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EDITORIAL

As We See It

Very soon after the tragic death of President Kennedy, word came out of Washington that President Johnson had told the Defense Department that he expected a dollar's worth for every dollar spent. Since then unofficial but apparently inspired statements have come again and again to the effect that the new President wants all the fat squeezed out of the Federal Budget. Apparently to counteract repeated reports of definitely enlarged government outlays in the forthcoming budget, the public has been repeatedly informed that outlays were going to be kept down to the lowest feasible point. We are now informed that a $103 billion budget in prospect will be a "tight" one. It would be a good thing if all this mumble jumble were discontinued in Washington but, since there is little likelihood that it will be, the people of this country would do well to take a close look at our fiscal situation and arrive at their own conclusions without reference to the soothing syrup being exuded in the national capital.

Facts, hard cold facts, should be an effective antidote for all this glib talk about the financial position of the Federal Government. First of all, if we are really going to budget some $103 billion for the fiscal year ending in June 1965, or any figure close to that, all records even in the midst of either of the two world wars will be smashed to bits. The figure now forecast doubtless refers to the so-called Administrative budget, but even if all the cash outlays by the Federal Government to the general public are taken into account the total would on any such basis far exceed any peacetime figure, and although it is difficult to come by precisely comparable figures it probably would even surpass any of the war years. No one, so far as we recall, *(Continued on page 13)*

Corporate and Government Bonds In Today's Investment Portfolio

By Sidney Homer,* *Partner, Salomon Brothers & Hutzler, New York City; Author, "A History of Interest Rates" (1963)*

Excellent exposition on managing the bond portfolio strongly recommends taking advantage of today's rare yield opportunity obtainable in long Governments. Mr. Homer traces causative factors shifting the yield spread to the disadvantage of high-grade corporates making it conducive to upgrade quality at the smallest cost in our lifetime. Since yields are transitory, Mr. Homer details investment guidelines covering the bond spectrum. His hard-hitting, lucid advice is directed to but transcends the insurance portfolio manager.

Institutions in low tax brackets ordinarily divide their investment portfolios among the following types of instruments: (1) U. S. Government and Agency Securities; (2) Corporate Bonds, Notes and Short Paper; Marketable and Private; (3) Real Estate Mortgages; and (4) Equities (Common and Preferred).

Sidney Homer

The corporate bond department of the investment market is so large and diversified that selections can be made within it which almost duplicate the attributes of every one of the other types of instruments — almost but not quite. We can select a portfolio of corporate bonds with maturities almost as diversified as those available in Government and Agency bonds — almost but not quite. We can select corporate bonds with liquidity and quality almost as good as Government bonds—almost but not quite. We can select corporate bonds (if we accept private placements with poor marketability or issues with lower quality) with yields almost as high as those of real estate mortgages—almost but not quite. We can select corporate bonds, if we are willing to accept lower quality issues or convertibles, with profit possibilities almost as good as equities—almost but not quite.

These comparisons suggest that the corporate bond market is a compromise market where several investment objectives can be reasonably well approached in combination. Most institutional investment programs seek, in effect, to combine several objectives; therefore, the corporate bond market offers a logical field to select suitable compromises. However, because of this wide range of attributes, selection within the corporate bond market is more important than in other markets. Selection is far more important than the initial decision to buy corporate bonds and how many.

The principal investment objectives of most institutional funds are one or more of the following: Safety; Liquidity; Appropriate Maturity; Call Protection (continuity of income); Yield; and Profit.

Corporate bonds are not the best available investment medium for any one of these objectives. Why then do we buy them? Because at times they come closer to two or more of these objectives than any other instruments. For example, some corporate bonds offer safety and liquidity only moderately less than Governments but at times yield much more; nothing else offers this combination. Other corporate bonds at times yield almost as much as real estate mortgages but are more liquid; nothing else usually offers this combination. Still other corporate bonds have profit possibilities second only to equities but are safer; again nothing else offers this *(Continued on page 22)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 28.

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.

FRED BRENNER
Analyst, Herzfeld & Stern, Philadelphia, Pa.

Movielab, Inc.

Movielab, Inc. trading on the American Stock Exchange in the 9-10 price range for most of the last several months, sells near the low of its 1960-1963 price range (18-7⅝) despite an all-time high in sales and earnings expected for 1963 and further new highs altogether likely in 1964. The company will show its 34th consecutive of increased sales in 1963. The record of recent years follows:

Year	Net Sales (000's omitted)	% Earned on Sales	Net Per Share on 354,445 Shares
1959	4,200	3.9	.49
1960	5,000	4.3	.64
1961	5,800	4.8	.82
1962	6,500	4.4	.[illegible]6
1963	*7,000	4.6	.90
1964	*7,800-8,800	4.8-5.0	1.05-1.30

*Estimated.

The bulk of Movielab's business is processing 16 and 35 millimeter black and white and color film for TV commercials, industrial films, educational, religious, and governmental films. All of these fields are growing, but with about 80% of all prime time television programs now on motion picture film the demand for these filmed presentations keeps the company's facilities operating on a round-the-clock schedule. The company also has ultra-modern facilities for developing, printing, cutting, editing and storing film, and has available a technically perfect preview theatre.

The company has estimated in its 1963 third quarter report that sales in the last quarter of 1963 will be $2,000,000 against $1,600,000-$1,700,000 in each of the first three quarters, and that fourth quarter earnings will be approximately 30c against 59c for all of the first nine months.

At year end 1962 current assets were $2,700,000 against current liabilities of $1,400,000. The anticipated earnings of 90c a share in 1963 would equal earnings of 13% on the book value of $6.72 on 354,445 shares. A 4% stock dividend was declared early in 1963, and a continuation of this policy seems likely for the moment in view of the large recent and current expenditures for expansion.

Movielab's outlook, after 33 consecutive years of growth, has never been more promising. The company continues to turn out most of the television commercials made in the United States, as well as handling many of the leading television shows. Recently completed were new agreements covering six leading films for theatre showing in an amount in excess of $1,500,000, with processing to start shortly. Movielab has also just completed a contract to handle the newsreel film coverage of American Broadcasting Company. For some time, Movielab has been engaged in an expansion program aimed at doubling the company's black and white and color film processing facilities, and this expansion should be completed early in 1964, so that Movielab will be able to take full advantage of the continued growth of new business.

Movielab's low current price reflects general lack of market interest in smaller growth companies. In view of the 33 year record of continued uninterrupted growth, and the strong outlook for this growth to continue and to accelerate, the stock appears to the writer to give more than ample reason to be "The Security I Like Best."

THOMAS L. MARSHALL
Mgr. Securities Dept., Bankers Bond Co., Inc., Louisville, Ky.

Kentucky Central Life Insurance Co.

Kentucky Central common stock merits the attention of investors for several reasons: (1) the Company's outstanding growth record in a rapidly expanding industry; (2) the present national standing and operations of this Kentucky-based company as opposed to its regional nature in 1959; (3) the attractive price of the stock in relation to both earnings and yield on investment.

Founded in 1902, Kentucky Central is Kentucky's oldest life insurance company. New management — installed in 1959 — has converted this old-line firm into a top performer among growth companies. Under the direction of Garvice D. Kincaid — Lexington Kentucky banker and financier — the Company embarked on a program of stepped-up sales and energetic acquisition. Initial results are impressive. Life insurance in force has increased 330% since 1959. Assets have increased 265% in the same 4-year period.

Kentucky Central has just completed a merger with Professional & Business Men's Insurance Co. of Texas—its seventh and largest acquisition since 1959. Nine month figures for 1963, reflecting this merger, have just been released. Life insurance in force now exceeds $700,000,000. Management estimates that the Company will rank in the top 9% of the nation's 1,500 legal-reserve life insurance companies by the end of the year. Assets are presently in excess of $90,000,000.

The Company has greatly expanded its merchandising operations. Four years ago Kentucky Central operated in only eight states. Today it has a sales force of 1,100 representatives serving customers in 31 states and the District of Columbia.

Net gain from operations for the first nine months of 1963 was $1,910,800 or 51 cents a share on the 3,757,411 shares outstanding after the PBMI merger. This compares to approximately 60 cents a share for the full year of 1962. The Company has been paying at least 50 cents a year in dividends. In 1963 this took the form of a 10 cent cash dividend and a 3% stock dividend—roughly equivalent to 64 cents a share. Currently selling at 16 in the over-the-counter market, the stock is priced attractively in relation to earnings and yields 4% on investment.

Much has been said about the life insurance industry. Obviously, it has grown, and seems destined for even greater advances in the coming decade when World War II babies will come of insurance-buying age. Insurance stocks have additional advantages for long term investors. Their earnings are based on mathematical tables almost appalling in their accuracy. The medical profession works day and night to lengthen life and so increase the earnings of life insurance companies. Insurance companies have no problems with inventories, warehousing and transportation, and foreign competition, common to other industries. Their labor costs have remained fairly constant and the industry has automated more rapidly and successfully than any other. Interest rates are high at the moment and so provide a good rate of return on the invested funds of life insurance companies.

Some life insurance companies are better investments than others —we believe Kentucky Central stock is a particularly good investment at this time. During the past four years Kentucky Central has exceeded the growth rate for the industry as a whole. With the acquisition of PBMI, two-thirds of the Company's business is in "ordinary" life insurance—normally the most profitable line. Kentucky Central's return on investments was a very respectable 4.13% in 1962. Operating expenses—a big factor in earnings—were better than the industry average.

Kentucky Central has made excellent progress during its first four years under new management. Normally, management shifts signal a time of reorganization or even retrenchment for a company. In view of the exceptional results posted by Kentucky Central during this period, we believe this Company is unusually well-managed and in a position now to equal or exceed its progress of the past four-year period during the next four years. Kentucky Central common stock offers an investor potentially great capital gains with the protection of proven management.

(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

Movielab, Inc. — Fred Brenner, Analyst, Herzfeld & Stern, Philadelphia, Pa. (Page 2)

Kentucky Central Life Ins. Co.— Thomas L. Marshall, Mgr. Securities Dept., Bankers Bond Co., Inc., Louisville, Ky. (Page 2)

Bioren & Hecker To Merge Jan. 1

PHILADELPHIA, Pa.—The firms of Bioren & Co., 1424 Walnut St., and Hecker & Co., Liberty Trust Building, plan to merge, effective Jan. 1, 1964, subject to the approval of the New York and other Stock Exchanges.

