's

Steel production in December will equal or slightly exceed this month's ingot tonnage and that of October's, *Steel* magazine said.

The influx of new business is steady, indicating that production will be around 8.48 million tons for the third consecutive month.

The publication says to look for the sixth consecutive increase in steel ingot production this week. Output will slightly exceed the 1,990,000 tons that it estimates were poured last week when production was about 65% of unofficial capacity.

Although mills haven't booked much tonnage for January, steel executives are confident that operations and shipments will start trending upward then. Reasons:

(1) Automakers will have completed inventory adjustments and will be buying as much metal as they're using. If they continue building cars at the current rate, they'll need at least 10% more tonnage in January than they'll take in December.

(2) Miscellaneous users who held their intake down during December because of year-end inventory taxes will resume buying.

(3) Demand for tin plate and tubular products will start edging upward seasonally. Chances are that industry shipments of all

Continued on page 22

Policies We Must Adopt to Accompany Tax Reduction

Continued from page 1

As these conditions attest, our economy has been under strong expansionary pressures. I have thought it unnecessary and unwise to add to these pressures a large-scale, emergency-type, across-the-board tax reduction.

In a certain sense this has been a minority view, but it has been far from lacking in support. In fact, strange as this may seem, at a time when taxes are as high as ours are and when tax relief is so much desired, there has been little or no truly popular demand for Federal tax reduction. You can be sure that if there had been, it would not have been deemed necessary to have a Business-men's Committee for Tax Reduction in 1963 and it would not have been deemed necessary for the President to go before the nation on TV to muster support for a program which would cut people's taxes.

Late Date Makes Tax Cut Bill Necessary

But do doubts on these matters mean that we should advocate abandoning the tax reduction program now under consideration in the Congress? I would say "No." It is by no means too late to specify the policy conditions that should accompany a tax cut; indeed, it is vitally important to do so. But I have concluded that at this time there is no reasonable alternative to enactment of the program.

It is regrettable that a major policy question of this type has to be resolved in a kind of "no options" context, but as things stand now the prospect of tax reduction has been so thoroughly built into expectations and planning and to some extent also into the financial commitments of individuals and businesses that it would be seriously deflationary to call it off. As a practical matter, we are to all intents and purposes committed to it. I am not saying that the bill as it stands is unalterable, because it isn't. No bill still in the Congress is unalterable, and that is precisely as things should be. What I am saying is that at this point to call off tax reduction as a program would be seriously deflationary and unwise.

Delay in Passage

Actually, there is very little chance that the bill will fail of enactment. But for two reasons, each sufficient in itself and, jointly, overwhelming, I expect it is going to take come time to get it passed. First, the Administration proposed a very complex bill, with numerous technical and controversial features that cannot be passed on quickly. Second, the bill was put before the Congress and the country as part of an overall fiscal program and philosophy about which large numbers of people—I think, the great majority of Americans—have grave doubts. In these circumstances, speedy enactment cannot be expected. I don't understand why, if the Administration desired a tax reduction program in a hurry, it chose to do things in this way; but that, too, is water over the dam.

So we are, at least as I see it, committed to giving our economy a major stimulus sometime in 1964 through an emergency-type, demand-increasing tax reduction. What remains to be discussed is the expenditure, debt-management and monetary policies that should accompany tax reduction of the type and scale in prospect and it is my purpose to sketch what I think these accompanying policies should be.

Need for Accompanying Neutral And Possibly Restrictive Policies

My answer to this question is that, by committing ourselves to tax reduction in the manner and in the amount contemplated, we have, knowingly or not, committed ourselves in a very meaningful sense in other areas of policy as well. Certainly we have committed ourselves to placing a genuine check on the increases of Federal expenditures, by which I mean to hold the total at its current level. I would say that we have also committed ourselves to debt management and monetary policies under which a distinctly closer rein will be held on increases in credit and in the money supply than would otherwise have been necessary. These are the major arms of policy—taxation, Federal spending, debt management and control of credit expansion and the money supply—and they must be harmonized in an overall strategy.

What we do with one arm has a very definite bearing on what we are free to do with the others. That is why we will find that just as events have committed us to the initiation of an expansionist tax reduction program, the logic of the economic process will require that we follow neutral and, depending on how stimulative the tax reduction proves to be, possibly even restrictive lines in the other major areas of policy. We will have to do these things not just because they are the lines of policy that will serve us best in the current economic context and in the context that we can see developing over the near term, but also because, taken together, they constitute the strategy of policy best suited to bring us into the second half of the nineteen-sixties without a serious interruption in our growth rate and hopefully without any interruption at all.

Avoiding Trouble

My reason for believing that we are committed to policy choices along the lines I have described is that if we were to add emergency-type, demand-increasing tax reduction of the amount and type contemplated in the bill now before the Senate Finance Committee to Federal expenditure increases on the scale we have been getting them, and if we were to add both of these to monetary and credit expansion at rates such as we have recently experienced, we would be asking for trouble and that this would very quickly become evident. What kind of trouble would it be? It would be the kind of trouble that any enterprise economy encounters when it is exposed to excessive expansionary pressures. Let me be specific.

First, an aggressively expansionist economic policy carried out in the present economic context would invite the development of speculative excesses. These can appear in many places in our economy, but no place is more vulnerable to them than the stock market. If under the stimulus and encouragement of expansionism stock prices were to rise to heights that could be validated and sustained only by a price inflation inconsistent with the stability of our economy and with the strength of our competitive position in world markets then there would inevitably be a correction and the effect on our economy would be very deflationary. Clearly, we want to avoid this, but an overdose of expansionism would invite it.

Second, when economic policies are excessively expansionist consumer purchases of durable goods and the investment expenditures of business concerns tend to be telescoped into a shorter period of time than that over which they would otherwise be spread. All of this may seem fine and boomish while it is happening, but it normally proves to be unsustainable and its correction is highly deflationary. Moreover, the more expansionist the mix of policy, the more exuberant the responses and the more disruptive the ultimate correction.

Third, when an economy is operating at a high level, as ours is today, it is a very easy matter for aggressively expansionist policies to produce widespread cost and price increases. These underlie and reinforce the speculative excesses and the unsustainable surges of expenditure to which I have just alluded; in addition, they tend to worsen a country's position in world competitive markets, which we can ill-afford to have happen at this time, and, to boot, cost-of-living increases impose cruel inequities on large numbers of people whose security and welfare is heavily dependent upon a stable purchasing power of their dollars.

Avers Economy Is Vulnerable

If you will bear with me, I should like to comment further on this matter of cost and price inflation, for not everyone believes, as I do, that our economy is vulnerable to it. In fact it has become rather fashionable of late not only to discount the possibility of such things ever happening here, but explicitly to disparage the efforts that were made in the mid- and later fifties to end the inflation and the inflationary psychology that were taking hold in the United States. As an example of this point of view, I refer you to the January, 1963, Report of the Council of Economic Advisers. Let me say that I was far from persuaded, let alone personally enchanted, by those passages in the Report in which the casual view of inflation which I have cited was given official expression and in which a lag that is alleged to have occurred in our economy after 1956 was diagnosed as having been caused by a needless concern over cost and price increases and, based on this mistaken concern, by fiscal and monetary policies that were unnecessarily restrictive.

Now, it is perfectly true that a major object of policy in this period was to work toward a reasonable stability in costs and prices. And fortunately we had a good deal of success in both of these connections. Indeed, it would have been a very serious matter if we had not. Has it been overlooked that the index of consumer prices was rising in 1957 at a rate which if it had continued without interruption would have meant a cost-of-living today close to 20% higher than that which now prevails? But that is the fact. There was an inflationary psychology building up in the middle fifties. We had complete success in ending it.

It has been said that all of this was done at the expense of our rate of economic growth but there were a lot of things other than Federal economic policies bearing on the rate of growth of our economy in the years in question, including the fact that the whole steel industry was shut down from one end of the country to the other for almost six months in 1959. But even then it is only by invoking the change in the rate of inventory accumulation that occurred late in 1960 and extended into 1961 that one can identify a 1960-61 recession in Gross National Product.

Credits Post-1956 Policies for Current Stability & Growth

And I would argue, further, that the relative stability of costs and prices which the policies pursued in 1959-60 helped to achieve has been a major factor accounting for the growth and stability we have experienced in recent years. Does anyone really think that the chances of achieving steady and vigorous economic growth after 1960 would have been greater if, for example, consumer prices had been rising at the rate, very close to 3½% a year, which obtained in 1957? And suppose we had had labor cost increases after 1960 averaging to something like 5% a year, as we had in 1953-57? Woud this have been a favorable context for growth? Looking to the future: Would the economic outlook for 1964 and beyond be improved if we faced the prospect of a resumption of cost and price increases like those that were occurring in the mid-fifties? Clearly, the answer is "No." And because this is the answer, I say it is clear that we should avoid policies that would invite the resumption of cost and price increases on this scale.

This brings me to the fourth kind of trouble that would be invited by an excessively expansionist mixture of economic policies. The danger is that such policies, because they would inevitably result in unacceptable cost and price increases, would invite more and deeper intervention by the Federal government directly into the affairs of American business and of American labor. In other words, such policies do more than invite inflation; they invite direct controls.

Sees No Benefit to Balance of Payments

Fifth and last, an excessively expansionist combination of economic policies would almost certainly worsen our international balance of payments. I know it is frequently asserted that a tax reduction program will benefit our balance of payments by making America so much more prosperous and therefore so much more attractive to foreign investment that the resulting increase in the net inflow of long-term capital will perhaps even close the payments gap. This is possible, provided the tax reduction is accompanied by a suitable combination of other policies, but if it is accompanied by a combination of expansionist policies designed to make our economy go faster and faster it might rather have the effect of discouraging foreign investors from making long-term investment commitments here. Certainly, if we accompany tax reduction with a still rapidly rising volume of federal expenditures, and if we finance the resulting deficit in appreciable part through the banking system so as to avoid an increase in long-term interest rates, and, further, if we allow freer access to the central banking system for general credit expansion purposes, also to avoid higher interest rates, we will have established conditions inviting a deterioration in our balance of payments. And, what could be acutely embarrassing, we would risk discouraging our friends abroad from helping us finance, as they have been financing on a very generous scale, the payments deficit that our policies would be tending to increase.

Fears Long-Term Interest Rates Would Rise

It is, as you will see, part of the thesis of these remarks that, since events have committed us to an emergency-type, demand-increasing tax reduction program, we may find it necessary to accommodate ourselves to higher long-term interest rates. I state this as a possibility, however, rather than as a certainty. Rates have already risen a bit, but no one can say at this time whether the present rate structure can be held or whether a further increase is in store. This will depend on the stimulativeness of the tax cut, on the course of federal spending, on the size of the Federal deficit and on the pressure of private credit demand. In any case, we can be sure that if long-term interest rates rise sufficiently to become a kind of conversation piece, the rise will be protested. But I do think that we are getting to be more reasonable in these matters and more willing to accept the discipline of the interest rate. And I hope we will see that the best way in the present circumstances to minimize the need for interest rate increases, and possibly to avoid them altogether, is to check the increase in federal spending. Opposition to a realistic interest rate policy is very strong but I believe that under domestic and international economic conditions such as we are considering a higher level of long-term interest rates, if it should be needed, would soon prove its usefulness and would eventually gain wide acceptance.

I realize there are some, I expect a good many, who would take exception to the policy proposals I have made on the ground that over the near term only a distinctly more expansionary policy mix would give assurance of avoiding recession, now that we have reached such an advanced stage in the current business cycle. This is a judgement question, and one's judgment on it depends, of course, on one's estimate of the near and intermediate term outlook for business, given the stimulus of tax reduction. But it also depends—in any case I would say it should depend—on one's view as to how we can best navigate through 1964 and into the second half of the nineteen-sixties, when the underlying factor of family formation should be uncommonly favorable, without any serious interruption in our economy's advance and, hopefully, without any interruption at all. Let me comment briefly, first, on the near and intermediate term outlook.

Expects GNP Up-Trend to Continue into 1964

As I read the evidence, it suggests that the expansion which went ahead at a rapid rate in the first six months of this year, but which has made only relatively little additional progress since last July, will continue through the rest of this year and into 1964 at the current relatively modest rates. Although I would expect expansion to accelerate under the stimulus of tax reduction, I do not look for as sharp an increase as some apparently do. This conclusion is suggested by the usual evidence to which we look for clues in these matters, and by certain conditions peculiar to our present status and outlook, as follows:

First, we have already reached a fairly high level of utilization of capacity in our economy and expansion beyond this level will be made only with increasing difficulty. I know that this is a disputed point, but all the evidence around us is telling us that what I have said is the case. That is what the price increases that have cropped up recently are saying. And that is what we read in the figures on unemployment. Here I would cite especially the fact that the unemployment rate for men who are heads of families has, except for a brief reversal last winter, been trending down since early 1961. It is now under 3% and is not much above the low levels reached in 1955-56. What is most important of all, it is continuing to trend down.

Second, the eveness of our economic development in the current expansion suggests a moderate rate of growth in the months ahead. Perhaps because it is something of a paradox, it is one of the least well-understood features of the growth process in an enterprise economy that sources of future strength in demand are typically found in areas that currently display a degree of weakness, and *vice versa*. Where there has been for some time no notable weakness in demand, there is not likely to emerge any great surge of strength. And the latter is more or less our present situation: demand has been strong in pretty much all areas for a rather long time. But this is no cause for lamentation; it means we have a good chance to make progress steadily, which should be ground for rejoicing.