Bioren & Co. was founded in 1865, Hecker & Co. in 1913.

The present six offices of Bioren and Hecker would be retained and no material changes in personnel or partnerships are planned.

The name of the merged firm has not been announced.

Selecting Stocks for Capital Appreciation

By Heinz H. Biel,* *Partner, Emanuel, Deetjen & Co., New York, N. Y.*

Realistic capital appreciation prospects are placed ahead of income return as a "sine qua non" investment objective in Mr. Biel's paper wherein he discusses his preference for several individual stocks. Mr. Biel is not impressed by Blue Chip rating unless the per-share earnings trend is up; he comments on equities' unattractiveness for income when they yield less than bonds or thrift deposits; and he is not shocked by unabsurdly high P/E ratios nor does he think of prime quality to the exclusion of other overriding speculative appeals. As for the market in general, Mr. Biel opines that a combination of lower tax rates and an even higher rate of economic activity are necessary prerequisites for higher stock prices next year.

Less than two weeks have gone by since the death of President Kennedy. Although it is still too soon fully to evaluate all consequences of this tragic event, certain conclusions in the realm of domestic politics can already be drawn.

Heinz H. Biel

It is safe to say that the Johnson Administration has hardly an alternative but to follow the general course of policies laid out by his predecessor. With only 11 months left to the day of the next Presidential election, for which President Johnson undoubtedly will be the candidate of the Democratic Party, there is no time for him to develop basically new programs. The difference will be in the approach. Essentially, this will be a caretaker-type of Administration which can be expected to go to great lengths in its desire not to antagonize anyone, to avoid creating unnecessary conflicts, and to run the affairs of Government as smoothly as possible. With his exceptional background of parliamentary experience, President Johnson is particularly well qualified for this task. He may also benefit from the presidential honeymoon, getting both the civil rights bill and the tax cut through Congress shortly after the turn of the year.

Higher Stock Prices Depend on Tax Cut

The question, as far as we are concerned, is whether the prospective reduction in corporate and personal income taxes can be regarded as a potential plus factor or whether it has been fully, or at least largely, discounted. I believe the latter to be the case, meaning that failure to pass an acceptable tax bill would be a most adverse market factor. With the S&P "500" close to its all-time high, at about 18 times estimated 1963 earnings and yielding barely 3%, the market will need the prospect of significantly higher earnings and dividends not only to advance further into new high ground, but even to maintain its present level. Thus, the combination of lower tax rates and an even higher rate of economic activity are essential if we are to have materially higher stock prices next year.

In view of the extraordinary smooth transition of the presidency it may not be necessary to change our former favorable appraisal of the business outlook for 1964. We may look forward with assurance to new peaks of economic activity. Our Gross National Product is likely to rise by at least 4%, from $585 billion this year to well over $610 billion in 1964. Apparently, the somewhat subdued mood of the American people, which has been in evidence during the past two weeks, has had no adverse effect on Christmas shopping, not even on the big-ticket items like automobiles.

Before discussing a few individual stocks which seem comparatively interesting, I want to comment briefly on the significance of the closing of the NYSE after it became known that President Kennedy had been shot. With over eight billion shares now listed, even a relatively modest-size selling wave can reach avalanche proportions, forcing suspension of trading in individual issues, if not closing of the exchange altogether. We came precariously close to this calamity once before, during the market break in the spring of last year. This time it happened. When too many people want to get out at the same time, a panic becomes inevitable. Let us remember this lesson. It is up to us to educate the public that it is better to sell too soon than to become locked in — as happens sometimes to traders in commodities when prices are marked up or down the daily limit, with no one being able to sell or to cover.

Capital Appreciation Potential

Now let us turn to individual stocks. In my opinion, it is

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OBSERVATIONS...

BY A. WILFRED MAY

AN UNSATISFACTORY COMPROMISE

*(Statement by Mr. May before the Committee on Finance, U. S. Senate on 8363, Revenue Act of 1963, on Dec. 9, 1963)**

H.R. 8363, the Revenue Act of 1963, as passed by the House, contains some badly needed changes in the regulations concerning stock options.

Most important of these is the provision that the optionee may not sell or otherwise dispose of the stock within three years. This would replace the present law's requirement that the individual must hold the option and/or stock for at least two years, but must hold the stock alone for a mere six months. This change would tend to give the optionee a real stake in the business rather than merely providing him with a "heads-I-win-tails-no-dice" stock market flyer.

Likewise reducing the "market flyer" character of the option process, and increasing the optionee's function of having a stake in the business, is the new provision reducing from a maximum of 10 to 5 years, the period in which the option may remain exercisable.

Also salutary is the limitation proposed on *resetting*, that is, of affording the privilege in the event of a decline in the price of the stock during the option-holding period, to chase the market down with reduction of the option price—this heads-I-win-tails-you-lose market ride providing assured compensation.

The Crux

However, the House bill continues the provision under present law, generally in the case of stock options, that any gain realized upon the sale of the stock by the employee, generally will be capital gain. Moreover, no income tax is due either at the time the option is exercised and the stock is transferred to the employee; and no business expense deduction is allowed the employer corporation at any time.

These provisions are wholly unrealistic and unethical and contribute a serious abuse on the stockholder.

It should be realized that price changes of stocks are not primarily the result of changes in individual company fortunes; but rather of market factors affecting the *capitalization* of earnings rather than the earnings themselves.

The price-earnings ratio, denoting the market's capitalization of the earnings per share, which is the result of the investor's psychological processes and sometimes called an "Index of Confidence" is controlling over both the long and short terms.

The changing price-earnings ratios of Moody's 125 Industrial Stocks since 1950 follow:

Year	P/E Ratio	Year	P/E Ratio
1950	6.8	1957	14.0
1951	9.6	1958	18.0
1952	10.5	1959	18.9
1953	9.9	1960	18.0
1954	11.4	1961	20.8
1955	12.4	1962	17.1
1956	14.4	11/29/63	18.8

We see that in the eight-year interval since 1955 (this 8-year period comprising 5 years, the maximum interval of the option's exercisability after granting; plus 3 years, the minimum time the stock must be held) the price-earnings ratio rose by 48%; and since 1950, by 235%.

Similarly with the 30 stocks in the Dow Jones Industrial Average, the price-earnings ratio has shown wide fluctuations between 8.4 in 1950 and the current 18.7 (Nov. 29, 1963).

TABLE I

STOCK	Earn. per Share 1950	Earn. per Share 1960	Price 1950	Price 1960	P/E Ratio 1950	P/E Ratio 1960
American Can	$3.17	$2.06	$23	$35	7	17
Bethlehem Steel	3.04	2.52	12	39	4	16
International Paper	1.80	1.74	13	31	7	18
Johns Manville	3.61	3.12	24	57	7	18
United Aircraft	2.07	1.95	16	37	8	19
Westinghouse	2.68	2.22	17	49	6	21

During the past decade six of the Dow Jones issues enjoyed substantial net market *appreciation* in the face of an earnings *decline*, as shown in Table I.

Thus we see the compete fallacy of the pro-option premise that the company's stock market fluctuations register the executives' efforts and achievements.

Besides psychological influences, they reflect external political and economic factors, as the course of Cold War, interest rates, taxation, etc.

Option Has Value Before It Is Exercised

The option constitutes a valuable instrument at the time of its granting, although its exact valuation is probably not feasible here. (In Great Britain value at the time of the grant is determined by the Internal Revenue.) The fact of value at grant time is evidenced by Wall Street's active Put and Call option market where the price of all call options at writing time averages about 12% of the value of the stock called for. The Put and Call market's valuation of a call written to enjoy the longer life of the corporate option would naturally command a higher premium—the market's premium on a one-year option exceeds the price of 6-month paper by 50%.

* * *

Hence, as Secretary Dillon said in his statement to the House Ways and Means Committee Feb. 6, 1963, "Stock Options . . . represent compensation for services, just like wages and salaries. The special treatment of stock options should be repealed and the spread between the value of the stock at the date an option is exercised and the option price should be taxed as ordinary income at the time of exercise."

The special tax treatment accorded high-income executives is commonly justified as a needed alleviator of our high and excessive tax rates.

It must be answered in the first place, that the proposed lower income rate schedule would make it far less necessary to provide such compensation indirectly. Equivalent incentives applied with realism will be possible either through direct salary increases at proposed lower rates; or by direct profit-sharing stock bonuses directly geared to earnings, instead of to the stock market's performance.

In any event, the thesis that high tax rates are to be circumvented follows the recently growing rationalization of increasing tax loop-holes in areas ranging from real estate to oil drilling to savings and loan, instead of rooting out the abuse at the source—namely excessive rates of taxation. The frank excuse of condoning such loop-holes to ameliorate high tax rates is unethical, and unfair to the stockholder.

*The opinions expressed herein are not necessarily those of the "Chronicle."

* * *

THAT "THE MARKET"

On Tuesday (Dec. 10) the Dow Jones Average **advanced** by .17 point; 541 issues declined and only 511 gained (274 were unchanged). There were 40 new highs for 1963 and 36 new lows.

Opens Branch

HATTIESBURG, Miss.—American Liberty Planning Corporation has opened a branch office in the First Federal Building under the management of H. W. McMillan.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Recent events are bringing former Vice-President Nixon back into the political picture. His supporters say that although he could not beat Kennedy, he can beat Lyndon Johnson.

Supporters of Mr. Nixon in New Hampshire seem determined to enter his name in the March Presidential primary. Mr. Nixon has said frequently that he is through with running for the Presidency and he has said this recently.

In New Hampshire a candidate for presidential delegate would not have to have Mr. Nixon's authority although Mr. Nixon could disavow him. The candidate could still run as favorable to Mr. Nixon without his vote being binding. Tom Dewey ran for the Presidency three times and nearly won the third time. Mr. Nixon, it would seem, would make a formidable candidate if he had not run for Governor of California and been defeated last year.

The increased speculation about Mr. Nixon seems to mean that the front running Senator Barry Goldwater has lost strength both for the Republican nomination and for the election if nominated. Some Democratic leaders are predicting that Nixon will be the Republican choice. Among them is Democratic floor leader of the House of Representatives Carl Albert of Oklahoma. Maybe the wish is father to the thought in this case. At any rate, Mr. Albert predicts the election of President Johnson going away.