Third, although I would be hard-pressed to prove this point, it is my impression that when it comes to the undertaking of substantial new long-term purchasing or investment commitments a Presidential election year is, on balance, more likely to be a year of deferral than a year of initiation.

Sees No Explosive Spurt from Tax Cut

Fourth, and finally, while the tax reduction program will be stimulative to our economy, I do not expect it to have the explosive effect that some people seem to be looking for. For one thing, I believe we have already had a good part of the expansive effect which the increment to income from tax reduction is expected to produce. In other words, we have had part of the multiplier effect before we got the initial stimulus. This, of course, is my reason for saying that at this stage we are to all intents and purposes committed to giving our economy the stimulus of tax reduction. Beyond that, there are bound to be substantial leakages from the effect of the tax cut, especially in view of the recent large increase in consumer and mortgage debt. Also, the dollar amount of tax reduction that will be received per family will be so small that it will have a nearly unrecognizable effect on their after-tax money income and, for this reason, not much effect on purchasing of the high-ticket items that make the economic world go round. It is true that when one multiplies even small average weekly amounts by fifty million, which is about the number of taxpayers, one comes to some rather large sums and that these sums will represent a substantial impact at the retail level. But it is easy to exaggerate the influence of such numbers, especially their influence on jobs.

Now, returning to the policy questions, if I am underestimating the tax cut's stimulative effect then there will be all the more need for a policy mix such as I am proposing. I want to acknowledge, however, that if even I am overestimating the tax cut's stimulative effect, there will be less occasion for restraining measures than I am expecting there will be. We will not know for sure until sometime in 1964, but I am certain enough at this time in my estimate of the situation to advocate a policy mix of the type I have described. The danger, as I see it, is not that a tax cut accompanied by a cessation of Federal expenditure increases, and by debt management and monetary policies that will slow down the rate at which credit and money supply have been expanding of late and perhaps even cause interest rates to rise a bit, will supply insufficient stimulus to our economy.

The danger, as I see it, is that in an effort to make the economy go faster and faster, we will have not only a tax cut but Federal spending increases at the rate we have been getting them recently, namely, at $5 billion or more a year, and that resistance to interest rate increases will tempt us into Federal debt financing and monetary policies that will mean a continuation of money supply and credit increases at rates comparable to those we recently have been getting or higher. If you see an aggressively expansionist policy of this kind developing I suggest that you hold your hats. It might be exciting for awhile, but in the end it would prove to be bad news. It would mean that we were pushing our economy too hard and trying to make it go too fast. The penalty would be a bad reversal farther down the road. In my judgment our chances of avoiding recession in, say, 1965 would be enhanced by a period of moderate growth in 1964 and would be imperiled by a spurt of activity.

Fundamentally, the whole debate over policy comes down to a question of how to reduce unemployment. I don't want to underestimate the importance of the relation between aggregate demand and employment, but it must be recognized that this relationship is not the same at all levels of employment and for all compositions of the labor force. It is one thing in a situation like the nineteen-thirties; it is another thing altogether in the nineteen-sixties. And the relationship is a very special one when a large fraction of those unemployed are concentrated regionally in areas affected by selective weaknesses in demand or by especially high production costs, and when, as is the case in our situation large fractions of the unemployed are unskilled workers, teen-agers seeking their initial employment or married women seeking only part-time work. My dispute with the aggregate demand solution to unemployment is that it takes an essentially nonselective approach to a problem which in present circumstances is essentially selective. Admittedly, our policy should be a blend of general and selective measures. But I believe that in our really very advanced economy and at this stage of the business cycle our major emphasis should be on selective measures. Aggregate demand stimulation may be appropriate in periods of actual recession or early recovery; but in periods of high level activity, such as the present, the need is for more sophisticated approaches.

Proposals to Reduce Unemployment

The specifics of selective measures for the reduction of unemployment are so familiar that I need not dwell on them.

First, we need more imaginatively designed, better administered and more generously financed programs of training, retraining, job counseling and job placement. Our problem is not so much to lift demand by artificial measures as it is to lift to the levels required in an advanced industrial economy such as ours the individual productive capabilities of those who have difficulty finding or holding jobs.

Second, I realize that we have had difficulties in achieving constructive results from programs aimed at the development of industry in so-called distressed areas, but we must find an answer to this problem. When it is found I am sure we will see that no matter how well these programs are financed, and I favor their being financed generously, they have little chance of yielding benefits that will last and little chance of avoiding waste unless there is close participation in them on the part of the communities themselves.

Third, let us acknowledge that discrimination based on color is and continues to be, shameful as this is, a major factor in the residual unemployment problem. We have simply got to do better, and do it fast.

Finally, the employment problem in the second half of the nineteen-sixties will be primarily one of creating opportunities for young men and women who will be seeking their first jobs. This will be a task primarily for American industry and it will not be an easy one. With this in mind, I hope that ways and means will be found by which our private enterprise system can approach the youth employment opportunity problem aggressively and on a concerted basis. A "Businessmen's Committee for Tax Reduction in 1963" is all right; but what we need right now is a "Businessmen's Committee for Job Opportunities for America's Youth."

Aggregate demand will help, but it can be no substitute for success in these more selective approaches. It makes no sense to look for miracles, but it is not miracles that we need. What we need is steady, nonreversible progress in mastering the problem of fitting individuals for jobs and into jobs. A combination of policies such as I have outlined, accompanying tax reduction, seems to me best suited as a means for extending the growth of our economy through 1964 and into 1965 and beyond. In this policy context, selective approaches along the lines I have described, rather than still further pressure on aggregate demand, offer our best hope, as I see it, for success in meeting the increasingly exacting problem of reducing unemployment.

*An address by Dr. Saulnier at the 11th Annual Economic Outlook Conference, sponsored by the Department of Economics of the University of Michigan, Ann Arbor, Mich., Oct. 31, 1963.

Association of Stock Exchange Firms Elects

New officers elected serve the Association of Stock Exchange Firms, national trade group for New York Stock Exchange members, are from left to right: Treasurer, Harry A. Jacobs, Jr., Bache & Co., New York; Vice-President, William D. Kerr, Wertheim & Co., New York; President, James C. Kellogg III, Spear, Leeds & Kellogg, New York; and Vice-President Richard W. Simmons, Blunt Ellis & Simmons, Chicago.

James Crane Kellogg, III, senior partner in Spear, Leeds & Kellogg, has been elected president of the Association of Stock Exchange Firms, national trade group for members of the New York Stock Exchange, according to an announcement by retiring president Bayard Dominick, Dominick & Dominick, New York. Mr. Kellogg has been on the association's board since 1959 and served as vice-president in 1963. A former Chairman of the Exchange, he has been a commissioner and vice-chairman of the Port of New York Authority since 1955.

Other officers elected to serve with Mr. Kellogg are: Vice-Presidents: Richard W. Simmons, Blunt Ellis & Simmons, Chicago and William D. Kerr, Wertheim & Co., New York; Treasurer: Harry A. Jacobs, Jr., Bache & Co., New York. A total of 13 governors were elected to round out the 38-man board, seven from New York and six from various cities throughout the country.

The ASEF, celebrating this year the 50th anniversary of its founding, provides many important services for its 600 members. It is actively concerned with legislative and regulatory matters affecting the nation's securities markets and the more than 17 million American shareowners.

New Governors elected by the association are: Alfred J. Coyle, Hayden, Stone & Co., Inc., New York; James W. Davant, Paine, Webber, Jackson & Curtis, New York; William H. Donaldson, Donaldson, Lufkin & Jenrette, Inc., New York; Henning Hilliard, J. J. B. Hilliard & Son, Louisville; David Klee, Burnham & Co., New York; W. Wallace Lanahan, Jr., Stein Bros. & Boyce, Inc., Baltimore; Milton A. Manley, Manley, Bennett, McDonald & Co., Detroit; Frank W. North, Barret, Fitch, North & Co., Inc., Kansas City; Harold A. Rousselot, Francis I. duPont & Co., New York; and Bertram M. Wilde, Janney, Battles & E. W. Clark, Inc., Philadelphia.

Governors re-elected were:

James E. Hogle, J. A. Hogle & Co., Salt Lake City; William E. Hutton, W. E. Hutton & Co., New York; Henry W. Meers, White, Weld & Co., Chicago; Joseph R. Neuhaus, Underwood, Neuhaus & Co., Inc., Houston; George J. Otto, Irving Lundborg & Co., San Francisco; and Robert C. Van Tuyl, Shearson, Hammill & Co., New York.

Chas. H. Dick Opens

VANCOUVER, Wash.—Charles H. Dick is conducting a securities business from offices at 108 West Evergreen Boulevard. He was formerly with E. I. Hagen & Co., Inc., and Financial Security Corporation.

Forms J. H. Dillon Co.

SPOKANE, Wash.—Joe H. Dillon is conducting a securities business from offices at West 505 Sprague Avenue under the firm name of J. H. Dillon and Co.

As We See It

Continued from page 1

Frontiership. How bound he will feel himself to be by political considerations, by honor or by any other influence to push vigorously ahead with the national policies of the Kennedy Administration we, of course, have no more means of knowing than the commentators who have been speculating on the subject. Drastic immediate change of direction seems unlikely in the circumstances, but whatever he may decide to do in the early future, we can but hope, with all respect to the martyred President Kennedy, that President Johnson and the Democratic party will feel that the time and the opportunity have come for a very careful restudy of both the New Frontier programs and the philosophy which underlies them. President Kennedy had surrounded himself with a large number of young academicians, most of whom had been reared in the intellectual atmosphere largely dominated by the thinking of John Maynard Keynes. Most of them had lived less in the world about them, than in the clouds above it. The Kennedy program bore evident imprint of all this.

It would be an excellent thing if the world about us were given a close re-inspection between now and the time that the campaigns get under way next year. And that restudy should get down to fundamentals. It should after the manner of Albert Einstein in the field of physics, question a number of now almost sacred precepts and dogmas. One of the first tasks should be to call into question some of the all but universally accepted current statistics and their alleged meaning. We should then ask if remedies proposed seem to be reasonably well adapted to correction of such real infirmities as the figures seem to reveal. Great courage would doubtless be required to approach the question of unemployment in this manner.

Fingers in the Nail Prints

Yet we should want to get our fingers into the nail prints. We should insist that the President and his party proceed to some really close cross examination of witnesses in this matter of unemployment and the so-called unemployment ratio, which, of course, involves both unemployment and the so-called labor force. Are there really 5.5 million men and women unemployed in this country? What, in any event, is an unemployed person? We have on past occasions called attention to the possibility of substantial over statement of this figure due to definitions and to the mode of collection of the data. The concept of the labor force is likewise open to the same set of infirmities. And there are factors which normally would introduce serious bias in these series over longer periods of time. These current unemployment percentages carried to decimal points are often to be taken with a generous dosage of salt, or so it seems to us. The new President who traditionally lives much nearer the surface of the earth than some of the advisers who surrounded his predecessor would do well to look carefully into such matters as these, and the same goes for the Democratic party.

Again, what about the causes of whatever unemployment really exists? Some of the Ivy League economists and statisticians now living in Washington have occupied themselves with preparing figures which allegedly support the Keynesian thesis of deficient "aggregate demand." Learned coefficients have been prepared to show lack of relationship between advances in technology and unemployment, and this is taken to prove that lack of aggregate demand is the trouble. We shall not attempt to match the erudition of these university professors, but we shall have to confess a skepticism about a good deal of all these refined statistical procedures applied to data that are doubtful to begin with. What is as much to the point is the fact that we can not conceive of "aggregate demand" being independent of unemployment whatever may have caused it to begin with. Yet some of these savants proceed with their statistical measures apparently assuming that the two possible causes of unemployment are quite independent of one another. And are there no other possible causes —such, for example, as the exactions of the labor monopoly?

Dubious Remedies

The Administration's tax reduction proposals — along with insistence upon continuation of mountainous outlays —and labor's suggestion of a sharply shortened work week without loss of pay both logically rest upon the assumption that lack of adequate aggregate demand is at the bottom of an unemployment situation which is assumed to be just what the figures seem to make it. The one would render effective latent demand by printing the needed money (or the modern equivalent of it) and the other would have much the same effect on production costs as would some 15% increase in wages. Whether the increase in demand (assuming it develops) generated by either or both of remedies would quickly vanish by reason of higher prices is certainly a question that the new President as well as members of Congress should ask themselves.

The list of New Frontier programs which could be and should be put under the microscope in much this same manner is long and imposing. Of course, time will be required to make headway in changing all this or any very substantial part of it. But Congress has been showing what seems to be a determination not to permit much of it to become law this year. This would leave more time for the new Administration to get its chair warm and plan for next year. We hope that it will not let the opportunity slip by.

Hawaii's Past Growth Forces Continue in Strength

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continued as a negative factor until 1954.

(3) *1955-60—A Period of Record-breaking Growth.*

In the light of the conditions during 1945-55, it is not surprising that businessmen and those engaged in housing development on Oahu were cautious about undertaking expansion programs. Hence, even as late as 1955, there was a substantial carry-over of the shortages created during World War II (in housing, office buildings, hotels, and retail outlets).

During 1955-57, these shortages became very acute because of a reversal in population movement (from outmigration to a marked inmigration—stimulated by an increase in military personnel and their dependents).

Many factors caused the record-breaking 1955-60 rise, including (a) a continuing sharp increase in defense expenditures in the Islands, (b) a very substantial year-to-year growth in tourism, (c) an accelerating expansion in manufacturing and processing, (d) the creation here of many new branches of large mainland concerns, and (e) a parallel growth in retailing, public utilities, and other service enterprises.

These advances created an imperative demand for construction of all kinds (both public and private).

A rising volume of mainland investment in Hawaii (added to high levels of local investment) provided the capital for new construction. The total dollar volume of investments of insurance companies in Hawaii, for example, which stood at $83 million as of Jan. 1, 1954, increased to $451 million by Jan. 1, 1963.

During 1950-55, annual construction averaged only $92 million—but in 1960 alone it totaled $275 million. During 1958-60, the annual average was $222 million.

The 'fifties thus began with Oahu's worst depression — and ended with its greatest advance.

(4) *1960-63—A Period of Consolidation, More Normal Rates of Growth, and a Rising Intensity of Competition.*

During the past three years, the shortages that created the building boom have been largely overcome —accompanied by a gradually increasing intensity of competition in all areas of business activity—especially noticeable during 1963 in the markets for apartments, housing, office space, and commercial accommodations.

These postwar developments provide a background for the following review of the forces that are now determining the patterns of development throughout Oahu.

Honolulu—The "Central Business District"

Nearly every major city in the United States is confronted with problems of obsolescence in sections of its downtown district. This is due to a number of complex factors—the most important being the spreadout of business to other areas, leaving the central district with aging and outmoded sections and without the business or income for their modernization. To deal with this problem, the Federal Government and local governments have cooperated on "redevelopment programs" designed to clear and rebuild the blighted areas, thus modernizing the center of the city.

In this respect, Honolulu is no exception. The unprecedented 1955-60 growth in population and business found the central district unequipped to meet expanding needs—particularly in the field of retailing. New shopping centers in other areas, planned for efficiency and convenience, had a marked advantage.

Hence, here (as in other cities) it became imperative to institute redevelopment programs. These are now well under way in and near the central district. Outstanding among them is the Queen Emma project where commercial buildings, churches, schools, and apartment houses are moving toward completion. Due to this and to other developments—within a year there will be a substantial increase in the number of middle class families living within walking distance of the downtown district.

The clearance of the Aala Triangle and its redevelopment are scheduled for the coming year. Additional redevelopment projects are under consideration.

Honolulu—The Prospective Unification of a New and Larger Central Business District

Honolulu's downtown district is not now "central" in the sense that it was in prewar days. A new business district has been growing rapidly—extending outward on both sides of Kapiolani Boulevard from South Street to Kalakaua Avenue (including Hawaii's largest shopping center—the Ala Moana). In volume of retail sales and services, this area closely rivals the entire downtown district.

Between these two business districts, there is now an area (Kakaako) of startling contrasts. It contains a wide range of obsolescent buildings (housing small service enterprises and repair shops) as well as a few long-established industrial and processing plants. But among them there already are some large, new and outstandingly modern, office buildings, wholesale establishments, and branch offices of mainland corporations. Kakaako is in the midst of a period of "private enterprise redevelopment."

Thus, within the foreseeable future, it will be necessary to redefine Honolulu's central business district to encompass a far larger area (extending from the present downtown district to Waikiki, and from the waterfront to Beretania Street). As these areas are gradually unified, the "center of gravity" of business in Honolulu will slowly shift to a point substantially "waikiki" (eastward) of the historic downtown district.

To accommodate this growth and unification, however, it will be essential to widen and modernize the small and inadequate lanes and alleys that serve sections of Kakaako (as well as some adjacent areas). The cost of doing this will be substantial—but will be decidedly higher if postponed.

Honolulu—Super Markets and Shopping Centers

In addition to this central growth, there has been a pronounced spreadout of the city's business to super markets and to new shopping and service centers. In most cases, these have been created (1) in conjunction with the redevelopment of existing residential districts, or (2) as a part of the planned development of new housing tracts within the city. Although individually, these centers are decidedly smaller than the downtown district—in the aggregate, they represent a marked and rapid change in the overall business pattern.

Accompanying this change is an equally remarkable advance in the modernization of buildings, methods, organization, and services (the outstanding development being the rapid growth of super markets).

The underlying objective in these changes is to achieve a competitive advantage by bringing the business to the customer—and by more conveniently meeting his needs.

Honolulu—The Rise in the Cost of Land and Its More Intensive Use

Since 1940, the value of land in Honolulu has recorded a more than sevenfold rise in value. This has been due to a growing density of population, accompanied by an increasingly intense competition among the various uses for land (to meet the growing needs of business, service enterprise, tourism, defense, and industry—not to mention the public need for parks, government buildings, schools, and a substantially enlarged system of streets and arterial highways).

One obvious solution for the problems posed by these conditions has been the more intensive use of land within the city.

At the end of World War II, there were no high rise buildings in Honolulu—the tallest buildings in the city being only four to six floors in height. Within the past ten years, however, high rise office buildings, hotels, public buildings, and apartment houses have been built in such numbers as to completely change the appearance and character of Honolulu. In this development, hotel and apartment house construction has centered in Waikiki (though there has recently been a spreadout of high rise apartment houses to other areas). New and imposing office buildings, however, are (quite significantly) scattered throughout the "new and larger central business district" (discussed above).

A second result of the rising cost of land in Honolulu has been the spreadout of population to outlying communities.

The Suburbanization of Oahu

The most dramatic development of the postwar period has been this growth of suburban communities throughout Oahu. Some of them already have been encompassed by the growth of Honolulu itself (which by any reasonable definition now includes the entire built-up area "makai" [toward the sea] of the mountains from Pearl City to Hawaii-Kai).

The largest of the strictly suburban developments has been on the windward side of the island—the Kaneohe-Kailua-Lanikai complex which has gradually grown together into the second largest community in the State (now exceeding 50,000).

Without exception, however, significant new developments have occurred during the past 10 years in every community on Oahu—though they have differed in magnitude, and communities have varied sharply in rates of growth.

This marked postwar trend toward suburbanization is explainable in terms of four factors: (1) the sharp rise in the cost of land in Honolulu; (2) the postwar rise in motorcars (from 49,673 in 1945 to 200,783 in 1963); (3) the relatively small size of Oahu (which means that every community on the island is, or can become, a suburb of Honolulu); and (4) the interaction of suburban development and highway construction (since suburban growth begets arterial highways—and these in turn stimulate the spreadout of population).

Highways as a Factor in the Pattern of Development

The outstanding example of the impact of arterial highways on suburbanization is the effect of the "Nuuanu" and "Likelike" arterials (including tunnels through the Koolau range). They were very substantial factors in the pronounced growth of communities on Windward Oahu (as already noted).

An equally dramatic development is in prospect in Leeward Oahu—due to the "H-1" Highway now in the planning stage. When this arterial is completed, it will materially reduce the "time-distance" to Honolulu. It will thus bring sharply into focus four factors favoring suburbanization in the Ewa to Waianae area: (1) lower land costs; (2) the growth of Campbell Industrial Park (providing a growing volume of employment); (3) the defense installations at Barber's Point; and (4) the superb scenic and climatic factors in the Waianae area itself.

In contemplating the construction of this arterial, it is thus imperative to formulate flexible plans to meet the needs of growing communities (for schools, water supply, sewage disposal, etc.) as they arise.

At the other extreme of this primary arterial, there will be a stimulus to development (in the Aina Haina through Koko Head area). Suburban developments also are to be expected (as traffic congestion is overcome by throughways into the city) in the Waipahu to Wahiawa area.

The Impact of Specific Types of Activity on Development

Every business activity has its specialized requirements for land, buildings, equipment, organization, and manpower. Taken in the aggregate, the expanding development of business enterprises thus constitutes the basic determinant of the pattern of growth.

Retail trade has paralleled the spreadout of population (as already noted). The same is true of public utilities, banking, and service enterprises generally.

Tourism has expanded from a \$6-million-a-year industry in 1946 to its present level of approximately \$170 million in 1963. This continuing year-to-year growth has entirely changed the appearance and character of Waikiki and is indirectly initiating developments elsewhere on Oahu.

Other factors have played a potent role in determining the pattern of development on Oahu. Defense activity has been a significant influence (as is clearly indicated by the large and complex installations scattered throughout the Island). Overseas transportation has required a very substantial increase in docks and harbor facilities—as well as the completion of a large international airport. Manufacturing and processing grew so rapidly as to require the creation of new industrial parks to accommodate the needs of new plants for land and services.

Intelligent Planning

A new and decidedly different Oahu is thus now emerging. Within the foreseeable future, it will crystallize into a relatively fixed pattern. Most of the activities that are determining this pattern are based on well-organized plans (as, for example, for specific housing tracts, for schools, for the expansion of public utility services, for industrial parks, and for a wide range of other developments).

Each activity, however, is propelled by its own imperative needs. Hence, to date the interaction of these programs has been largely an unplanned interaction.

Fortunately, there is a rapidly growing awareness of the need for an integrated approach to the development of the Island on the part of the business community (which has set up special organizations to deal with the various aspects of planning). The local and state governments also are now placing special emphasis on agencies for research and planning.

The "Neighbor Islands"

For three decades the other islands have been recording two apparently contradictory trends: (1) a gradual decline in population; and (2) a continuing advance in personal income, as well as in the aggregate dollar volume of their local businesses. The explanation lies in the mechanization of the sugar and pineapple industries. The sugar industry, for example, now produces a greater annual tonnage with 13,000 workers than it produced in 1932 with 55,000 (who, with their dependents, exceeded 100,000).

This 30-year decline in employment has resulted in a mild year-to-year outmigration (primarily to Oahu, but also to the Mainland). Meanwhile, there were repeated and very substantial increases in wages. The 13,000 workers received in 1963 substantially more than twice as much in total wages as the aggregate payroll of the 55,000 workers in 1932.

During the past year, however, the mild downtrend in the population of the Neighbor Islands was reversed to a mild uptrend. These changes have been very gradual. Because the average population density of the Neighbor Islands (22 per square mile) is far below that of Oahu (960 per square mile), the problems of planning on the Neighbor Islands are thus not so crucial as they are on Oahu today.

Due to this marked difference in density and the continuing improvement of inter-island air and surface transportation, there is already discernible a spreadout of activity from Oahu to other parts of the State. Currently, the outstanding feature of this trend is the rapid growth of new tourist centers on Kaui, Maui and Hawaii. To a lesser degree, this trend is also evident in the spreadout of defense activity and industry.

A Long-Range Growth Factor in Hawaii's Future

To date, Hawaii's growth has been geared almost exclusively to her relations with the Mainland—as a market for exports, as a source of "mainland-dollar income" from tourists, defense, and services to shipping and air lines, and as the market in which Hawaii buys well over a half billion dollars of commodities of all kinds essential for the Islands' streamlined economy.

In recent years, however, there has been a rapid growth in Hawaii's relations to other parts of the Pacific hemisphere. This is not in the area of trade (Hawaii will never be able to export in volume to low-wage countries of the Far East). The character of this trend is exemplified (1) by current contracts of Hawaiian firms in Pacific area countries for dredging harbors, clearing land, and assisting in the development of sugar and pineapple production; (2) by the growth of Hawaii as a meeting place for conferences of professional, scientific, governmental, and business groups; (3) by Hawaii's growing importance as a Pacific communications center; (4) by the creation at the University of Hawaii of the "East-West Center" for the technical and professional training of students from Pacific area countries; (5) by the continuing growth in the business of servicing trans-pacific shipping and air lanes; and (6) by the remarkable rise in "eastbound visitors" to Hawaii (those from New Zealand, Australia, and the Pacific Far East) from 11,693 in 1955 to well over 90,000 this year. This trend is advancing rapidly and promises to make Hawaii a "center for services" throughout the Pacific Basin.

This is not to imply that Hawaii will become a large factor in economic relationships throughout the Pacific. Hawaii is a relatively small economy with a population of only slightly over 700,000. On the continent of Asia alone (even if Red China is excluded), there are over 700 million—not to mention important island areas such as New Zealand, Australia, the Philippines, and Japan. Hence, what is a relatively small factor in these far larger economies can be a very pronounced growth factor in Hawaii.

The forces that have stimulated the growth of Hawaii in the past continue in strength. Hence, the addition of the growing relations between Hawaii and Pacific area countries appears to assure a continuing expansion in Hawaii's economy for the foreseeable future.

IBA Memorandum Opposing Interest Equalization Tax

The Investment Bankers Association of America has sent to each member of the United States Congress a memorandum supporting its opposition to the enactment of the proposed Interest Equalization Tax Act of 1963 (HR 8000).

Nine points are developed in this memorandum which was prepared jointly by Amyas Ames, Kidder, Peabody & Co. (New York), President of the IBA, and by Andrew N. Overby, The First Boston Corporation (New York), Chairman of the IBA Foreign Investment Committee.

According to the letter of transmittal accompanying the statement, the Association regards the enactment of this legislation "as being contrary to our national interest and a serious abdication of financial leadership in the free world by the United States."

Summary excerpts are as follows:

(1) The improvement in the balance of payments resulting from the threat of the proposed tax is misleading.