The Republicans in New Hampshire, who had expected a race in their Presidential primary between Senator Goldwater and Governor Rockefeller with a chance that Senator Margaret Chase Smith might enter too, are at sixes and sevens in their thinking since the death of President Kennedy. Mr. Nixon has had strong friends among them in the the past. In past primaries he has been strong with the Republican voters of the state. But one thing seems certain to Republican leaders and that is that he will get nowhere in the primary unless he actually enters the state and campaigns vigorously. To get a candidate's name on the ballot either in the delegate race or in the so-called "beauty contest"—a mere preference which is only advsory—the name must be filed by Jan. 27. There is still plenty of time for anything to happen.

Senator Goldwater has not yet announced he will be a candidate for the Presidential nomination either in New Hampshire or in any other state. Indeed, there is some speculation that Senator Goldwater may say that he is not a candidate for the Presidency anyway but will stick to his oft repeated statement that he is a candidate for re-election to the Senate. If Goldwater does not enter the New Hampshire primary Rockefeller may win there by default—unless the Goldwater and anti-Rockefeller Republicans can agree on a substitute for the Arizona Senator.

Republicans will carefully weigh Mr. Nixon, along with other possibilities as likely vote getters. Even supporters of Mr. Nixon in the past admit that he would have liabilities in 1964. There are conservatives and progressives in the party who do not like the campaign he waged in 1960, saying he was neither one thing nor the other.

It is a funny commentary on things that the Republicans a few months ago were pessimistic about beating Mr. Kennedy. Their thinking was to nominate a candidate they wanted to get rid of. This was a large part of the support behind Governor Rockefeller. Along came Senator Goldwater, however, who aroused the enthusiasm of conservatives and made a large part of the Republican party think Mr. Kennedy was easier to beat. Now it is figured Mr. Johnson may not be liberal enough or conservative enough to arouse any bitterness on either side.

In their search for a candidate the Republicans have brought Secretary of Defense McNamara into the field of speculation. Indeed, he has been approached before but would not hear of it because he and President Kennedy were such close friends. The situation may change under President Johnson.

Interstate Secs. To Be NYSE Firm

CHARLOTTE, N. C. — Parks H. Dalton, Jr. will acquire a membership in the New York Stock Exchange as of Dec. 19 and Interstate Securities Corporation, Johnston Building, will become a member corporation of the Exchange. The firm is a member of the Midwest Stock Exchange.

Officers of the firm are W. Olin Nisbet, Jr., President; R. S. Abernathy, Jr., Executive Vice-President and Secretary; Claude S. Abernathy, Jr., Senior Vice-President and Treasurer; James W. Squires, Parks H. Dalton, Jr., Arthur M. Rose, Vice-Presidents.

E. F. Hutton Co. Elects Two

The election of W. Robert Wigley, Jr. as a member of the Executive Committee and Donald K. Phillips as a director has been announced by Sylvan C. Coleman, Chairman of the Board and Chief Executive Officer of E. F. Hutton & Company Inc., 1 Chase Manhattan Plaza, New York City, member of the New York Stock Exchange.

At the same time, Mr. Coleman disclosed that Barton M. Biggs, William L. Clayton and Arthur A. Goldberg, all of New York, become stockholders in the nationwide securities firm.

Mr. Wigley, who was also named as Regional Vice-President for the Dallas, Texas, area, has been a member of E. F. Hutton's Board of Directors since the firm's incorporation late in 1962. He joined Hutton in 1947 and was admitted as a General Partner in 1953.

Mr. Phillips, in addition to being named as a Director, will be Regional Vice-President in charge of the Eastern area. His responsibility will cover the firm's three New York offices as well as the office in Atlanta, Ga. Mr. Phillips has been with Hutton since 1925 and became a General Partner in 1949.

Of the newly elected stockholders, Mr. Biggs is Assistant to the Chairman of the Board and an institutional security analyst; Mr. Clayton is a registered representative at the firm's uptown office at 650 Madison Avenue; and Mr. Goldberg is Manager of Hutton's branch office at 61 Broadway.

Chemical Bank Appoints K. Urmy

Chemical Bank New York Trust Company has appointed Senior Vice-President Keith M. Urmy head of its Metropolitan Division, comprising 117 offices in the New York area, it has been announced by Harold H. Helm, Chairman.

Keith M. Urmy

Mr. Urmy began his career with the bank in 1929, becoming Assistant Vice-President in 1947, Vice-President in 1952, Vice-President-Branch Administration 1960 and Senior Vice-President in 1961. He has always been affiliated with the bank's Metropolitan Division. During World War II, from Nov. 1, 1942 to Nov. 1, 1945, he served in the U. S. Naval Reserve, returning to inactive duty as Lt. Commander. He is Chairman of the Finance Committee, Assistant Treasurer and Trustee of the New York Medical College, Flower & Fifth Avenue Hospitals. He is a director of C. E. Hooper, Inc., Donahue Sales Corporation and Ward Baking Company.

Okla. to Set New Capital Rule

OKLAHOMA CITY, Okla. — The Oklahoma Securities Commission is preparing for the adoption of a new rule requiring a statement minimum capital for all registered broker-dealers or underwriters in the State of Oklahoma. The proposed rule will not be retroactive, but will apply to broker-dealers applying for licensing and relicensing after its effective date.

Under the general provisions of the proposed rule, broker-dealers would be required to maintain at all time, a minimum capital of an amount to be determined by the Oklahoma Securities Commission. Net worth will be defined as being equal to the excess of total admissible assets of the broker-dealer over his liabilities.

Customers Brokers To Hold Forum

The Association of Customers Brokers will hold an automobile forum today, Dec. 12, at 15 William Street. Speakers will be Malcolm D. Brown, R. W. Pressprich & Co., and David Healy, Argus Research Corp.

Baxter Laboratories, Inc.

By Dr. Ira U. Cobleigh, *Economist*

Year-end comment on a specialized pharmaceutical corporation which has grown rapidly and prospered via research and merger.

Baxter Laboratories has steadily moved forward to rank among the leading companies in a unique section of the pharmaceutical industry — the manufacture and distribution of solutions for intravenous and supplementary feedings, and of equipment needed to administer them. In addition, the company supplies hospital pharmaceuticals, blood and plasma handling, storing and administering equipment, medical reagents and chemicals.

The growth of the company has been accelerated and diversified by a series of acquisitions. Hyland Laboratories in Los Angeles was added in 1952. This division specializes in the processing of whole blood and plasma, production of biochemical and diagnostic reagents, culture plates and media. The acquisition of Wallenstein Co. of Staten Island in 1957, brought Baxter into the major production of enzymes, widely used in the textile, brewing, food products and chemical industries. Flint, Eaton & Co. at Decatur, Ill. added in 1959, manufactures ethical drugs; Fenwal Laboratories (1959) of Framingham, Mass., is a leading producer of blood collection units; and the purchase of Vim Co., and Disposable Hospital Products in 1962 placed the company in the rapidly expanding business of marketing disposable syringes and needles.

The parenteral solutions (intravenous feedings) are turned out in three separate plants, with a total of 262,000 square feet at Kingston, S. C., Cleveland, Miss., and Alliston, Ontario. A new hospital product plant of over 200,000 square feet will go into production early next year at Mountain Home, Ark.

The foregoing catalog of plants and products will provide some idea of the magnitude and diversity of Baxter operations in North Amercia; and in addition there are plants and warehouse facilities in Columbia, Belgium, Denmark, England, Panama, Puerto Rico, Mexico and West Germany, plus a substantial joint venture in Australia.

Research and Development

While mergers have steadily built stature and earnings for Baxter Laboratories, Inc., an extensive research program has made continuous contributions to corporate growth. This program places major emphasis on products and equipment that can quite swiftly be moved into the production and marketing stages; with about one-fourth of research funds devoted to long range, and more remote research. Research and development at Baxter involves a highly trained staff of about 125 at the Morton Grove headquarters. Last year the company invested $2.4 million in research, equal to about 5.7% of sales and 84% of net after taxes. This is a sizable research outlay carefully spent in areas in which Baxter has special competence, and in the creation of products for markets wherein Baxter already has some ascendency over its competitors.

Of special note is the major trend in hospitals and clinics toward disposable pre-sterilized medical and surgical items. This trend is dictated by the steep rise in labor costs in hospitals and by the need to maximize sterility controls. Baxter is already well positioned to serve this rapidly growing market and is steadily developing and broadening its line of disposable items. It has in existence a sizable captive market for disposable needles for the administration of its own products—sera, solutions, blood and plasma.

Growth

Because of the rapid growth of population and per capita income in America, facilities for medical care have been expanding rapidly, and have stimulated a surging demand for hospital supplies, a demand which in many areas, Baxter Laboratories is in a uniquely favorable position to serve profitably. Baxter growth has been impressive. Sales have risen steadily from $12 million in 1955 to $42.3 million in 1962. Net income has advanced even more rapidly, from $600,000 in 1955 to $2,800,000 in 1962. Sales for this year are expected to reach a new high of about $48,000,000.

Capitalization

Baxter has a quite balanced capitalization of $17,695,000 in long term debt, 25,000 shares of $6 preferred stock, and 2,695,607 shares listed on NYSE and currently quoted at 28. This common stock has been a quite rewarding equity to long term holders. It sold as low as 3 in 1955 (adjusted for splits) and as high as 38 in 1961. Current price is 28 times 1962 per share net of $1.00.

While sales this year are expected to reach a new high, per share net has been inhibited by two things. First, Baxter Laboratories is phasing out of a distribution and agency contract with American Hospital Supply Company, and in the future will sell directly to hospitals. Baxter has already added 35 men to its hospital sales force (increasing the total number of representatives to 160).

Secondly, the new plant at Mountain Home, Arkansas has required a considerable outlay of time and money, and will not begin to contribute to earning power until next Spring. This facility is ultra modern and increases total company manufacturing area space by 25%. When this plant goes "on stream" its expected to create an important expansion in earning power, and possibly lead to an increase in operating income, as a percentage of sales, from 13% (currently) to 15%.

Dividends and Financing

Baxter Laboratories, Inc. common pays a current cash dividend of 36 cents, a rate which could be increased by the end of 1964. There was a 100% stock dividend in 1959 and a 2-1 split in 1961.

In April 1962 there were publicly sold $10 million in Subordinated 4% Debentures, convertible into common at $38 a share. These represent an interesting vehicle for entry into the Baxter picture. They sell at 113, providing a current yield of 3.54%—better than the return on the common stock.