The uncertainty engendered by the threat of the enactment of a retroactive tax has in effect imposed not merely a limitation but an actual embargo on the sale of new foreign securities in the United States capital market.

(2) The method used by the United States Government in determining its balance of payments deficits tends to exaggerate the seriousness of the United States position.

Since 1950, the first post-war year in which a deficit in the U. S. balance of payments appeared, the over-all net international asset position of the United States has improved from \$14 billion to \$33 billion.

(3) The proposed tax will adversely affect the United States balance of payments in the long run.

Private foreign investment is an asset creating expenditure. The extent to which income from previous investments serves to offset current net capital outflows is indicated by the fact that . . . in 1962 alone income amounted to \$3,850 million as compared to a net outflow of \$3,273 million. Trade follows credit. Purchases by foreigners of our exports of goods and services with dollars obtained from U. S. purchases of foreign securities . . . provide jobs for Americans. Moreover, future receipts from foreign investments in the form of interest, dividends, and return of capital benefit the balance of payments in future years.

(4) The proposed tax is not addressed to the fundamental causes of the balance of payments deficit.

To reduce significantly our balance of payments deficit we must . . . reduce the direct dollar drain from military expenditures abroad . . . make greater progress in relating foreign economic assistance . . . to expenditures of dollars in the United States . . . improve our cost position in relation to our competitors abroad, and . . . increase the attractiveness of foreign direct and portfolio investments in the United States by reduction in income taxes and other appropriate measures.

(5) The proposed tax is a new protective tariff on capital transactions and is inconsistent with our long-standing policy of freedom for capital movements.

(6) The United States capital market, and foreign economies dependent upon it, may be seriously damaged.

(7) The proposed tax creates fears of further restrictions.

We must not, through one device or another, impair the value of the dollar as the key currency of the world or create fears that further restrictions may be imposed.

(8) The proposed tax is discriminatory.

It selects only . . . private portfolio investments for restriction through a special tariff while leaving unaffected private expenditures abroad for tourism, direct foreign investment and commercial bank loans.

(9) The proposed tax is administratively complex.

Compliance and enforcement procedures will prove burdensome. . . .

The conclusion of the memorandum is as follows:

"The Investment Bankers' Association believes that the proposed Interest Equalization Tax Act should not be enacted. Any probable short term beneficial effects fall far short of justifying the adverse consequences. It is most injurious to the United States international capital market, a national asset to be fostered rather than injured. It imposes hardships on our friends abroad that over the long-term can only be detrimental to us as well.

"Our long-term balance of payments position and outlook is strong. It would be better to deal with our present problem by improving our international competitive position, encouraging increased foreign investment in the United States, reducing our non-asset-creating expenditures abroad and even by temporary drawings on the International Monetary Fund or use of our reserves rather than to endanger the free flow of funds or our position as the world's banker and trustee of the key currency of the world. Once confidence in us and in the freedom of our capital market is impaired, it will be difficult to rebuild it."

Maryland Enterprises

BALTIMORE, Md. — Hugo E. Suhr, Jr., and Martin W. Seabolt have formed Maryland Enterprises with offices in the Munsey Building.

STATE of TRADE and INDUSTRY

Continued from page 17

products will advance at least 5% in January.

Troublesome Sheet Steel Imports

Steelmakers who have lost business to foreign mills have a new worry: The rising tide of imported carbon and stainless sheets.

European and Japanese producers are cutting their export prices and stepping up their sales efforts in the U. S. Some American firms are placing trial orders.

Scrapmen are anticipating lower prices on their product because large offerings of quality automotive scrap will be available at month-end. *Steel's* price composite on No. 1 heavy melting is unchanged for the third week at $26.67 a gross ton.

In labor news, *Steel* predicted that 1964's auto industry negotiations will center on profit sharing for the Big Three — Chrysler Corp., Ford Motor Co., and General Motors Corp.

American Motors Corp. is the only automaker with a profit sharing plan in effect. Its estimated profit sharing per hourly worker will total $313 this year.

Applying the AMC formula to the Big Three, *Steel* estimated that, for the first nine months of 1963, GM hourly workers would each be sharing profits of about $704 (around 41 cents an hour); Ford workers, $496 (about 35 cents an hour); and Chrysler workers, $361 (about 24 cents an hour).

The union's demands won't be finalized until the UAW bargaining conference early next year. The extent of the United Auto Workers' ambitions will be influenced by how well auto sales are running in the spring.

Auto Industry Reaches New Peak in Assembly Rate

Rate of auto production in the U. S. has reached its highest level in history this month, according to *Ward's Automotive Reports*

The statistical agency said Nov. 22 that some 37,500 passenger cars daily are being produced in November, an increase of 7.7% from the 34,800 units a day averaged in October, when an all-time high in monthly output was attained.

Ward's said that with four fewer regular work days this month, including the Nov. 25 day of mourning for President Kennedy, November volume should total almost 750,000 assemblies—compared with the record 798,719 of last month—but will match the industry's best November count of 749,061 set in 1955.

In determining the current rate of output, *Ward's* pointed out that November of 1955 reflected one more regular work day than the month this year.

Industry Capacity Still Greater

Industry capacity is still greater, *Ward's* said, pointing out that five assembly plants have been touched by strikes this month so far — with losses estimated at upwards of 25,000 units. Two plants are still idle. Also, one auto maker, Studebaker Corp., was shut down in a production adjustment.

Week's Output Second Highest

Ward's said output last week was the second highest for any week in history. Programmed at 186,923 passenger cars — 6.1% above 176,116 units in the Nov. 16 week, and compared with 132,914 in the same week of a year ago.

The upsurge in output will reflect the first time any one auto maker has scheduled upwards of 100,000 cars for such a period. General Motors Corp. had slated 101,533 assemblies for the week ending Nov. 23.

Model Run Leads All Years—Nears 2,000,000

Meanwhile, the industry's 1964 model run, including this week's program, stands at an estimated 1,979,000 units—leading all model years to this date in history and running 11.9% ahead of 1,768,800 cars made in the 1963 run to the same point.

Chrysler Corp. Paces Gain

Ward's said that of a 210,200-unit gain in the model run pace this year over 1963 production, 44.5% of it is attributable to Chrysler Corp. Its output is up 40.8% for the 1964 vs. 1963 period. The company has accounted for 16.3% of the current model run, compared with 13.0% it took of 1963 model making by the same time a year ago.

On a calendar basis, the company this year has already outproduced the 716,089 cars it made in entire 1962 by some 200,000 units. In entire 1963, Chrysler will build more than a million passenger cars for the first time since 1960—with its gain from a year ago equal to nearly two weeks of output for the entire industry at the current (37,500 units) daily assembly rate.

Combined Car-Truck Output Tops 8,000,000

Total motor vehicle output in the U. S. since Jan. 1 passed the 8,000,000-unit level this week. Made up of 6,744,003 cars and 1,306,357 trucks, the combined total of 8,050,360 units produced is an increase of 11.1% over 7,247,066 cars and trucks made to the same date a year ago. The 1963 count is also within 100,000 units of overtaking record 1955—when car-truck output by this date stood at 8,148,000.

Goodyear, Ward's to Illuminate Running Car Count

In numerals five feet high, on a sign illuminated by 19,000 lights and seen daily by some quarter-million Detroit-area residents, *Ward's* count of U. S. cars produced will sometime in December begin to tick off in tune with the assembly lines. At the interchange of the Ford and Chrysler Expressways, the massive sign — 100 feet high and 114 feet wide — is being constructed by the Goodyear Tire & Rubber Co., with *Ward's* commissioned to provide the statistics.

NOTE: Of passenger car output last week, GMC was expected to account for 54.2%; Ford Motor Co., 24.7%; Chrysler Corp., 14.3%; American Motors, 6.8%, and Studebaker, nil.

Week Rail Freight Loadings Down Fifth Week in a Row But Up Over Last Year's Week in Loadings And Tonnage

Loading of revenue freight in the week ended Nov. 16, totaled 587,822 cars, the Association of American Railroads announced. This was a decrease of 6,959 cars or 1.2% below the preceding week, and was the fifth successive week in which total carloadings declined.

The loadings represented an increase of 16,386 cars or 2.9% above the corresponding week in 1962, but a decrease of 3,513 cars or six-tenths of one per cent below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Nov. 16, 1963, are estimated at approximately 12.9 billion, an increase of 7.1% over the corresponding week of 1962 and 9.7% over 1961.

The 62 Class I U. S. railroad systems originating piggyback traffic reported loading 16,242 cars with one or more revenue highway trailers or highway container (piggyback) in the week ended Nov. 9, 1963 (which were included in that week's over-all total).

This was an increase of 1,142 cars or 7.6% above the corresponding week of 1962 and 3,646 cars or 28.9% above the 1961 week.

Cumulative piggyback loadings for the first 45 weeks of 1963 totaled 694,691 cars for an increase of 80,293 cars or 13.1% above the corresponding period of 1962, and 183,689 cars or 35.9% above the corresponding period in 1961.

Truck Tonnage 2.5% Ahead Year-Ago Week

Intercity truck tonnage in the week ended Nov. 16 was 2.5% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 2.5% below the volume for the previous week of this year.

The yearly comparison reflects the continuing gains truck tonnage is making on the 1962 level. Since late June, truck tonnage has exceeded 1962 volume in 18 of the last 22 weeks reported. The week-to-week findings are consistent with that experienced during comparable periods in past years. Part of the decline can be attributed to the Veterans Day holiday which fell on Monday of the reported week. While the observance of this day is not uniform at all centers, its observance along with seasonal factors tended to depress volume in the week-to-week comparison.

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.

Lumber Output Falls Fractionally Below 1962's and Last Year's Pace

Lumber production in the country totaled 226,827,000 board feet in the week ended Nov. 16 according to reports received from regional lumber associations. Output declined 0.2% in the current week-to-week change.

Compared with 1962 levels, production dropped 0.9%, shipments rose 1.5% and new orders rose 5.7%.

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

	Nov. 16 1963	Nov. 9 1963	Nov. 17 1962
Shipments	225,122	220,203	221,600
Production	226,827	227,351	228,878
New orders	227,755	228,247	210,568

Electric Output Shows 10.0% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 23, was estimated at 17,727,000,000 kwh. according to the Edison Electric Institute. Output was 90,000,000 kwh. more than the previous week's total of 17,637,000,000 kwh. and 1,618,000,000 kwh. above the total output of 16,109,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 10.0%.

Business Failures Highest Since May

After two steady weeks at 270, commercial and industrial failures surged up in the week ended Nov. 21 to 309, the highest level since May, reports Dun & Bradstreet, Inc. Casualties ran above the 1962-1961 levels of 253 and 238, but in those years the Thanksgiving holiday came a week earlier. As well, some 23% more businesses succumbed than in 1939 when the prewar toll stood at 252.

Liabilities of $100,000 or more were involved in 45 of the week's casualties, about the same as in the preceding week when 46 of this size occurred, but almost twice the 23 registered in the comparable week last year. Casualties with losses under $100,000 increased from 224 a week earlier and 230 in the similar period of 1962 to 264 in the latest week.

Wholesale Food Price Index Falls to Five-Month Low

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., fell to $5.89 on Nov. 26, down 0.9% from the prior week and 1.7% from the comparable week of 1962. Two weeks ago, the index matched the high for the year of $5.98, but this week's index is lower than any since June 19 when it stood at $5.88, although it was equalled once in the middle of October.

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

Wholesale Commodity Price Index Falls to 10-Week Low

Dropping steadily throughout last week, the wholesale commodity price level reached a 10-week low of 264.72 this past Friday, reports Dun & Bradstreet, Inc., and Monday most of the commodity markets were closed. Downturns in prices of grains, wholesale meats and sugar exerted strong adverse effects on the index.

The Daily Wholesale Commodity Index dropped to 264.72 on Nov. 22, down substantially from the 266.64 of the prior Monday. Furthermore, the index trailed the 269.58 of a month ago and the 267.74 of last year.

Pre-Holiday Buying Gets Under Way

With the approach of Thanksgiving, buying at retail gained vitality in the week ended Wednesday, Nov. 20, 1963, and continued to hold above the dollar volume chalked up in the similar period last year. Preholiday purchases of food, dressy apparel and of home goods gave a solid lift to activity generally. However, unseasonably warm weather remained a formidable obstacle in the movement of outerwear. And new auto purchases, previously the solid bulwark in a lack-lustre fall, lost some momentum and eased below their year-ago pace.

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

Nationwide Department Store Sales Rise 5% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index advanced 5% for the statement week ending Nov. 16 compared with the like period in 1962. The week's rise above the year-ago week marked the 25th year-to-year weekly gain out of the past 26 weeks. The weekly sales index without seasonal adjustment reveals sales were up 8% from last week.

In the four-week period ended Nov. 16, 1963, sales gained 3% over last year's comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Nov. 16), 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. 16 increased, finally after several weeks, 3% above the comparable year-ago week's figure and were up 1.0 compared to last year's four-week period unchanged for the second week in a row. They were up 5% since the beginning of this year compared to the same cumulative period in 1962 and at that rate was unchanged from last week's similar tally. *Within* the N. Y. Metropolitan area, however, New York City department store sales for the Nov. 16-ending week were unchanged from the corresponding period a year ago, sales in the latest four weeks rose 1% above total retail dollar volume from the year-ago period, and cumulative sales from Jan. 1 to Nov. 16 were up 5% from year-ago period.

Warm Spell Cuts into Election Day Sales

A *flash figure* for New York City's sales for the Nov. 23 ending sales week revealed a plus 5% *due to an additional shopping day* this year since Thanksgiving fell on Nov. 22, 1962, last year.

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 minus 1.0% decline from last year's period.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Nov. 16-ending week's sales 4.0% above that for the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 3.0%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

Hub Planning Branch

GLENS FALLS, N. Y.—Hub Planning, Inc. has opened a branch office at 21 Bay Street, under the management of Daniel J. Bishop.

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. 23	1,995,000	1,979,000	1,915,000	1,844,000
Index of production based on average weekly production for 1957-1959	Nov. 23	107.1	106.2	102.8	.99
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Nov. 23	0.65	0.654	0.625	.63
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 15	7,580,410	7,568,110	7,610,110	7,338,960
Crude runs to stills—daily average (bbls.)	Nov. 15	8,615,000	8,476,000	8,432,000	8,295,000
Gasoline output (bbls.)	Nov. 15	31,170,000	30,439,000	31,606,000	30,041,000
Kerosene output (bbls.)	Nov. 15	2,986,000	3,445,000	3,093,000	3,182,000
Distillate fuel oil output (bbls.)	Nov. 15	14,234,000	14,116,000	14,344,000	13,365,000
Residual fuel oil output (bbls.)	Nov. 15	4,759,000	4,592,000	4,168,000	5,552,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Nov. 15	176,569,000	177,432,000	179,234,000	177,990,000
Kerosene (bbls.) at	Nov. 15	38,198,000	37,832,000	37,184,000	36,032,000
Distillate fuel oil (bbls.) at	Nov. 15	191,761,000	189,033,000	183,465,000	175,912,000
Residual fuel oil (bbls.) at	Nov. 15	52,682,000	52,424,000	52,712,000	53,173,000
Unfinished oils (bbls.) at	Nov. 15	85,613,000	85,772,000	83,134,000	85,447,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 16	587,822	594,781	626,180	571,436
Revenue freight received from connections (no. of cars)	Nov. 16	512,528	521,299	518,375	506,787
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 16	9,600,000	*9,650,000	9,615,000	8,683,000
Pennsylvania anthracite (tons)	Nov. 16	377,000	359,000	427,000	409,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Nov. 21	$1,023,000	$1,212,100	$682,200	$691,100
Private	Nov. 21	567,500	420,000	508,900	136,100
Public	Nov. 21	455,500	792,100	173.300	555,000
State and Municipal	Nov. 21	352,500	780,700	156,300	529,700
Federal	Nov. 21	103,000	11,400	17,000	25,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Nov. 16	143	132	122	136
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 23	17,727,000	17,637,000	17,261,000	16,109,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 21	309	270	179	253
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 18	6.368c	6.368c	6.368c	6.196c
Pig iron (per gross ton)	Nov. 18	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Nov. 18	$26.50	$26.50	$26.83	$23.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 22	30.600c	30.600c	30.600c	30.600c
Export refinery at	Nov. 22	28.375c	28.325c	28.350c	28.475c
Lead (New York) at	Nov. 22	12.500c	12.000c	12.000c	10.000c
Lead (St. Louis) at	Nov. 22	12.300c	11.800c	11.800c	9.800c
‡Zinc (delivered at)	Nov. 22	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Nov. 22	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Nov. 22	23.000c	23.000c	23.000c	24.000c
Straits tin (New York) at	Nov. 22	128.125c	128.000c	120.375c	111.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 26	88.80	88.70	88.79	90.04
Average corporate	Nov. 26	88.27	88.27	88.40	88.27
Aaa	Nov. 26	91.19	91.34	91.34	92.50
Aa	Nov. 26	89.64	89.64	89.64	90.34
A	Nov. 26	88.27	88.27	88.54	87.72
Baa	Nov. 26	84.17	84.17	84.43	82.90
Railroad Group	Nov. 26	86.38	86.38	86.65	84.68
Public Utilities Group	Nov. 26	89.37	89.51	89.51	89.92
Industrials Group	Nov. 26	89.09	89.09	89.23	90.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 26	4.02	4.03	4.01	3.71
Average corporate	Nov. 26	4.54	4.54	4.53	4.54
Aaa	Nov. 26	4.33	4.32	4.32	4.24
Aa	Nov. 26	4.44	4.44	4.44	4.39
A	Nov. 26	4.54	4.54	4.52	4.58
Baa	Nov. 26	4.85	4.85	4.83	4.95
Railroad Group	Nov. 26	4.68	4.68	4.66	4.81
Public Utilities Group	Nov. 26	4.46	4.45	4.45	4.42
Industrials Group	Nov. 26	4.48	4.48	4.47	4.39
MOODY'S COMMODITY INDEX	Nov. 26	369.8	370.9	375.7	363.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 16	355,061	388,150	350,572	346,835
Production (tons)	Nov. 16	368,355	381,416	381,314	340,565
Percentage of activity	Nov. 16	97	99	99	94
Unfilled orders (tons) at end of period	Nov. 16	610,077	622,632	623,801	461,802
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Nov. 22	99.61	*99.63	99.35	98.90
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 1	3,849,990	4,253,040	2,729,860	3,020,950
Short sales	Nov. 1	718,930	781,950	570,650	887,740
Other sales	Nov. 1	3,082,070	3,344,870	2,195,270	2,307,330
Total sales	Nov. 1	3,801,000	4,126,820	2,765,920	3,195,070
Other transactions initiated off the floor—					
Total purchases	Nov. 1	923,400	973,060	703,620	710,750
Short sales	Nov. 1	134,100	150,000	92,200	148,100
Other sales	Nov. 1	795,100	893,420	572,300	515,700
Total sales	Nov. 1	929,200	1,043,420	664,500	663,800
Other transactions initiated on the floor—					
Total purchases	Nov. 1	1,720,700	1,620,900	1,198,865	1,025,767
Short sales	Nov. 1	199,800	257,060	188,550	260,667
Other sales	Nov. 1	1,210,624	1,421,910	890,625	844,985
Total sales	Nov. 1	1,410,424	1,678,970	1,079,175	1,105,652
Total round-lot transactions for account of members—					
Total purchases	Nov. 1	6,494,090	6,847,000	4,632,345	4,757,467
Short sales	Nov. 1	1,052,830	1,189,010	851,400	1,296,507
Other sales	Nov. 1	5,087,794	5,660,200	3,658,195	3,668,015
Total sales	Nov. 1	6,140,624	6,849,210	4,509,595	4,964,522
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	Nov. 1	2,036,988	2,041,158	1,456,581	1,414,777
Dollar value	Nov. 1	$129,461,452	$130,216,206	$80,856,440	$68,402,469
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Nov. 1	2,310,762	2,354,689	1,742,909	1,547,715
Customers' short sales	Nov. 1	27,178	29,408	19,116	88,960
Customers' other sales	Nov. 1	2,283,584	2,325,281	1,723,793	1,458,755
Dollar value	Nov. 1	$125,378,092	$131,841,612	$89,855,519	$74,446,046
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 1	847,130	870,790	625,750	548,760
Short sales	Nov. 1	------	------	------	------
Other sales	Nov. 1	847,130	870,790	625,750	548,760
Round-lot purchases by dealers—Number of shares	Nov. 1	548,500	540,590	357,500	457,590
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	Nov. 1	1,545,240	1,640,900	1,200,170	2,406,650
Other sales	Nov. 1	27,507,230	28,992,430	20,509,270	18,419,910
Total sales	Nov. 1	29,052,470	30,633,330	21,709,440	20,826,560
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Nov. 19	100.3	*100.6	100.4	100.5
Farm products	Nov. 19	94.6	*96.1	95.2	98.3
Processed foods	Nov. 19	101.7	*102.2	102.1	101.0
Meats	Nov. 19	88.6	*90.2	92.2	99.0
All commodities other than farm and foods	Nov. 19	100.8	*100.8	100.7	100.7

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

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of August:			
Total domestic production (barrels of 42 gallons each)	270,876,000	268,429,000	254,674,000
Domestic crude oil output (barrels)	236,830,000	235,144,000	224,240,000
Natural gasoline output (barrels)	34,039,000	33,278,000	30,430,000
Benzol output (barrels)	7,000	7,000	4,000
Crude oil imports (barrels)	36,666,000	38,214,000	40,293,000
Refined product imports (barrels)	25,529,000	27,029,000	24,531,000
Indicated consumption domestic and export (barrels)	315,162,000	308,346,000	296,799,000
AMERICAN RAILWAY CAR INSTITUTE—Month of October:			
Orders of new freight cars	8,533	2,319	4,330
New freight cars delivered	4,725	4,327	2,799
Backlog of cars on order and undelivered (end of month)	22,196	18,388	12,159
BANK DEBITS — BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM			
Month of October (000's omitted)	$337,100,000	*$310,400,000	$307,400,000
BANKERS DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of October 31:			
Imports	$562,544,000	$563,707,000	$501,737,000
Exports	806,525,000	775,092,000	678,980,000
Domestic shipments	11,395,000	12,219,000	15,634,000
Domestic warehouse credits	34,140,000	34,831,000	94,239,000
Dollar exchange	89,300,000	96,830,000	159,699,000
Based on goods stored and shipped between foreign countries	1,228,603,000	1,226,029,000	917,075,000
Total	$2,732,507,000	$2,708,708,000	$2,367,364,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of September:			
New England	$43,564,883	$37,819,420	$33,459,125
Middle Atlantic	103,083,082	*83,834,006	109,609,808
South Atlantic	69,129,979	74,240,920	55,387,001
East Central	155,576,135	151,445,121	108,534,437
South Central	130,912,072	123,968,690	93,661,985
West Central	35,078,566	41,783,945	52,046,217
Mountain	41,341,450	27,736,470	32,541,076
Pacific	127,505,864	168,820,048	109,173,027
Total United States	$706,192,031	$709,648,620	$594,412,676
New York City	56,024,033	36,790,703	60,160,084
Total outside New York City	$650,167,998	$672,857,917	$534,252,592
COAL OUTPUT (BUREAU OF MINES)—Month of October:			
Bituminous coal and lignite (net tons)	44,340,000	39,690,000	40,323,000
Pennsylvania anthracite (net tons)	1,806,000	*1,690,000	1,528,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BOARD OF NEW YORK			
As of Oct. 31 (000's omitted)	$2,230,000	$2,098,000	$2,417,000
COTTON GINNING (DEPT. OF COMMERCE):			
As of Nov. 1, running bales	10,064,627	------	9,143,450
COTTON PRODUCTION (DEPT. OF COMMERCE):			
500-lb. gross bales, as of Nov. 1	15,322,000	------	14,864,180
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Crop as of Nov. 1 final (in thousands):			
Corn, grain (bushels)	4,033,033	4,009,093	3,643,615
Wheat, all (bushels)	1,133,010	1,133,010	1,092,562
Winter (bushels)	895,904	895,904	817,154
All spring (bushels)	237,106	237,106	275,408
Durum (bushels)	50,567	50,567	71,809
Other spring (bushels)	186,539	186,539	203,599
Oats (bushels)	975,068	975,068	1,081,743
Barley (bushels)	395,574	395,574	429,495
Rye (bushels)	29,828	29,828	41,175
Flaxseed (bushels)	31,152	31,152	31,952
Rice (100-pound bag)	69,422	67,268	64,458
Sorghum grain (bushels)	538,587	526,068	509,137
Cotton (bales)	15,322	14,847	14,867
Hay, all (tons)	113,832	113,832	121,034
Hay, wild (tons)	9,399	9,399	10,899
Hay, alfalfa (tons)	67,655	67,655	71,651
Hay, clover and timothy (tons)	20,551	20,551	21,986
Hay, lespedeza (tons)	2,875	2,875	2,942
Beans, dry edible (cleaned) (100-pound bag)	20,446	20,680	18,827
Peas, dry field (cleaned) (100-pound bag)	5,009	5,009	4,947
Soybeans for beans (bushels)	718,182	727,358	675,197
Peanuts (pounds)	1,922,360	1,943,280	1,809,880
Potatoes, winter (cwt)	3,952	3,952	4,160
Early spring (cwt)	5,196	5,196	3,433
Late spring (cwt)	24,027	24,027	21,690
Early summer (cwt)	12,714	12,714	12,685
Late summer (cwt)	33,487	33,487	33,710
Fall (cwt)	195,745	793,992	191,025
Total (cwt)	275,121	273,368	266,703
Sweetpotatoes (cwt)	16,910	16,957	19,009
Tobacco (pounds)	2,228,119	2,209,170	2,309,055
Sugarcane for sugar and seed (tons)	13,957	13,957	10,097
Sugar beets (tons)	22,859	22,108	18,240
Broomcorn (tons)	26	26	26
Hops (pounds)	51,888	51,888	44,231
Apples, commercial crop (bushels)	122,840	121,885	125,425
Peaches (bushels)	73,481	73,481	75,789
Pears (bushels)	18,871	19,221	29,294
Grapes (tons)	3,773	3,664	3,210
Cherries (tons)	143	143	287
Apricots (tons)	220	220	166
Cranberries (barrels)	1,302	1,328	1,324
Pecans (pounds)	283,000	297,000	70,800
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of October:			
Weekly earnings—			
All manufacturing	$100.53	*$100.53	$96.32
Durable goods	109.45	*109.45	105.37
Nondurable goods	89.15	*89.38	85.50
Hours—			
All manufacturing	40.7	*40.7	40.3
Durable goods	41.3	*41.3	41.0
Nondurable goods	39.8	*39.9	39.4
Hourly earnings—			
All manufacturing	$2.47	*$2.47	$2.39
Durable goods	2.65	*2.65	2.57
Nondurable goods	2.24	2.24	2.17
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of October:			
Seasonally adjusted	127	126	119
Unadjusted	130	*129	123
NEW YORK STOCK EXCHANGE—			
As of October 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$5,515,000	$5,356,000	$3,889,000
Credit extended to customers	29,000	41,000	25,000
Total of customers free credit balances	1,173,000	1,180,000	1,126,000
Market value of listed shares	407,242,000	396,235,000	309,225,978
Member borrowings of U. S. Govt. issues	502,000	749,000	766,000
Member borrowings on other collateral	4,358,000	4,244,000	2,739,000

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. (12/9-13)
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. (12/16-20)
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. Rights will expire Dec. 16. **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. (12/16-20)
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 8¾%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—120 S. LaSalle St., Chicago. **Underwriter**—Supervised Investors Services, Inc. (same address).