Conclusion

Baxter common should continue to prove a worthwhile equity for long term investors. The hospital supply industry itself enjoys an above average growth rate, and a number of Baxter operations, in Puerto Rico and in foreign countries, are being conducted at much lower levels of taxation than those prevailing in the United States. Management of Baxter is favorably regarded; and about 35% of the equity is closely held.

Nobody knows how high this market will go, but stocks in a long range uptrend in earning power would appear more desirable for present purchase in hope of gain, and better cushioned against possible declines, than issues whose earnings are stabilized or declining. Baxter's earning power is still rising.

Faath Joins Tucker, Anthony

Harry W. "Bob" Faath, Jr. has joined Tucker, Anthony & R. L. Day, 120 Broadway, New York City, members of the New York Stock Exchange, as Manager of their municipal bond department it was announced here.

Mr. Faath had previously been national manager of the municipal bond department of A. C. Allyn & Co. and prior to that was assistant Vice-President of Marine Trust Company of Western New York in their New York City municipal department.

He is a member of the Municipal Bond Club of New York, the Municipal Forum of New York and the Lawyers Club.

Baker, Weeks to Admit Two

Baker, Weeks & Co., 1 Wall St., New York City, members of the New York Stock Exchange, on Jan. 1 will admit Jasper M. Evarts and S. Gerald Morris to partnership.

Holt & Collins 35th Anniversary

SAN FRANCISCO, Calif.—On Dec. 1, 1928, two well known San Franciscans joined forces to form the investment firm of Holt & Collins.

They were Edison A. Holt, the son of the inventor of the caterpillar tread tractor, and Daniel J. Collins, a well known athlete who had played shortstop for Seattle in the Pacific Coast League before entering the brokerage business.

This week the firm celebrates its 35th birthday, "more convinced than ever there is a very large place for the small firm in the securities business," according to Managing Partner Collins.

Benjamin Holt, father of general partner Edison Holt, had developed the caterpillar tread tractor in the second decade of this century. A British major, seeing a Holt caterpillar tracked thresher in a Belgian field, conceived the idea of the tank. The British introduced the tank in the Battle of the Somme in 1916, nearly achieving a breakthrough. It was the merger of the Holt Manufacturing Company with the Best Tractor Company in 1925 which formed the present Caterpillar Tractor Company.

Mr. Collins has been active in civic affairs. In 1961 he served as foreman of the Grand Jury in San Francisco. He is a member of the draft board here.

"The small firm can maintain a personal touch. That is why we have maintained our independence in an era of mergers and consolidations," Mr. Collins said.

Other members of the staff are Daniel E. Collins, son of the managing partner, Esther Offenbach, Walter Bankowitz and John Dunlop. The offices of Holt & Collins are in the Russ Building.

Rentz Branch

BOSTON, Mass.—Rentz & Company of Birmingham, Ala. has opened a branch office at 40 Court Street under the management of Florence S. Mummey. Miss Mummey was formerly with A. W. Benkert & Company.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market's generally improved technical position continues to sponsor a broadening investment interest that has moderately bettered prices all along the line. One of the important current inducements is the circumstance that tax-exempt bond yields have been recently higher than at any time since a year ago in August. This factor takes on particular importance at this juncture since 1963 is close to being part of the past and because many investment programs must soon be concluded.

During 1963 investment programs in tax-exempts have been, in many instances, deferred for reasons of investment strategy in a "buyer's market." With incomplete investment programs, some last minute buying has naturally been necessary. Covering in bonds at today's relatively attractive prices has not been too unpleasantly difficult for buyers to indulge in, even though better yields are presaged by many for the first half of 1964.

Small Volume Awaiting Sale

The supply of state and municipal bonds continues to shape up as a very small volume indeed with less than $275,000,000 scheduled or tentatively scheduled through the middle of January. This present lack of pressure on the market quite naturally favors the pushing of prices being bid and paid for recent new issues. This temporary scarcity (a record volume is predicted for 1964) of sealed bid competitive issues seems not likely to be offset by any sizable volume of negotiated issues in the near future.

The $60-$70 million Toledo-Lucas County Port Authority, Ohio continues as the only sizable negotiated type candidate for sale in the near future. *Blyth & Co., Inc.* is heading up the negotiation in this instance.

Inventory Favorable

Another factor which continues to contribute to the market's recent favorable balance has to do with an improved inventory picture. Dealers for the most part are no longer quite hopelessly lugging along extended positions. These have been substantially cut down both as to volume and to liability. Write-downs have been absorbed and dealer attitude is phasing from past pessimistic to future progressive which is the normal propensity.

However, it might be appropriately added that municipal bond men look at the future as any period of time beyond today's closing.

Higher Interest Rates Not Unlikely

Regardless of the market's recent favorable action there are some valid questions concerning the trend even for the near term. The political and economic climate is seemingly improved for the near future at least. Moderately increased capital expenditures are confidently predicted for 1964. The proposed tax cut is designed to help in all this.

The Chairman of the Federal Reserve Board has properly warned the Senate Finance Committee that the tax cuts may bring about a consequent rise in interest rates. From the looks of things, this consideration has been bothering the government bond market people for weeks and to some degree has been a deterrent to the corporate bond market.

Storm Clouds Ahead

Beyond these factors it seems certain that passage of the tax cut legislation will have some immediate impact on tax exempt bond prices. If, as seems likely, heavy new issue volume coincides with the passage of the tax cut bill, the market would seem likely to be in for a set-back. It is for these general considerations that we consider the present market period as possibly a pleasantly misleading one which might be cauticusly observed as a respite from the tediously disastrous downtrend of the last 6 months. The breather is simply due to a sharp cut back in supply and some more or less seasonal demand.

A return to the buyers' market appears to be inevitable as we move into 1964. Should dealers follow the strategy of bravado exhibited during most of 1963 the buyers' market could last longer than some of the dealers. The smaller dealers must serously hope that the market may be permitted to seek its own level.

Crux of the Issue

In reading testimony before the Patman Committee it would appear that the investment bankers' sole purpose in being is that he pays the issuing public authority the highest possible price for its bonds. This thesis pervades much of the testimony and dominates much of the questioning. The objective is sound as far as it goes but it is but part of the economic complexity in which the dealer operates.

The thorough and sound distribution of public securities is the single most important factor in the complex. This just can't be accomplished without a broader price base than has recently persisted for tax exempt bonds.

Price Levels

The Commercial and Financial Chronicle's yield Index shows that 20 year high grade municipals are up about a quarter of a point in the last week. The Index averages out at a 3.109% yield against 3.121% a week ago. Whereas the bidding for new issues is generally better by five basis points, secondary market offerings (from which the Index is derived) are variously offered at original terms.

Although the general market is higher than a week ago, our composite on the dollar quoted long term toll road, toll bridge, public utility and various other revenue bonds shows these issues to be about unchanged on the average. The *Chronicle's* revenue bond yield Index averages out at 3.587% today against 3.588% last week. As we near press time there appears to be a better tone throughout our 23 bond list and bids are tending to improve.

If we settle for today's *Blue List* total of state and municipal bond offerings, the Street float has been further diminished. A week ago these offerings totaled about $495,000,000. Current offerings total $449,302,000. There is but little doubt that these figures generally represent the relative reduction in dealer inventories recently. This condition contributes powerfully to the market improvement apparent in the last 10 days. In respect to this, it is interesting to note that Richmond, Virginia, one of the nation's best run cities in most respects, offers an issue of bonds every year in mid-December. Over the years the city has done relatively well in selling its moderately sized issues at this time. Another favorable market fillip has been realized by the city's fathers.

Recent Awards

This past week has been moderately active in the tax exempt bond underwriting field with over $180,000,000 of various purpose bonds having been sold at public sale. Competition has once again been very keen with commercial banks dominating the bidding for these issues. Prices generally reflect a five to ten basis point improvement as against a fortnight back. Initial demand has been good with some fair insurance company buying in evidence. Coupled with commercial bank buying, this has resulted in most issues getting off to a good start.

Last Thursday the group led jointly by the *Chase Manhattan Bank, Bankers Trust Co.* and *C. J. Devine & Co.* submitted the best bid, 100.4399 for a 3.40% coupon, for $12,264,000 various purpose (1964-1993) bonds of Oyster Bay, New York. The runner-up bid, 100.429 also for a 3.40% coupon, came from the syndicate jointly managed by the First National City Bank and Halsey, Stuart & Co., Inc.

Other members of the winning group include Equitable Securities Corp., Phelps, Fenn & Co., Hornblower & Weeks, Wertheim & Co., Bache & Co., Reynolds & Co., Coffin & Burr, W. E. Hutton & Co., Hirsch & Co., J. C. Bradford & Co., Goodbody & Co., E. F. Hutton & Co., Fitzpatrick, Sullivan & Co., J. B. Hanauer & Co., Rand & Co., Herbert J. Sims & Co., Robert K. Wallace & Co., Talmage & Co. and Lebenthal & Co.

Reoffered to yield from 2.00% to

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.15%
*Connecticut, State	3¾%	1981–1982	3.25%	3.10%
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	3.25%	3.10%
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, Illinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.19%	3.12%

December 11, 1963 Index=3.109%

* 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.

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	1966-2003	11:00 a.m
Madison Tp. Mun. Util. Auth., N.J.	1,550,000	1965-1988	8:00 p.m
South Carolina St. S. (Columbia)	5,000,000	1965-1984	Noon
December 14 (Saturday)			
Arizona University, Ariz.	1,250,000	1965-1989	11:00 a.m.
December 16 (Monday)			
Fla. State Bd. of Control, Fla.	4,006,000	1966-2003	11:00 a.m.
Santa Ana, Calif.	2,000,000	1994	7:30 p.m.
West Haven, Conn.	1,426,000	1965-1984	--------
December 17 (Tuesday)			
Brookhaven Union F. S. D. No. 2, New York	1,032,000	1965-1994	3:30 p.m.
Farmington, N. Mex.	16,500,000	1964-1993	2:00 p.m.
Hampton, Va.	3,500,000	1965-1984	11:00 a.m.
La Puente Union H. S. D., Calif.	1,320,000	1966-1988	9:00 a.m.
Monroe Co., Supervisors District No. 1, Mass.	1,300,000	1965-1984	2:00 p.m.
Phoenix, Ariz.	8,000,000	1965-1984	10:00 a.m.
Santa Clara Co. Flood Control & Water District, Calif.	19,500,000	1966-2003	10:00 a.m.
December 18 (Wednesday)			
Covington, Ky.	2,500,000	1966-1992	7:30 p.m.
Galveston I. D. S., Texas	3,750,000	1966-1991	7:30 p.m.
Massillon City Sch. Dist., Ohio	2,750,000	--------	--------
Murray State College, Ky.	2,360,000	1965-1994	11:00 a.m.
Richmond, Va.	9,800,000	1965-1984	Noon
Weymouth, Mass.	1,300,000	1965-1984	Noon
December 19 (Thursday)			
Allentown Authority, Pa.	1,150,000	1965-2004	11:00 a.m.
Bridgewater-Raritan S. D., N. J.	1,600,000	1964-1983	8:00 p.m.
Lexington, Ky.	1,250,000	1969-1989	11:00 a.m.
Richland-Beanblossom School Building Corporation, Ind.	1,480,000	1966-1993	--------
Virginia Beach, Va.	1,000,000	1964-1983	11:00 a.m.
December 20 (Friday)			
Eastern Washington St. Col., Wash.	3,062,000	1964-2001	7:30 p.m.
St. Louis Co. S. D. No. 704, Minn.	1,605,000	1965-1976	5:00 p.m.
January 7 (Tuesday)			
Alabama State Highway, Ala.	15,000,000	--------	--------
Crookston Ind. S. D. No. 593, Minn.	1,210,000	1974-1989	4:00 p.m.
Orange Unif. S. D., Calif.	3,945,000	1965-1979	11:00 a.m.
Veterans Farm & Home Loan & School Building Aid, Calif.	80,000,000	--------	10:00 a.m.
January 8 (Wednesday)			
Alaska (State of)	7,865,000	1966-1984	10:30 p.m.
LaFourche Par., La.	1,000,000	1965-1984	10:00 a.m.
Lee County, Fla.	2,990,000	1967-1984	11:00 a.m.
New Ulm Ind. S. D. No. 83, Minn.	1,950,000	--------	--------
January 9 (Thursday)			
Clark Co. S. D., Nev.	8,000,000	--------	--------
Harris Co., Texas	1,000,000	1965-1984	11:00 a.m.
New Orleans, La.	1,000,000	1966-1988	10:00 a.m.
January 14 (Tuesday)			
Clayton S. D., Mo.	1,750,000	--------	7:30 p.m.
Greater Egg Harbor Reg. H. S. District, N. J.	1,900,000	1965-1990	--------
Oakland, Calif.	4,500,000	1965-1989	--------
Housing Authorities	140,255,000	1965-2004	--------
January 15 (Wednesday)			
Coldwater School District, Mich.	2,000,000	--------	--------
Ford City Borough Municipal Sewage Disposal Authority, Pa.	1,003,000	1966-2003	8:00 p.m.
New Orleans, La.	2,500,000	1965-1993	10:00 a.m.
January 16 (Thursday)			
Greater Johnstown Water Authority, Pa.	11,750,000	--------	--------
January 20 (Monday)			
Dallas, Texas	12,000,000	--------	1:45 p.m.
January 21 (Tuesday)			
Joplin School District, Mo.	1,000,000	1965-1984	7:30 p.m.
Liberty Tp. Local S. D., Ohio	1,200,000	--------	--------
February 1 (Saturday)			
Grossmont Union H. S. D., Calif.	4,400,000	--------	--------
February 11 (Tuesday)			
Nederland Indep. Sch. Dist., Texas	2,055,000	--------	10:00 a.m.
February 18 (Tuesday)			
Pennsylvania General State Auth.	50,000,000	--------	Noon
February 19 (Wednesday)			
Northeast Sacramento Co. Sanitary District, Calif.	2,500,000	1966-1984	--------

"Money Will Not Manage Itself"

By Allan Sproul, Director, Wells Fargo Bank and Kaiser Aluminum and Chemical Corporation, Kentfield, Calif.*

Former head of the New York Federal Reserve Bank charges that the frustrating delayed timing of tax reduction throws too great a burden on monetary policy, and prevents the judicious mixture of monetary and fiscal policies appropriate to our domestic and international economic needs which he clearly specifies. He casts a jaundiced eye on the contention that our postwar recoveries have been sabotaged by restrictive credit policy, and on the illusionary objectives now being advanced for international liquidity and a new world monetary unit. Convinced that money requires only proper management and should be freed of the impossible burdens placed upon it, Mr. Sproul rejects miracle drugs and surgery in this area. He states that the primary function of monetary policy, after due regard for liquidity, is to regulate the supply, availability and cost of money so as to prevent speculation and price inflation in prosperity and not stifle private and government demands in times of recession. When combined with wage-price policy and fiscal policy, it can forestall any need for direct controls in coping with our balance of payments and domestic burdens.

Two matters recently have influenced thinking about the management of money. One of these matters is the place in the whole scheme of things of "near money" and "near banks," or the question of the money supply and the liquidity of the economy. This has been the subject of extended studies, voluminous reports, and flashing exchanges between economic experts and "near" experts. I can only touch on it here, but I would like to do so because I think placing the supply of money and the liquidity of the economy in opposition, as the principal guides to monetary management, could lead to confusion. This opposition of the money supply and the liquidity of the economy was highlighted by the report of the Radcliffe Committee in the United Kingdom in 1959, and has since had its run of academic advocates. It seems to me that in seeking to father a new theory of monetary policy this committee and these advocates have strained to exalt the virtues of the liquidity concept and to magnify the defects of the money supply concept. I have indicated by disbelief in the idea of automatic central banking based on an assumed and casual relationship between the money supply and total income and total spending, because I do not believe there is such a casual and invariable relationship. But I recoil equally from embracing some vafue concept of the liquidity of a total economy as the primary guide to central bank operations. There is a middle road for monetary management, which places first reliance on regulating the reserves base of the banking system, and influencing the cost and availability of credit, but which also pays due regard to the liquidity of the economy.


Allan Sproul

It helps me to see the problem, as clearly as I think I do, to remember always that it is only the commercial banks, working from a reserve base controlled by the central bank, which can "create" money in the sense of writing up demand deposits as the other side of loan and investment transactions. As Robert Roosa has said in commenting on the "Radcliffe" report, "Policies for influencing liquidity must start from and be elaborations upon a policy with respect to money itself." Liquidity depends on a functioning money market; assets are only liquid if they can be shifted to another holder when cash is needed; when there are buyers who will give up cash in order to purchase an earning asset, including the special case when, because of the magnitude of the attempt to increase liquidity, the central bank must step in, directly, to prevent or check panic. The central banks and the commercial banks are at the heart of a functioning money market.

Liquidity

Viewed from this approach, the total supply of liquidity assets in the market, and fluctuations in that supply, may be said to depend upon (1) increases or decreases in the money supply (2) the flow of savings out of current income and 3) the net movement of funds into or out of idle balances — the velocity of money factor. It is by regulating the money supply that the monetary authorities can compensate for undesired changes in the other two sources of liquidity. Here the velocity of money is most important. It is a matter of common observance that the velocity of money generally rises during periods of economic expansion and declines during periods of economic contraction. It is in these broad phases that actual changes in employment and income and interest rates, and actual shifts in expectations on the part of consumers and businessmen and investors lead to the activating of the idle balances and the economizing of money relative to expenditure, or the reverse. The extent of these movements in the velocity of money, and the duration of the lag they will introduce so far as the effect of changes in the money supply are concerned, cannot be predicted with accuracy, but that does not mean that the regulation of the money supply is without effect and should give way to an elusive idea of liquidity control. What is needed is better information and a better understanding of the whole range of influences which affect the liquidity of the economy, over time and from time to time, and to take this factor into account in regulating the money supply.

Disputes Tight Credit Charge

The importance of this concept of a practical approach to monetary policy is emphasized by recent experience. The money supply of the United States, as narrowly defined (demand deposits and currency outside banks) has declined in relation to the Gross National Product in each of the recoveries following the troughs of business activity in 1954-57, 1957-60, and 1960-63. This has led to claims or charges, particularly during the past three years when the balance of payments has been a stronger influence on monetary policy, that credit restriction or "tight money" has interfered with the rigor and extent of business recovery. If the nearest "near money"—time deposits — be added to the money supply, however, there has been a rise in the combined figures in relation to the GNP since the end of 1961, nine months after the beginning of the present business recovery. And this rise has followed through to a substantial rise in the loans and investments of the banks in relation to GNP and an even sharper rise in nonbank liquid assets in relation to GNP. These data, which take into account the liquidity of the economy, knock some of the props from under the charge that a restrictive credit policy, as reflected in the figures of the basic money supply, has interfered with business recovery. Conversely, they reassure those of us who believe that there can be a further response of monetary policy to the discipline of the balance of payments without harm to the domestic economy. Fusing the concept of the fundamental importance of the basic money supply with the conditioning influence of the liquidity superstructure is necessary to a balanced view of our monetary position.

Of more compelling interest at the moment than theories of domestic liquidity as a guide to monetary policy, is the current concern with international liquidity, and its bearing on monetary management. Much of this concern arises out of the necessity this country has faced for the past five years, and is still facing, of finding its way between the demands of the domestic economy and the discipline of the international balance of payments, in formulating and applying monetary policy. It is a problem with which we had become unfamiliar during nearly three decades of enormous gold inflow, war time financial arrangements and postwar dollar shortages in the rest of the world. It reappeared with the re-establishment of convertible currencies in the principal trading countries of the West, a substantial restoration of freedom of movement of goods, services and capital across national borders, and the revival of industrial capacity and competitive strengths in Western Europe and Japan. It manifested itself in a situation in which our continuing large favorable balance of trade and our growing investment income from foreign countries were no longer able to offset our outpouring of capital funds on government and private account. It creates a dilemma for monetary treatment because the right medicine with which to combat an intractable balance-of-payments deficit may not be the medicine with which to stimulate a domestic economy which is not operating at its maximum capacity and not creating satisfactory employment opportunities for a growing labor force.