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.

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.

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.

● Bridges Investment Fund, Inc. 12/2)
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 being offered for subscription by stockholders on the basis of three new shares for each five held of record Nov. 20. Rights will expire Dec. 13. **Price**—$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 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.

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.

● Coronet Industries, Inc. (1/6-10/64)
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.

Defenders Insurance Co.
Jan. 30, 1963 filed 100,000 common. **Price**—$12.50. **Business**—Company plans to write automobile insurance. **Proceeds**—For general corporate purposes. **Office**—146 Old County Rd., Mineola, N. Y. **Underwriter**—None.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, one unit for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

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

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. (12/9-13)**
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.

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.

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 Mortgage Investors (12/16-20)**
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**—30 Federal St., Boston. **Underwriter**—Shearson, Hammill & Co., New York.

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. (12/2-6)**
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.

Continued on page 26

NEW ISSUE CALENDAR

December 2 (Monday)

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

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

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

Garan, Inc........Common
(Bache & Co.) 100,000 shares

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

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

December 3 (Tuesday)

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

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

Trans World Airlines, Inc........Debentures
(Offering to stockholders—no underwriting) $8,500,000

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

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

December 6 (Friday)

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

December 9 (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

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

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

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

Imperial '400' National Inc........Debentures
(P. W. Brooks & Co., Inc.) $1,500,000

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

Louisville & Nashville RR........Equip. Trust Ctfs.
(Bids 12 noon EST) $6,705,000

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

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

December 10 (Tuesday)

Illinois Tool Works, Inc........Common
(White, Weld & Co., Inc.) 157,306 shares

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

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

December 12 (Thursday)

Texas & Pacific Ry........Equip. Trust Ctfs.
(Bids 12 noon CST) $2,700,000

December 16 (Monday)

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

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

First Mortgage Investors........Debentures
(Shearson, Hammill & Co.) $15,000,000

Kingsboro Corp........Common
(New York Securities Co.) 166,000 shares

Varner-Ward Leasing Co........Common
(Birr, Wilson & Co., Inc.) 125,000 shares

Sinclair Oil Corp........Debentures
(Merrill Lynch, Pierce, Fenner & Smith Inc.) $150,000,000

December 17 (Tuesday)

Midwestern Gas Transmission Co........Common
(No underwriting) 50,000 shares

December 18 (Wednesday)

Opticks, Inc........Common
(Eppler, Guerin & Turner, Inc.) 111,000 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 6, 1964 (Monday)

Consolidated Water Co........Common
(Smith, Barney & Co., Inc.) 36,000 shares

Coronet Industries, Inc........Common
(Hemphill, Noyes & Co.) 210,000 shares

Northern Plastics Corp........Common
(Shearson, Hammill & Co. and Loewi & Co., Inc.) 120,000 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 8, 1964 (Wednesday)

Atlantic Coast Line RR........Equip. Trust Ctfs.
(Bids 12 noon EST) $6,420,000

Northwest Natural Gas Co........Bonds
(Lehman Brothers) $14,000,000

Northwest Natural Gas Co........Preferred
(Lehman Brothers) 60,000 shares

January 14, 1964 (Tuesday)

Narragansett Electric Co........Bonds
(Bids 11 a.m. EST) $5,000,000

January 15, 1964 (Wednesday)

Clinchfield RR........Equip. Trust Ctfs.
(Bids 12 noon EST) $6,960,000

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

March 18, 1964 (Thursday)

Atlantic Coast Line RR........Equip. Trust Ctfs.
(Bids 12 noon EST) $3,825,000

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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 Ltd. (12/9-13)**
Sept. 12, 1963 filed $190,000 of 8% subordinated debentures due 1975 and 14,000 8% preferred ordinary shares. **Price**—For debentures, $100; for stock $10. **Business**—Company plans to prepare and market baby food in Israel and abroad. **Proceeds**—For loan repayment, construction, equipment, and other corporate purposes. **Address**—Givat Brenner, Israel. **Underwriter**—Brager & Co., New York.

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

Israel Investors Corp.
Sept. 26, 1963 filed 100,000 common. **Price**—$104. **Business**—A closed-end investment company engaged in investing in private industries located in Israel. **Proceeds**—For investment. **Office** — 850 Third Ave., New York. **Underwriter**—None.

"Isras" Israel-Raasco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business**—A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York. **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. **Note**—This statement was withdrawn.

● **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. **Offering**—Expected in mid-January.

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.

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.

● **Life Affiliates Corp. (12/9-13)**
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 (12/3)**
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.

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.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

Massachusetts Electric Co. (12/4)
Oct. 21, 1963 filed $10,000,000 of first mortgage bonds, series H, due Dec. 1, 1993. **Proceeds**—For loan repayment. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly). **Bids**—Dec. 4 (11 a.m. EST) at above address. **Information Meeting**—Nov. 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 mid-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. **Note**—This registration will be withdrawn.

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 was 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 was 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. (12/11)**
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.

● **Natural Gas & Oil Producing Co. (12/9-13)**
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. (12/2)**
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). **Note**—Registration has become effective.

● **Opticks, Inc. (12/18)**
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.

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.

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.

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.

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.

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. (12/2)**
Oct. 7, 1963 filed 125,000 common to be offered for subscription by stockholders on the basis of one new share for each share held of record Nov. 29. Rights will expire Dec. 16. **Price** — By amendment (max. $7.50). **Business**—Company examines and insures titles to real property. **Proceeds** — For general corporate purposes. **Office**—17 E. 45th Street, 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.

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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.

Tecumsen 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.
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. Offering—Expected in early December.

● Ultronic Systems Corp.
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. Note—This statement was withdrawn.

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.

● Varner-Ward Leasing Co. (12/16-20)
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.

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 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.

Young Industries, Inc.
Sept. 30, 1963 filed 100,000 class A common and warrants to purchase an additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 25 shares. Price—$501.25 per unit. Business—Commercial development of real estate, primarily shopping centers, in Kentucky, Indiana, Ohio and Tennessee. Proceeds—For debt repayment and property acquisitions Office—508 West Jefferson St., Louisville, Ky. Underwriter—None.

Issues Filed With SEC This Week

★ All State Commodity Traders, Inc.
Nov. 18, 1963 ("Reg. A") 30,000 common. Price — $6. Business—Company plans to start operations principally as commodity brokers. Proceeds—To purchase membership in commodity exchange and for advertising, equipment, working capital, and other corporate purposes. Office—25 Broad St., New York. Underwriter—None.

★ Bryna International Corp.
Nov. 21, 1963 ("Reg. A") 75,000 common. Price — $4. Business—Sales representatives for certain Italian manufacturers of women's shoes. Proceeds—To obtain letters of credit, open offices in Italy and Hong Kong, and increase working capital. Office—47 West 34th St., New York. Underwriter—S. C. Burns & Co., Inc., New York.

★ Consolidated Water Co. (1/6-10/64)
Nov. 26, 1963 filed 36,000 common. Price—By amendment. Business—A holding company for five subsidiaries operating in Ohio, Missouri, Michigan, Indiana, and California. Proceeds—For loan repayment. Office—327 So. La Salle St., Chicago. Underwriter—Smith, Barney & Co., Inc., New York.

★ Food Town Stores, Inc.
Nov. 20, 1963 ("Reg. A") $250,000 of 6% convertible debentures due Nov. 1, 1973. Price — At par ($500). Business—Operation of a chain of supermarkets. Proceeds—For debt repayment, and working capital. Address — Julian Road, Salisbury, N. C. Underwriter—Carolina Securities Corp., Raleigh, N. C.

★ Fort Apache Oil & Gas, Inc.
Nov. 18, 1963 ("Reg. A") 300,000 common. Price — $1. Business—Development and exploration of oil and gas properties. Proceeds—For general corporate purposes. Office—317-20th Ave., Yuma, Ariz. Underwriter—None.

★ Illinois Tool Works, Inc. (12/10)
Nov. 20, 1963 filed 157,306 common. Price—By amendment (max. $42). Business—Manufacture of metal and plastic fasteners, gear-cutting tools, measuring instruments, specialized gearing and electronic components. Proceeds—For selling stockholders. Office—2501 North Keeler Ave., Chicago. Underwriter—White, Weld & Co., Inc., New York.

★ Industrial Kinetics, Inc.
Nov. 18, 1963 ("Reg. A") 165,000 common and 16,500 prefererd to be offered in units of 10 preferred and 100 common. Price—$120.75 per unit. Business—Manufacture of equipment for landing and launching aircraft and other mechanical devices. Proceeds—For new plant and equipment, sales promotion, new products, and working capital. Office — 1972 Grand Ave., St. Paul, Minn. Underwriter—None.

★ Kingsboro Corp. (12/16-20)
Nov. 22, 1963 filed 166,000 common, of which 70,238 will be sold by company and 95,762 by stockholders. Price—By amendment (max. $12). Business—The making of interim mortgage loans on real property. Proceeds—For debt refinancing. Office—51 East 42nd St., New York. Underwriters—New York Securities Co., New York City.

★ Minnesota Tree Farms, Inc.
Nov. 18, 1963 ("Reg. A") 590 undivided fractional fee interests, each equivalent to one acre of Minnesota real estate. Price—$495 per unit. Business—Acquisition of lake shore real estate, and planting and sale of Christmas trees. Proceeds — For land purchase, equipment, working capital and other corporate purposes. Office—4½ S. Broadway, Fargo, N. D. Underwriter—None.

★ Mono Twin Corp.
Nov. 13, 1963 ("Reg. A") 75,000 common. Price — $1. Business—Company plans to develop an advanced type commercial aircraft engine. Proceeds—For debt repayment, and working capital. Office—202 N. Canon Dr., Beverly Hills, Calif. Underwriter—None.

★ Narragansett Electric Co. (1/14/64)
Nov. 26, 1963 filed $5,000,000 of first mortgage bonds due Jan. 1, 1994. Proceeds—For repayment of short-term loans. 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—Jan. 14, 1964 (11 a.m. EST) at company's office. Information Meeting — Jan. 8 (11 a.m. EST), same address.

★ Northern Plastics Corp. (1/6-10/64)
Nov. 21, 1963 filed 120,000 common. Price—By amendment (max. $18). Business — Manufacture of industrial plastic laminates to customer specifications. Proceeds—For selling stockholders. Office — Second and Market Sts., LaCrosse, Wis. Underwriters—Shearson, Hammill & Co., New York and Loewi & Co., Inc., Milwaukee.

★ Northwest Natural Gas Co. (1/8/64)
Nov. 27, 1963 filed $14,000,000 of first mortgage bonds due 1989. Price—By amendment. Business—Production and sale of natural gas in Oregon and Washington. Proceeds—To prepay bank loans, and redeem outstanding 5⅛% bonds. Office—735 S. W. Morrison, Portland, Ore. Underwriter—Lehman Brothers, New York.

★ Northwest Natural Gas Co. (1/8/64)
Nov. 27, 1963 filed 60,000 preferred ($100 par). Price—By amendment. Business—Production and sale of natural gas in Oregon and Washington. Proceeds—To retire the outstanding 5.75% preferred. Office—735 S. W. Morrison, Portland, Ore. Underwriter — Lehman Brothers, New York.

★ Sinclair Oil Corp. (12/17)
Nov. 20, 1963 filed $150,000,000 of sinking fund debentures due Dec. 15, 1988. Price—By amendment. Business —Company and its subsidiaries constitute one of the large integrated enterprises in the petroleum industry. Proceeds—For loan repayment, and acquisition of Texas Gulf Producing Co. Office—600 Fifth Ave., New York. Underwriter—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ Trans World Airlines, Inc. (12/3)
Nov. 22, 1963 filed $8,500,000 of 5¾% convertible subordinated debentures due Oct. 1, 1983 to be offered for subscription by stockholders on the basis of $100 of debentures for each 18 common shares held of record Dec. 3. Rights will expire Dec. 27. Hughes Tool Co., majority stockholder, will not subscribe for these debentures. Price—$101.37. Proceeds—To help finance the purchase of 12 Boeing jet aircraft. Office—380 Madison Ave., New York. Underwriter—None.