Two Opposing Views

Two strongly held views thus come into opposition. There are those who say that our present domestic situation demands a further flooding of the money market with reserve funds to force down short-term interest rates and, gradually, to bring down long-term rates so as to stimulate investment which will more fully employ our economic resources. And there are those who say that our persistent balance-of-payments-problem, which is now largely a problem of capital outflow, short-term and long-term, will respond only to a tightening of the reserve position of the banks and a rise in interest rates, and that in view of the importance of maintaining the integrity of the dollar and its key position in international affairs, it is the responsibility of the monetary

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DEALER-BROKER INVESTMENT LITERATRUE AND RECOMMENDATIONS

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

Bond Market — Review — Goodbody & Co., 2 Broadway, New York, N. Y. 10004.

Business & Finance in Canada—Review — Equitable Securities Canada Ltd., 60 Yonge Street, Toronto 1, Ont., Canada.

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

Canadian Stocks — Comparative figures—Midland-Osler Securities Limited, 44 King Street, West, Toronto, Ont., Canada.

Electronics Industry in Arizona—Review—First National Bank of Arizona, Phoenix, Ariz.

Fifty Stocks for 1964—Comparative figures on issues which appear interesting — Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago, Ill. 60603. Also available are comments on **Braun Engineering Co., Mandrel Industries** and **Franklin Insurance Co.**

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.

Income Stocks — Bulletin — Orvis Brothers & Co., 30 Broad Street, New York, N. Y. 10004. Also available is an analysis of the **Market Outlook.**

Japan Banking Industry—Review —Fuji Bank Ltd., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

1964 — Discussion of outlook — W. E. Hutton & Co., 14 Wall St., New York, N. Y. 10005.

Outlook for Business for the first six months of 1964—Brochure—First National Bank of Chicago, Monroe, Clark & Madison Streets, Chicago, Ill. 60690.

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.

Positive Investment Policy for 1964 — Review and forecast for investors—Dean Witter & Co., 14 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.

Public Utility Stocks—Comparative figures—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Steel Industry—Quarterly review —Burnham and Company, 60 Broad Street, New York, N. Y. 10004. Also available are reviews of the **Automobile Market, Scott, Foresman & Co.** and **Union Tank Car Co.**

Stocks "Behind the Market"—Bulletin—Herzfeld & Stern, 30 Broad Street, New York, N. Y. 10004.

Switch Suggestions — Bulletin—Walston & Co., Inc., 74 Wall St., New York, N. Y. 10005.

Tax Switch Suggestions—New booklet recommending 42 tax switch suggestions which may assist in saving on 1963 capital gains taxes and upgrade the portfolio—Reynolds & Co., Dept. CF-1, Att.: Mr. Richard S. Graham, 120 Broadway, New York, N. Y. 10005.

Toronto Stock Exchange Index Stocks—Monthly review—Draper Dobie & Company Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Twenty Moderate Priced Reinvestment Suggestions — Pamphlet —Shearson, Hammill & Co., 14 Wall St., New York, N. Y. 10005.

* * *

Addressograph Multigraph—Analysis—Sincere & Company, 208 South La Salle Street, Chicago, Ill. 60604. Also available are comments on **Witco Chemical.**

Air Products & Chemical — Review—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are reviews of **Dow Chemical** and **Consumers Power Company.**

American Enka—Comments—Dempsey-Tegeler & Co., Inc., 80 Pine Street, New York, N. Y. 10005. Also available are comments on **Pan American World Airways.**

American Hospital Supply—Comments—Uhlman & Co., Inc., Board of Trade Building, Kansas City, Mo. 64105. Also available are comments on **Campbell Red Lake Mines, Howe Sound, Lone Star Cement, Otis Elevator** and **Papercraft.**

American Smelting & Refining Co.—Analysis—Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005.

American Telephone & Telegraph —Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are reviews of **General Electric** and **Socony Mobil.**

Amsted Industries, Inc.—Report—Harris, Upham & Co., 120 Broadway, New York, N. Y. Also available are reports on **Monsanto Chemical Co.** and **Textron, Inc.**

Anodyne, Inc. — Analysis — The Pierce, Wulbern, Murphey Corporation, 222 West Adams Street, Jacksonville, Fla. 33302.

Banff Oil Ltd.—Analysis—Greenshields & Co. Inc., 507 Place d'Ames, Montreal, Que., Canada.

Beaunit Corp.—Report—Purcell, Graham & Co., 20 Exchange Place, New York, N. Y. 10004.

Bekins Van & Storage Company—Analysis—Quincy Cass Associates, Inc., 727 West Seventh Street, Los Angeles, Calif. 90017.

Boeing — Technical analysis — Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004.

Borg Warner—Review—Newburger & Company, 1401 Walnut Street, Philadelphia, Pa. 19102. Also available are reviews of **Duquesne Light, Georgia Pacific, Security First National Bank,** and **Convertible Securities.**

Bulova Watch Co.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Cabot Corporation — Comments—Evans & Co., Incorporated, 300 Park Avenue, New York, N. Y. 10022. Also available are comments on **Distillers Corporation-Seagrams, Dow Chemical, FMC Corp., General Motors, Union Carbide, United Aircraft** and **Woolworth.**

L. E. Carpenter & Co.—Analysis Morris Cohon & Co., 19 Rector Street, New York, N. Y., 10006.

Caterpillar Tractor—Bulletin—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **Olin Mathieson, Chemetron, Rockwell Standard, Magnavox** and **General Telephone.**

Champion Spark Plug Company—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **Harris Intertype Corp.**

Citizens Utilities Company—Analysis—Hannaford & Talbot, 111 Sutter Street, San Francisco, Calif. 94104.

Cross Company—Analysis—Moynahan & Company, Inc., 111 Broadway, New York, N. Y. 10006.

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

East Sullivan Mines Ltd.—Comments—Gairdner & Company Limited, 320 Bay Street, Toronto, Ont., Canada. Also available is a pamphlet of comparative figures on Canadian Stocks.

General Tire & Rubber Company —Analysis—Mitchum, Jones & Templeton, Incorporated, 510 South Spring Street, Los Angeles, Calif. 90013.

Getty Oil — Comments — Filor, Bullard & Smyth, 26 Broadway, New York, N. Y. 10004.

Hawthorn Mellody—Comments—Dreyfus & Co., 2 Broadway, New York, N. Y. 10004. Also available are comments on **Howard W. Sams & Co.**

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

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

International Minerals and Chemical Corp.—Report—Scheinman, Hochstin & Trotta, 111 Broadway, New York, N. Y. 10006.

International Oil Companies — Comments—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004.

International Telephone & Telegraph Corp.—Comments—Edward A. Viner & Co., Inc., 26 Broadway, New York, N. Y. 10004. Also available are comments on **Textron, Inc.**

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

Maust Coal and Coke Corp.—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York, N. Y. 10005.

McIntyre Pourcupine Mines Ltd. — Analysis — Isardox, Robertson, Easson Co., Ltd., 217 Bay Street, Toronto, Ont., Canada.

Minnesota Mining and Manufacturing—Analysis—James H. Oliphant & Co., 61 Broadway, New York, N. Y. 10006.

National Airlines—Analysis—Bruns, Nordeman & Co., 115 Broadway, New York, N. Y. 10006.

Nautec Corp.—Comment in current issue of "Investor's Reader" —Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York, N. Y. 10005. Also in the same issue are comments on **Electronic Assistance Corp., Borden Company, G. D. Searle & Co., Edgerton, Germeshausen & Grier, Santa Fe Drilling Co., Lockheed Aircraft, Rochester Telephone Corp.** and **Quaker Oats Company.**

Old Line Life Insurance Co. of America—Report—Ruffer Ballan & Co., Inc., 79 Wall Street, New York, N. Y. 10005. Also available is a review of **Life Insurance Stocks.**

Olin Mathieson Chemical Corp.—Analysis—Goodkind, Neufeld & Company, Inc., 711 Fifth Avenue, New York, N. Y. 10022.

Rheem Manufacturing — Analysis —Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Schwitzer Corporation—Report—Aetna Securities Corporation, 111 Broadway, New York, N. Y. 10006.

School Sisters of Notre Dame of Dallas — Direct obligation serial notes—Buelletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

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

Straza Industries—Report—Acmerge Securities Company, Inc., 74 Portland Place, Staten Island 1, N. Y.

Tennessee Gas Transmission Company—Analysis—Peter P. McDermott & Co., 42 Broadway, New York, N. Y. 10004.

Thatcher Glass Manufacturing Co. —Analysis—Emanuel, Deetjen & Co., 120 Broadway, New York, N. Y. 10005.

Transcontinental Investing Corporation — Analytical brochure — D. J. Singer & Company, 50 Broad Street, New York, N. Y. 10004.

Union Gas Company of Canada Limited—Analysis—C. M. Oliver & Company, Ltd., 821 West Hastings Street, Vancouver 1, B. C., Canada.

Warner Brothers Company—Analysis—Putnam & Co., 6 Central Row, Hartford, Conn. 06103.

Warner & Swasey Co.—Review—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is a review of **Central Hudson Gas & Electric Co.**

Western Maryland Railway—Analysis—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005.

Brewer Joins Heidrick, Struggles

George E. Brewer, former Vice-President of Chemical Bank New York Trust Company's personnel division, has joined Heidrick and Struggles, national executive recruiting firm, as an associate. He will be based in the organization's New York office.

Selecting Stocks for Capital Appreciation

Continued from page 3

axiomatic that **a stock must be a good speculation in order to be a good investment.** By this I mean that a stock which lacks a realistic potential for capital appreciation is unlikely to be a good investment. With the average stock yielding far less than bonds or deposits in savings institutions, it is perfectly obvious that **common stocks are unattractive investments for income.** High-yielding stocks, almost invariably, either lack quality, i. e., the continuity of income is not assured, or their prospects of growth and therefore capital appreciation are poor.

In order to avoid any misunderstanding let it be clearly understood that **a good speculation is not necessarily a good or suitable investment.** There is a direct relationship between risk and opportunity, and it is up to you to determine what degree of risk your customer can or should assume. If necessary, you will have to curb his speculative greed and protect him against his own follies.

In selecting stocks for investment, one must not be overly impressed by a blue chip rating. Instead, closest attention should be paid to the trend of per-share earnings. **Stability should mean absence of violent fluctuations, but the trend must still point upward. Otherwise, you have stagnation.**

U. S. Gypsum versus Armstrong Cork

Compare, for example, U. S. Gypsum, rated A+, with Armstrong Cork, rated A. The former's earnings have shown little, if any, progress for eight years, and the stock has failed to participate in the great bull market, still selling far below its 1959 high of 120. U. S. Gypsum's dividend yield of 3.8% should alert, but not necessarily attract you. The much higher P/E ratio and far lower yield of Armstrong Cork seem well merited. Its excellent record of steadily rising sales, per share earnings and dividends speaks for itself.

Stocks like National Lead, American Can, Libbey-Owens-Ford Glass—all so-called blue chips with mile-long dividend records and yielding close to 5% —have been poor investments for many years. Still, you find these issues on many brokers' lists as "stocks recommended for income." The stock investor should care less about current income—you can't ever match the yield of tax-exempt bonds—than about rising earnings and, of course, rising dividend rates.

P/E Ratios and Speculative Quality

I am not shocked by high P/E ratios—at least not until they become absurd—so long as there is above-average growth, a sound financial structure and a management whose capability and integrity is above question. Just compare Allied Stores' fairly low P/E ratio of 14 with Sears, Roebuck's earnings multiple of 28. Should you prefer Allied Stores which has been stagnating for years in just about every respect except sales volume, or Sears, one of the finest examples that even a huge company can have extraordinary vitality and flexibility so long as it has competent and imaginative management?

As I am not a hidebound fogy who thinks exclusively in terms of prime quality, let us now look at a more speculative situation which does not yet, but may in the foreseeable future, qualify as an investment. By comparison with Sears, Korvette is a brash upstart. Its growth has been phenomenal, but there have been times when we wondered whether management and financial resources could stand the enormous strain of such rapid expansion.

The reason why I am prepared to pay over 25 times last fiscal year's earnings for Korvette is the expectation of substantially higher earnings in the not very distant future, especially the 1964-1965 fiscal year. Heavy pre-opening expenses, particularly last year when new territories were invaded, have so far been borne by a comparatively small number of stores, some of which have not even begun to approach their potential. From here on and especially next year a larger number of more mature stores will carry the cost of expansion, thus lessening this burden in relation to vastly greater sales and, we hope, profits. Korvette may earn as much a $2 a share in the current fiscal year and approach an annual rate of $3 in 1965.

Potentials of TWA Warrants

Going further down the quality ladder, I am intrigued by the potentials in TWA stock and warrants, speculative securities which should be suggested only to clients who are aware of the risk involved. TWA is a turn-around situation, a company which was deep in trouble as recently as two years ago, defaulting on its income debentures and teetering on the brink of insolvency. Forced by circumstances, Howard Hughes, who holds absolute stock control, had to transfer voting rights to a group of voting trustees, including Ernest Breech whose record at Ford and before that at Bendix is well known. With confidence in management thus restored, the banks and insurance companies provided the funds necessary to rebuild the company's image as a well-run airline. The company, of course, like all other airlines, benefited from the transition to jets and the steadily growing volume of passenger and freight traffic. Completion of new terminals in the major cities also aided greatly to improve TWA's competitive position.

Inasmuch as there is no prospect of common stock dividends for an indefinite time ahead, I prefer to use the warrants—at $20 until June 1965, and at $22 until 1973—as the more interesting vehicle for speculation. With the stock at 29 and the warrants at 14, the indicated premium for an 18-months' call is five points, and for the nearly ten-year call seven points. By comparison, the indicated 17-points premium of the Sperry Rand warrant—1.08 shares at 28, expiring in less than four years—seems very high.

A. T & T., G. M., and Color TV

Perhaps this is an appropriate time to say a word on American Tel. & Tel. All the good news we can possibly expect for the next three years or so is now known. This will be a $70 stock with earnings of $3 and a dividend of $2—a P/E ratio of over 23 and a yield of 2⅞%. The value of the rights merely compensates for the earnings dilution. With all due respect for Telephone's superb quality and its predictable future earnings growth, this stock is no longer a bargain and further price appreciation may be quite pedestrian from here on. No broker, of course, ever dares to suggest the sale of Telephone, but I would not go out of my way to recommend its purchase. General Motors, it seems to me, is a much better value.

It is becoming obvious that color TV is on the threshold of its greatest year. Sets are getting cheaper and better, and more and more programs, as well as commercials, are now being broadcast in color. All the top-name TV makers have now followed RCA, the pioneer in this field. While the entry of Zenith, Motorola and Magnavox makes competition more intense, it also gives a tremendous promotional boost to color TV. Therefore, so far as RCA is concerned, it will benefit rather than be hurt. It is estimated that RCA will earn close to $3.75 in 1963—almost twice as much as in 1961. Next year's results are pure conjecture, of course, but $4.50 a share would not seem out of line. Even after its recent run-up the stock remains attractive.

*An address by Mr. Biel before the Association of Customers' Brokers, New York City, Dec. 5, 1963.

First Securities Adds

CHARLOTTE, N. C.—M. Corbett Stovall has been added to the staff of First Securities Corporation.

Glore, Forgan Admits Partners

Glore, Forgan & Co. has announced that Mr. John H. Kirvin has been admitted as a general partner in the firm's New York office, 45 Wall Street. At the same time five others were named as general partners in the Chicago office, 135 South La Salle Street.

They include Richard D. Denison, Stacy H. Hill, Frederick W. Leich, Walter D. Scott, and Arthur H. Stromberg. Mr. Kirvin will serve as administrative partner of Glore, Forgan & Co. and will make his headquarters in New York.

Prior to being admitted into general partnership of Glore, Forgan & Co., Mr. Kirvin had served as the Administrative Vice-President of the subsidiary corporation, Glore, Forgan & Co., Inc.

Mr. Kirvin came to Glore, Forgan & Co. in 1962 from Reynolds & Co. where he had served as general partner and director of operations for four years.

In the previous five years Mr. Kirvin had been a Vice-President of the New York Stock Exchange, serving as general manager of the Stock Clearing Corporation. His early career included administrative positions at Chance, Vought Aircraft Corporation, National Can Corporation and Radio Corporation of America. He is a member of the National Uniform Practices Committee of the National Association of Securities Dealers, a member of the Business and Office Procedures Committee of the Association of Stock Exchange Firms and the President and Director of the National Over-the-Counter Clearing Corp.

Throughout his Wall Street career he has been active in community affairs and was exceptionally active in the formation of the Clearing Corporation which was initially sponsored by his NASD committee in April of 1961.

Mr. Denison has handled corporate underwriting, private placements and investment research since joining the firm in 1947. He formerly worked for the Harris Trust & Savings Bank of Chicago.

Mr. Hill joined Glore, Forgan & Co. in 1959 as manager of the Investment Advisory Department in Chicago. He was formerly an officer of the Northern Trust Company in Chicago and was associated with the Lunkenheimer Co. in Cincinnati.

Mr. Leich has been manager of research for the Chicago office of Glore, Forgan & Co. since 1946. His experience includes research activities for Stein, Roe and Farnham investment firm and for the Investment Division of the Trust Department of the First National Bank of Chicago.

Mr. Scott will move from Glore, Forgan & Co.'s New York office. Before joining Glore, Forgan & Co. in 1958, he was a consultant with Booz Allen & Hamilton in New York.

Mr. Stromberg has been Chicago Sales Manager and Assistant National Sales Manager since 1962. Prior to that time, he was first sales manager, then resident manager of the firm's San Francisco office.

du Pont Branches Merge

OMAHA, Neb.—The Sioux City, Iowa office of Francis I. du Pont & Co. has been merged with the Omaha office, 108 Kiewit Plaza. Henry B. Moss is Manager.

Rates of Return on N. Y. S. E. Common Stocks: 1926 to 1960

Finally, at long last, a pioneering, thorough study of the performance of the New York Stock Exchange listed shares has been made and closes some long standing vital informational gaps. The study shows that NYSE equity investors would have earned greater returns than if similar savings were put in savings banks, savings and loan associations, mortgages and bonds in comparable periods. Now facts can supplant speculation as to performance and relative performance with other investment media and, more importantly, make possible for the first time an analysis of the various factors affecting stocks and of the value of popular technical indicators used in predicting stock market changes. This study might still not have emerged as soon as it did were it not for the computer, the financial assistance provided by Merrill Lynch, Pierce, Fenner & Smith, and the Ford Foundation, the data compiled by and obtained from this CHRONICLE'S authoritative "Bank and Quotation Record" and, most importantly, the expert work conducted through the facilities provided by the University of Chicago's Graduate School of Business by the faculty-authors — Professors Lawrence Fisher and James H. Lorie.

The first comprehensive and accurate measurements of rates of return on investments in all common stocks on the New York

James H. Lorie Lawrence Fisher

Stock Stock Exchange from 1926 through 1960 have been completed.

These measurements show the strength of one of the most important kinds of investment available to the American public.

No investigation on such a scale has ever before been attempted.

The study was done by the Center for Research in Security Prices (sponsored by Merrill Lynch, Pierce, Fenner & Smith Inc.) of the Graduate School of Business of the University of Chicago.

It took about three and one-half years to gather and evaluate the data of the approximately 1,700 companies whose common stocks were listed on the Exchange during the period, process it through computers and evaluate the results. The cost of the project was above $200,000.

This vast store of knowledge for the first time has been used to determine the rate of return on investment in common stocks listed on the New York Stock Exchange during the 35 year period, 1926-60.

This basic measurement has never before been accurately made.

The data drawn from millions of separate computations, is now available in a chart containing 132 entries, showing the rate of return for the entire stretch between Jan. 30, 1926 and Dec. 30, 1960, and for 21 shorter time periods within that span.

Thus, the analysis was narrowed to show the behavior of the market, in accurate terms, in periods of depression and recession, war booms and post-war inflations.

Major Findings

Here is what the study shows before any tax considerations were involved:

(1) The average annual rate of return on a portfolio of common stocks bought in 1926 and held through 1960 was: **9.01%.**

(2) Of the periods covered, the highest annual rate of return occurred from June, 1932 through December, 1940 when it was: **20.99%.**

(3) The lowest annual rate of return occurred from September, 1929 through June, 1932 when it dropped to the negative figure of: **minus 48.73%.**

(4) In 12 of the 22 periods studied in the span of 35 years, the annual rate of return was more than: **10%.**

(5) In 6 of the 22 periods studied including the 35 year span itself, the annual rate of return was: **between 2% and 10%.**

(6) In four periods, the annual rate of return dropped below zero; they are: **1926-32—minus 16.76; 1929-32—minus 48.73: 1929-40—minus 3.04; and 1955-57—minus 4.19.**

In the long run, the return on investment in common stocks was higher than returns on other forms of investment such as savings in commercial banks, mutual savings banks, savings and loan associations, all types of mortgages, municipal and government bonds, and corporation bonds.