Effective Registrations

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

Carlon Products Corp.
304,293 common being offered for subscription by stockholders at $3.50 per share, on the basis of three new shares for each five held of record Nov. 20. Rights will expire Dec. 13. No underwriting is involved.

Craft Master Corp.
$1,000,000 of 6% convertible subordinated debentures due 1973, and 125,000 common offered at par and $10 per share respectively, by Fulton, Reid & Co., Inc., Cleveland.

Ramo, Inc.
$2,150,000 of 6¼% subordinated sinking fund debentures due Oct. 1, 1975, offered at par by First Nebraska Securities Corp., Lincoln, Nebr.

Ryder System, Inc.
$5,380,900 of 5¼% convertible subordinated debentures due Nov. 1, 1983 being offered for subscription by common stockholders, at par, on the basis of $100 principal amount of debentures for each 40 shares held of record Nov. 22. Rights will expire Dec. 6. Blyth & Co., Inc., New York, is the principal underwriter. (This issue was exempted from SEC registration.)

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 common carrier operating in Michigan, Ohio, Indiana and Illinois. **Proceeds**—To retire outstanding 6% cumulative preferred stock. **Office** — 15 Andre St., S. E., Grand Rapids, Mich. **Underwriter** — Hornblower & Weeks, New York. **Offering**—Indefinitely postponed.

★ Atlantic Coast Line RR (1/8/64)
Nov. 26, 1963 it was reported that this road plans to sell about $6,420,000 of 1-15 year equipment trust certificates in January. **Office**—220 E. 42nd St., New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Jan. 8, 1964 (12 noon EST) at above address.

★ Atlantic Coast Line RR (3/18/64)
Nov. 26, 1963 it was reported that this road plans to sell $3,825,000 of 1-15 year equipment trust certificates in March. **Office**—220 E. 42nd St., New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected March 18, 1964 (12 noon EST) at above address.

Bank of the Southwest N. A. (Houston)
Oct. 16, 1963 it was reported that stockholders had approved a 2-for-1 split and the offering of 100,000 $10 par shares to stockholders on the basis of one new share for each 20 held of record Oct. 15. Rights will expire Jan. 6, 1964. **Price**—$45. **Proceeds**—To increase capital funds. **Office**—900 Travis St., Houston, Tex. **Underwriter**—None.

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.

★ Clinchfield RR (1/15/64)
Nov. 26, 1963 it was reported that this company plans to sell $6,960,000 of 1-15 year equipment trust certificates. **Office**—20 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Jan. 15, 1964 (12 noon EST) at above address.

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.

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.

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.

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).

★ Louisville & Nashville RR (12/9)
Nov. 26, 1963 it was reported that this road plans to sell $6,705,000 of 1-15 year equipment trust certificates. **Office**—220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Dec. 9, (12 noon EST) at above address.

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.

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 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.

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.

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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.

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.

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 of 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.

● Ryder Systems, Inc.
Nov. 25, 1963 it was reported that the ICC had authorized the company to issue $5,380,900 of 5¼% convertible subordinated debentures due 1983 being 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. (12/4)
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.

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).

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.

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.

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.

★ Wisconsin Public Service Corp.
Nov. 26, 1963 the compny stated that it is considering the sale of $15,000,000 of 30-year first mortgage bonds in the period June to November, 1964. **Proceeds** — For construction. **Office**—1029 No. Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); White, Weld & Co.; First Boston Corp.; Blyth & Co.-Lehman Brothers (jointly).

Security Salesmen's Corner

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the circumstances that the housing account was still open, I would be forced by his refusal to have my firm cancel this when issued trade and when he returned from Europe we woulld take another look at the situation.

We Cancelled

As a result it was necessary for us to hold these bonds in our account and around the end of September we were able to sell them, meanwhile fulfilling our honorable obligations to the original underwriting group from whom we had taken down the bonds. I then received a memo that my account had been debited with the gross loss incurred in selling out the bonds, which was approximately $1,000. Here I was, I had lost the commissions on the original sale to this man, I had a loss in my commission account instead of a $1,000 credit, and I also had to face the embarrassment that one of my accounts welched on a trade. This certainly did not look good on my record . . . a salesman is supposed to know the people with whom he is doing business. I thought I knew this man but obviously I did not know him well enough.

What I Learned

Now it was time to take another and more searching look at this account. Here was a man that I knew was extremely wealthy. He belonged to several of the most exclusive clubs in my city. He and his wilfe numbered among their friends people who were socially and financially prominent. Several of my largest accounts knew this man for years. I also knew that he got up at five in the morning and was at his desk by seven. His office was untidy. He was begnning to deteriorate physically. He was temperamental and extremely volatile in his behavior. Yet, despite these outward signs, I never had any doubt that when he gave me an order, he meant it. Why had this happened and how was I to collect this loss?

Several years ago I read a practical book that gave four reasons why people act the way they do **emotionally.** I thought about this man and I classified him immediately. What were his principal motivations? I decided that the first and primary motive in his life was **acquisitiveness.** His entire approach to this transaction was — "Why should I take those bonds when they look like they are going to decline in price as soon as the books are closed?" So he justified his actions by blaming the entire unfortunate affair on me, on the monetary authorities, and on the politicians.

Next, I checked him out in his behavior and I decided that his second emotional motivation was a desire for **recognition.** Although his office was untidy, etc., he was very aware of the number of times his name appeared in the local society columns. (The society columns of the paper list many people whom you would never think might be there—but they are.) Now I had it worked out. **Acquisitiveness** and **recognition** were the motivations. Possibly I could see him when he returned, cool him off, and collect without the unpleasantness of legal action.

The Sale

When he returned I read it in the paper. I waited two days and I telephoned him as if nothing had happened. I asked him about his trip. I told him I read that he and his wife had been quoted in the paper as having said something of local interest to other people in Spain. I asked about his wife. Then after I saw that he was calm, I went on, "You know Henry (not his name), I took a bath for a thousand bucks on those 50 housings you bought. I am sure you don't want me to take this loss. Possibly we can work something out without ill will and unpleasantness. I'd like to come to see you." He hedged around a bit but when I lowkeyed the whole idea and told him again that a couple of men of good-will could work things out, so that no one would get hurt, he finally consented that I call him in a week to make an appointment. This was satisfactory to me because a plan had shaped itself in my mind. Now the account was split up, the same bonds he had bought could be repurchased at a dollar price much lower than he had originally bought them, and it looked like another week might see them lower.

About a week later I made an appointment to see him at his office at 10 a.m. I arranged with our partner in New York to be ready to talk with him over long distance. I found out the day before that I could offer him the same bonds for $600 less than he had originally agreed upon, including his repayment to me of the $1,000 to cover our loss. I also asked him if he could make our interview private and he suggested that his accountant was coming that day. I told him that would be fine with me and that it might be good to have him there because there was a plan I wanted to suggest.

When I called he was friendly. We sat down in his office and his accountant was quietly working on his books across the room. After a few pleasantries we got into the bond discussion. He stuck to his guns. He defended his position. He completely ignored the fact that he gave me the order in the first place. He assumed that I should have protected his interest and not sold him the bonds and he said, "You knew they were no d——n good."

I sat there and let him get it cut of his system. Then I asked him if he would like to see a memo from our partner in New York that would show exactly from whom we bought the bonds, cur profit, and to whom we sold them. (My New York partner had prepared it for me). He took out his magnifying glass and laboriously went over it. Finally, he looked at me and said, "That's a h–ll of a note, I don't see why you have to stand this loss."

Then I tried the recognition approach and I replied, "I knew you would say that. Frankly, I think this is just a complete misunderstanding all around — you didn't want my firm to lose, you don't want me to lose, or you to take a loss. Besides, I am sure that you know that I have heard only the most complimentary reports about you from friends of yours with whom I have done business such as, J. B. and F. T. for many years. That's why I figured we could work this out."

The ice jam began to break. He listened and asked, "What have you got there?" As I spoke I was holding a piece of paper in my hands. "Just this," I replied, "my firm does not want you to lose, I don't want you to lose, and you don't want us to lose, isn't that right?" "Yes," he said, "I guess that's right." Then I laid the plan in front of him. I showed him where he could replace the cancelled bonds, pay up the loss and still make the trade good with $600 in his pocket. I waited as he looked over the figures. I didn't say a word. His accountant didn't lift his head from the books. Finally he replied.

"You mean, you can get me those same bonds, and I can get them for $600 less and also clear up this loss you say you have to take?" "That's it," I replied, "and may I ask you one more question?" "Sure," he replied, "and if it is what tax bracket I am in, I am way ahead of you." "You sure are," I continued, "How much of this loss can you deduct if you take this short-term loss?" He called his accountant and he asked, "Can you use another $1,000 short-term this year?" The accountant answered "yes." I could see the wheels going around in his keen head. I waited. Then he said, "That looks pretty good . . . you sure you can do this?" Now I was ready. "Just as quick as I can call New York COLLECT I will talk to the head of our municipal department and let's try and find out."

I put in the call, we confirmed the bonds, our man in New York thanked him for his cooperation and consideration. He then gave me a check for a thousand dollars. I put it in my pocket and when I left I promised to send him a letter to verify the loss so that he would have it for his tax records. When I did this I sent a special letter of thanks to him from our office manager. He now has the 50 housings, the loss is cleared from the books, and it was done without ill will—or legal proceedings.

You can't learn everything from books but sometimes you can pick up ideas that help you to evaluate problems in human relations that can only be resolved through an understanding of the emotional motivations of human beings . . . then you stimulate the right climate for action and agreement in order to accomplish your objectives.

This is a true story. I hope that the other lessons it teaches in salesmanship may be obvious such as—

(1) Don't assume that your client is more knowledgeable than he is.

(2) A man's past performance in making contracts good are not always a guarantee that he will do so under every and all circumstances.

(3) Try and watch the overall underlying factors in markets and if you sense weakness be careful about "when issued" transactions. This is not always possible in our present day managed money markets when a government agency can pull the rug from under any market without notice—but be alert as you can.

(4) Sometimes the best intentioned people can be under severe emotional stress, or physical handicaps, as was the case here. This man was very upset when I called him and he told me he was leaving for Europe two weeks ahead of his planned schedule.

(5) When people get older they sometimes make statements, or forget easily. This can lead to misunderstandings. Watch out for elderly people with idiosyncrasies.

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

TAX-EXEMPT BOND MARKET

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with three notable issues up for sale. The Power Authority of the State of New York awarded $17,000,000 general revenue serial (1969 - 1980) and term (2006) bonds to the syndicate jointly managed by *The First Boston Corp.* and *Salomon Brothers & Hutzler* at a net interest cost of 3.626%. This bid compared very favorably with the runner-up bid, 3.629%, which was made by the group managed by Dillon, Read & Co., Halsey, Stuart & Co., Inc. and W. H. Morton & Co.

Other major members of the winning syndicate included Bear, Stearns & Co., Hemphill, Noyes & Co., Clark, Dodge & Co., Dean Witter & Co., Wertheim & Co., Dominick & Dominick, A. G. Becker & Co., Bache & Co., Hallgarten & Co., Francis I. duPont & Co., Hayden, Stone & Co., American Securities Corp. and Hirsch & Co.

The serial bonds were reoffered to yield from 2.85% to 3.35% for various coupons and the $13,600,000 term bonds were offered at 100½ for a 3⅝% coupon to yield 3.60%. Insurance company and commercial bank demand was immediate and, after the one hour order period, all of the bonds were sold and the account marked closed.

Alexandria, Virginia sold $5,000,000 Public Improvement (1964-1983) bonds to the syndicate managed by *Halsey, Stuart & Co., Inc.* at a net interest cost of 3.1662%. The second bid, a 3.17% net interest cost, came from Phelps, Fenn & Co. and associates and there were nine additional bids ranging in interest cost from 3.18% to 3.26% made for this popular issue.

Associated with Halsey, Stuart & Co. as major members of this syndicate are The Northern Trust Co., Equitable Securities Corp., F. W. Cragie & Co., Fahnestock & Co., Roosevelt & Cross, Fitzpatrick, Sullivan & Co., Jones, Kreeger & Co., Kenower, MacArthur & Co. and Harkness & Hill & Co.

Scaled to yield from 2.00% to 3.25% for various coupons, this issue is off to a good start, with the present balance in syndicate totaling $1,165,000.

The final sale of mention last Thursday involved $3,500,000 Bloomington, Minnesota various purpose (1965-1984) bonds. The account headed by *Piper, Jaffray & Hopwood* and *John Nuveen & Co.* submitted the best bid, a 3.863% net interest cost, for this issue. The second and only other bid, a 3.94% net interest cost, was made by F. S. Smithers & Co. and associates.

Other members of the winning account include Allison-Williams Co., American National Bank, St. Paul, J. M. Dain & Co., Juran & Moody Inc., Kalman & Co., Northwestern National Bank, Minneapolis, Paine, Webber, Jackson & Curtis, Shearson, Hammill & Co., E. J. Prescott & Co., Caldwell, Phillips Co., Sampair, Egan & Schaps, Shaughnessy & Co. and Woodard, Elwood & Co.

Reoffered to yield from 2.70% to 3.80%, press time balance in syndicate was $1,458,000.

The group managed by *C. C. Collings & Co.* purchased, through negotiation, $3,425,000 West Shore Senior High School Authority, Pennsylvania, School revenue (1965-1991) bonds at a net interest cost of 3.633%.

Other major members of this group include Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co., Blair & Co., Granbery, Marache Inc., Butcher & Sherrerd Reynolds & Co., Hess, Grant & Remington and Schmidt, Roberts & Parke.

Reoffered to yield from 2.50% to 3.65%, all but $201,000 of the bonds have been sold.

Monday was a National Day of mourning for President Kennedy and markets were shut down. Tuesday, due to an important postponement, was a quiet day. The sale of $53,400,000 State of Minnesota School and Refunding (1965-1983) bonds which had been scheduled was put off until Dec. 10. Other smaller issues were also deferred until a later date.

Rapid Distribution

The account led by the *Chase Manhattan Bank* submitted the best bid, a 3.3432% net interest cost, for $10,500,000 Montgomery County, Maryland various purpose (1964-1993) bonds Tuesday and the runner-up bid of a 3.3433% net interest cost, unbelievably close, came from the group jointly managed by the Morgan Guaranty Trust Co. and the First National Bank of Chicago.

Other major members of the winning group are Bankers Trust Co., C. J. Devine & Co., Carl M. Loeb, Rhoades & Co., Dean Witter & Co., Ladenburg, Thalmann & Co., Wertheim & Co., First National Bank in Dallas, Robert Garrett & Sons, Marine Trust Co. of Western New York, Shearson, Hammill & Co., Trust Company of Georgia, Federation Bank & Trust Co., Fidelity-Philadelphia Trust Co., Baxter & Co. and Wood, Struthers & Co., Inc.

Scaled to yield from 2.05% to 4.40%, all of the bonds were sold and the group was marked closed.

Also on Tuesday the Pasadena Unified School District, Los Angeles, California awarded $3,000,000 Unlimited Tax (1965-1984) bonds to the *Bank of America N. T. & S. A.* and associates at a net interest cost of 3.102%. The next bid, a 3.12% net interest cost, came from the Security-First National Bank of Los Angeles and there were six additional groups which submitted bids ranging in interest cost from 3.15% to 3.20% for this issue.

Other members of the winning group include Harris Trust and Savings Bank, Dean Witter & Co., C. J. Devine & Co., Kidder, Peabody & Co., Philadelphia National Bank, Laidlaw & Co., Kalman & Co., Kenower, MacArthur & Co., Ginther & Co. and Stern, Frank, Meyer & Fox.

Reoffered to yield from 2.00% to 3.20%, latest balance in group was $1,295,000.

Wednesday's only sale of importance involved $7,183,000 City of Paterson, New Jersey various purpose (1965-1989) bonds. The account headed by the *Chase Manhattan Bank* was the high bidder for this issue on its bid of 100.19 for a 3½% coupon. The second bid, 100.07 also for a 3½% coupon, was submitted by the Morgan Guaranty Trust Co. and associates.

Other major members of the successful account include Bankers Trust Co., Harris Trust and Savings Bank, Salomon Bros. & Hutzler, R. W. Pressprich & Co., Wertheim & Co., United California Bank, Connecticut Bank and Trust Co. and Roosevelt & Cross, Inc.

Reoffered to yield from 2.15% to 3.60%, a balance of $5,550,000 remains in account as we go to press.

Monetary Policy to Remain Unchanged

Following President Johnson's reassuring speech before Congress on Wednesday, most of the dollar quoted revenue bond issues improved by one-quarter of a point more or less. Judging from favorable developments within the Treasury bill market and the Treasury bond market, it would appear that the Administration's monetary policy is not subject to any immediate revision. Both short and long term Treasury issues have shown varying degrees of strength in the past two sessions. It follows that municipals may do the same.

Investment Bankers Association 52nd Annual Convention Dec. 1-6

WASHINGTON, D. C.—The 52nd Annual Convention of the Investment Bankers Association of America will be held Dec. 1-6 at the Hollywood Beach Hotel in Hollywood, Florida. More than 1,300 investment bankers and their wives are expected to be in attendance, announced Amyas Ames, IBA President and Senior Partner, Kidder, Peabody & Co., New York. Convention sessions will be held at the Hollywood Beach Hotel and delegates will be accommodated there and also at The Diplomat, a nearby hotel in Hollywood.

David J. Harris, Partner, Bache & Co., Chicago, was nominated for President of the Association at the fall meeting of the IBA Board of Governors, Sept. 11-13 in Pebble Beach, California. Named with Mr. Harris were the following nominees for Vice-President:

Mark Davids, Lester, Ryons & Co., Los Angeles; *Lloyd B. Hatcher, White, Weld & Co., New York; John P. Labouisse, Howard, Weil, Labouisse, Friedrichs & Co., New Orleans; Charles C. Pierce, Rauscher, Pierce & Co., Inc., Dallas; Albert Pratt, Paine, Webber, Jackson & Curtis, Boston.

The Association will act on this slate of officers at the Annual Convention. Nomination, however, is tantamount to election. The new President and five Vice-Presidents will be installed on Thursday, Dec. 5, and the incoming Board of Governors will meet that afternoon.

In addition to the year-end address by IBA President Amyas Ames and the inaugural address by the incoming President, David J. Harris, the delegates will also hear from the following guest speakers during the week:

William L. Cary, Chairman, Securities and Exchange Commission; Douglas Dillon, Secretary of the Treasury; Benjamin C. Willis, Superintendent of Schools, City of Chicago; George D. Woods, President, International Bank for Reconstruction and Development.

The opening session of the convention on Monday morning, Dec. 2, will feature a panel discussion on the SEC Special Study of Securities Markets and developments arising therefrom. Chairman Cary of the SEC will also participate in this discussion.

Tuesday's meeting will be devoted entirely to municipal finance. Mr. Willis, Superintendent of Chicago's School System, will be the featured speaker. The annual reports of the Municipal Securities Committee and certain of its subcommittees also will be presented. Results of the November municipal bond elections will be announced. Winners of the 1963 IBA Municipal Bond Advertising & Sales Promotion Contest will be presented with awards; entries in this contest will be on display in the hotel lobby.

Cash awards will also be presented to the winners of the 1963 Institute of Investment Banking essay competition. The writer of the winning All-Institute Essay will be presented to the delegates and will make a brief talk.

Convention sessions will be held each morning during the week. The various IBA national committees will hold business meetings, and most of them will submit reports to the delegates on significant developments and activities during the past year.

*Nominated for second term; has been vice-president since December, 1962.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Out of the great tragedy and a look into the future are some apparent far-reaching, world-wide ramifications.

Meantime, there are at least four paramount things that stand out in a mourning Nation's Capital.

(1) Our Government in Washington will function on the same fundamental basis as it did under the leadership of the late President Kennedy for the next year. There will be no radical departures.

(2) If President Lyndon B. Johnson's health holds out, the 55-year-old chief executive will be the Democratic nominee for President nine months from now at Atlantic City, N. J., Convention. He will have a Northener as his Vice-Presidential running mate.

(3) Because the fourth of our Presidents has died at the hands of an assassin, the Republican Presidential picture is badly blurred. Senator Barry Goldwater's political stock has dropped. Even if nominated, the Arizona Senator may not be as strong in the South if he had to face President Johnson. Texas, with 25 electoral votes, very likely would vote for its native son.

(4) At this time there is belief in Washington that the political fortunes of Governor Nelson A. Rockefeller of New York, and former Vice-President Richard M. Nixon have risen. Also coming more to the forefront are the names of Governor George Romney of Michigan and Governor William Scranton of Pennsylvania.

Robert Kennedy May Be Johnson's Running Mate

At this time Attorney General Robt. F. Kennedy appears destined to remain a powerful figure in connection with the affairs of the Democratic party. He has, of course, been a strong figure in his late brother's Administration.

Washington will not be surprised if Attorney General Kennedy should become President Johnson's running mate, although there would be marked opposition to his nomination in some sectors.

The country does not generally know it, but the Attorney General, as his late brother's manager for the nomination for the Presidency, had a strong hand in selecting Lyndon Johnson as JFK's running mate.

Because of his strong Southern ties—both grandfathers were Confederate Soldiers — President Johnson probably will be able to hold a substantial part of the South together next year. No Democratic Presidential candidate has ever won without carrying most of the South.

New President Highly Qualified For the Office

Under provisions of the 22nd Amendment, should President Johnson be elected next year, he would be eligible to seek re-election in 1968.

Only time and history will determine whether President Johnson will be a good leader. However, no man has ever been in the White House who has had better training for the job. Although he is not regarded as an intelligent man. While he is not an orator, he is a fair speaker.

Before becoming Vice-President he served in the U. S. House of Representatives for 12 years, and in the Senate 12 years. He came to Congress at the age of 28 as a protege of the late President Franklin D. Roosevelt. Prior to coming to the House, he had served as a secretary to a late Texas Congressman.

Speedup Possible in Legislative Area

There was speculation in Washington, even before Mr. Johnson addressed a joint session of Congress as Chief Executive, that some of the Kennedy Administration measures may be accelerated.

Some Senators talking privately before President Kennedy was buried in Arlington National Cemetery expressed strong belief there would be faster action on some of the proposals. Senate Majority Leader Mike Mansfield says the Senate plans to start the Christmas Holidays Dec. 20. This means Congress will not return until after New Year's.

The two big issues before Congress are the proposed $11 billion tax cut proposal, and a far-reaching civil rights proposal which Mr. Johnson favors. The fate of these two pieces of legislation remains doubtful. No longer doubtful are the eight appropriation bills that have been held up. These bills should have been passed, under normal legislative procedure, by July 1, when the new fiscal year starts.

Follower of FDR

President Johnson, although a Southerner, is regarded as a liberal by many Southerners, and is called a conservative by many Northern liberals. The fact remains he was a strong supporter as a young Congressman of many measures of President Franklin D. Roosevelt's New Deal.

For years he has defended depletion allowances granted for tax purposes to the oil and natural gas industries, sand and gravel, and numerous other minerals that cannot be replaced.

In the 1960 Presidential Campaign, Mr. Johnson, then Senator Johnson, in a couple of his speeches told audiences that he hailed from Johnson City, Texas, and he left the impression that Johnson City was away out West. As a result some Southern Congressional friends cracked facetiously "Lyndon is trying to leave the impression that Johnson City is West of Honolulu."

The Health Question

In commenting on the great national tragedy, the *Washington Star* said: ". . . Even as the new President took office, concern over his health and the succession of the Presidency assumed new importance. As a Senator, Mr. Johnson had suffered a major heart attack in 1955, and observers naturally wondered about his chances of serving out the term through 1964.

"Should he fail to go the distance, the Chief Executive's post would go, by law, to House Speaker John W. McCormack, a man not on the list of many Democrats as a Presidential asset.

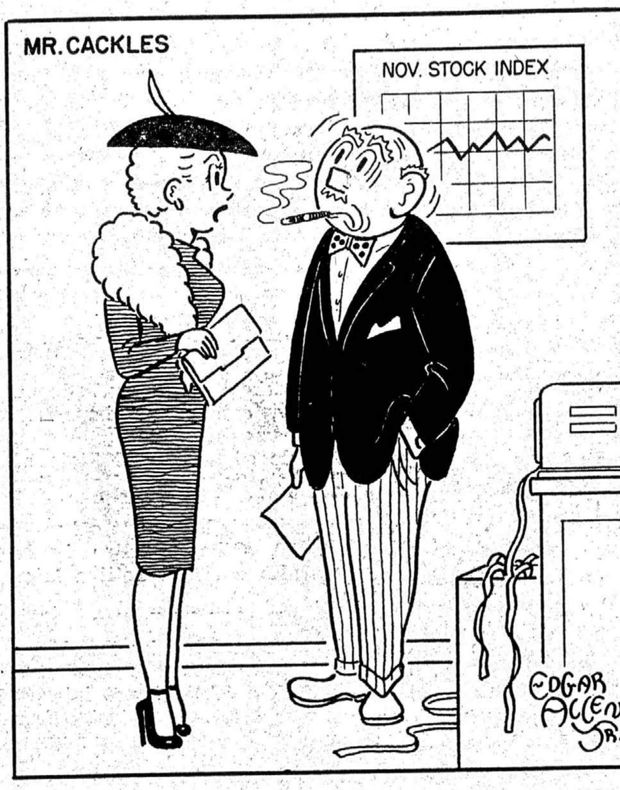
"Offsetting this worry is the fact that former President Eisenhower served a full five years after his heart attack in Denver in 1955, and indeed appears in good health today."

JFK's Place in History

Meantime, President John Fitzgerald Kennedy, the youngest man ever elected President of the United States, may very well become a martyr in American history like Abraham Lincoln, who was assassinated on a warm day in April, 1865, about six blocks from the White House in the old Ford Theatre.

Perhaps the following statement in Mr. Kennedy's Jan. 21, 1961, inauguration day address will go down in history as his most quotable "My fellow Americans: Ask not what your country will do for you — ask what you can do for your country."

[*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.*]



"What will happen to my cheese stock if when they land on the moon they find it's REALLY made of green cheese?"

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.

Dec. 6, 1963 (New York City)
Security Traders Association of New York Annual Meeting at the Harbor View Club.

Jan. 20, 1964 (Chicago, Ill.)
Security Traders Association of Chicago, Inc. Annual Dinner at the Drake 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.

E. I. Hagen Office

McMINNVILLE, Oreg.—E. I. Hagen & Co., Inc., has opened a branch office at 226 North Evans under the management of Robert J. Mattecheck.