These data emerged from literally millions of separate bits of information which were recorded on seven reels of magnetic tape fed into the giant IBM 7094 computer at The University of Chicago. The tape, if unraveled, would cover a distance of three and one-half miles.

The Authors

The authors of the massive research project are:

Lawrence Fisher, Associate Professor of Finance in the Graduate School of Business of The University of Chicago and Associate Director of the Center for Research in Security Prices of the Graduate School of Business.

James H. Lorie, Professor of Business Administration in the Graduate School of Business of The University of Chicago and Director of the Center for Research in Security Prices of the Graduate School of Business.

The study was undertaken in March, 1960, with the encouragement of Merrill Lynch, Pierce, Fenner & Smith Inc., the world's largest brokerage firm. The firm contributed about half of the cost of the study. The remainder of the funds came from the National Science Foundation, the Ford Foundation, and The University of Chicago.

The Center, which was established to conduct this study, will continue its research on the economic factors which determine the movement of common stocks and the effects of movements in the stock market on the rest of the economy.

George P. Shultz, Dean of the Graduate School of Business of The University of Chicago, said of the study:

"This first study issued by the Center represents the most comprehensive research to date of the movement of common stocks on the New York Stock Exchange and it suggests the range of contributions that will be forthcoming in the future.

"The work of Fisher & Lorie has broad implications, not only for those specifically interested in the operations of the stock market, but for those interested in the nation's economic growth and in the rewards for risk-taking, a function essential to our society."

Michael W. McCarthy, Chairman of the Board of Merrill Lynch, Pierce, Fenner & Smith Inc., said of the report:

"We are pleased to have helped establish the Center for Research in Security Prices because the availability of essential stock market data on computer tapes will now make possible conclusive answers to questions about market action that long have been only items of debate.

"The Center will thus provide another research tool that can be used to improve further the performance record of the American investor. This first study from the Center is particularly gratifying because it demonstrates the surprising high rate of return yielded by common stocks on the New York Stock Exchange."

Lorie said:

"There has never been anything comparable in comprehensiveness and refinement in the study of rates of return on common stocks. There have been other studies of much briefer periods, without consideration of taxes, with smaller groups of stocks, but there never has been anything as broad as this study.

"Heretofore, we have had only fragmentary, fairly crude estimates of rates of return. Now, we have a much better concept of what happens to investors in common stocks than we have ever had."

Tabular Results

The results of the analysis are shown in the accompanying table.

Comparing common stocks with other forms of investment, the authors found that the rates of return on common stocks were higher during most of the 35 year span.

In their report they said:

"Comparable data for other investment media are not available, but there is some information on realized rates of return on a **before-tax** basis. The most complete are for savings in commercial banks, mutual savings banks, and savings and loan associations.

"Savings in these institutions never earned as much as 6% per annum for any of the 22 time periods listed . . . and for most of the period, 1926-1960, earned less than 4%.

"Comparable data on mortgage loans made by commercial banks and life insurance companies on non-farm homes are available for 1920-47 and for sub periods. When all types of mortgages are considered together, realized yields never exceeded 6%, never fell below 4%, and averaged about 5%.

"Realized yields on municipal and United States Government bonds, as indicated by Standard and Poor indexes, ranged from —7.0 to 7.8% and averaged less than 4% during the 22 time periods.

"Average realized yields on large issues of corporate bonds are available for 1900-58. These yields ranged from minus 6% to just over 15% during periods from 1920-1943.

"The very high yields were achieved during the recovery from the depression of 1929-32 when prices of industrial bonds, in particular, advanced sharply in price. During most periods, yields varied between 5% and 8% and in more recent periods have been lower.

"The fact that many persons chose investments with a substantially lower rate of return than that available on common stocks suggests the essentially conservative nature of investors and the extent of their concern about the risk of loss inherent in common stocks.

Shows Up Risks in Supposedly Conservative Investments

"And yet, their experience with mortgage foreclosures during the 1930's and the substantial rate of default on bonds during the same period, shows that even such 'conservative' investments carry considerable risks."

The authors said that the data on these other securities was taken from published sources and

RATES OF RETURN ON INVESTMENT IN COMMON STOCKS LISTED ON THE NEW YORK STOCK EXCHANGE WITH REINVESTMENT OF DIVIDENDS

CHART 1 (of three)

This charge assumes that no tax of any sort has been paid on the common stock investment earnings. This corresponds to the position of a tax-exempt institution. The analysis includes all common stocks on the New York Stock Exchange in each period. The **Portfolio to Portfolio** entry represents the rate of return, compounded annually, based on reinvestment of dividends, assuming equal initial investment in the stock of each company. The **Portfolio to Cash** entry reflects the cost of converting the stock to cash at the end of a period.

Period	Portfolio to Portfolio	Portfolio to Cash
1926-60	9.03	9.01
1926-29	20.40	20.28
1926-32	—16.49	—16.76
1926-40	2.39	2.35
1926-50	6.80	6.77
1929-32	—48.36	—48.73
1929-40	— 2.98	— 3.04
1929-50	4.88	4.84
1929-60	7.74	7.71
1932-40	21.11	20.99
1932-50	18.61	18.56
1932-60	17.39	17.35
1950-52	12.50	11.97
1950-54	17.93	17.65
1950-54	16.98	16.79
1950-58	16.50	16.36
1950-60	14.84	14.72
1955-56	6.44	5.37
1955-57	— 3.66	— 4.19
1955-58	13.02	12.62
1955-59	14.00	13.70
1955-60	11.20	10.95

CHART 2 (of three)

This chart represents the interest rate on investments for a married man with standard deductions and an adjusted gross income of $10,000 as of 1960 and who maintained the same relative tax bracket in any of the previous years. The analysis includes all common stocks on the New York Stock Exchange in each period.

The **Portfolio to Portfolio** entry represents the rate of return, compounded annually, based on reinvestment of dividends, after income taxes, assuming equal initial investment in the stock of each company.

The **Portfolio to Cash** entry reflects the cost of converting the stock to cash at the end of the period and of paying capital gains taxes.

Period	Portfolio to Portfolio	Portfolio to Cash
1926-60	8.44	8.20
1926-29	20.40	20.28
1926-32	—16.49	—16.76
1926-40	2.37	2.38
1926-50	6.32	6.15
1929-32	—48.36	—48.73
1929-40	— 3.00	— 2.85
1929-50	4.31	4.16
1929-60	7.05	6.81
1932-40	21.08	20.68
1932-50	17.83	17.43
1932-60	16.52	16.18
1950-52	11.09	10.00
1950-54	16.55	15.32
1950-56	15.78	14.80
1950-58	15.41	14.55
1950-60	13.85	13.09
1955-56	5.67	4.56
1955-57	— 4.38	— 3.98
1955-58	12.23	11.10
1955-59	13.26	12.16
1955-60	10.48	9.62

CHART 3 (of three)

This chart represents the interest rate on investments for a married man with standard deductions and an adjusted gross income of $50,000 as of 1960 and who maintained the same relative tax bracket in any of the previous years. The analysis includes all common stocks on the New York Stock Exchange in each period.

The **Portfolio to Portfolio** entry represents the rate of return, compounded annually, based on reinvestment of dividends, after income taxes, assuming equal initial investment in the stock of each company.

The **Portfolio to Cash** entry reflects the cost of converting the stock to cash at the end of the period and of paying capital gains taxes.

Period	Portfolio to Portfolio	Portfolio to Cash
1926-60	7.42	6.84
1926-29	20.35	19.44
1926-32	—16.51	—13.37
1926-40	2.22	2.38
1926-50	5.53	5.14
1929-32	—48.19	—40.65
1929-40	— 3.00	— 2.28
1929-50	3.52	3.21
1929-60	5.97	5.39
1932-40	20.63	19.36
1932-50	16.48	15.47
1932-60	14.98	14.12
1950-52	8.99	7.12
1950-54	14.36	11.64
1950-56	13.72	11.43
1950-58	13.43	11.37
1950-60	12.01	10.30
1955-56	3.98	2.80
1955-57	— 5.99	— 4.22
1955-58	10.48	8.24
1955-59	11.58	9.23
1955-60	8.88	7.20

were used in this study merely to provide a basis for comparison. "They do not in any way represent the result of new research," they said.

Nor did the study name specific savings and loan associations, banks or corporate or government bonds.

They also emphasized that all rates of return were compounded annually. They explained that a dollar earning 9.0% per year, compounded annually, would be worth about $20.00 in 35 years.

In making the study, the authors used end-of-month prices of all common stocks on the New York Stock Exchange from January, 1926 through December, 1960, and placed them on tape. The incidence of error is considered to be "extremely low," they said.

The study took 44 months, beginning in March, 1960, because of the extremely large volume of data and the equally large volume of computation which had to be completed.

The authors said that the individual items of information in the study totals between two and three million.

"We have used about 350,000 prices of stocks. We have about 100,000 dividends. For most dividends, there are four associated dates. We have also taken account of about 10,000 stock dividends, distributions of rights, spin-offs and mergers.

"There were roughly 500,000 items alone connected with the dividends.

"We have accounted for all of the capital adjustments which are necessary in order to interpret price changes, such as stock splits, stock dividends, issuance of rights, issuance of additional shares for the purpose of exchanging those shares for those in another corporation, and so forth.

"In addition, we have information on the volume of trading—some 350,000 such items.

"There is no question that the vast amount of data could not have been processed without the use of computers," they said.

Future Research

For the future, the authors said three broad categories of research are planned by the Center.

First, studies of patterns of changes of prices themselves.

"The financial community has many people who are technical analysts of the stock market. Technical analysis consists of the study of patterns of changes in stock market prices in order to be able to predict future changes," they said.

"Perhaps the most famous kind of technical analysis is that conducted by the Dow theory of stock market change. No one has yet studied with great fairness whether this technical analysis is similar in its scientific content to crystal ball gazing or whether it has a sound statistical basis.

"We will be very well equipped to appraise the various kinds of statistical analysis and even more fundamentally to see whether the statistical conditions are such that any kind of technical analysis is possible or fruitful."

The second category of studies will be studies of the determinants of prices of common stocks.

"We will be able to consider such things as the earnings of dividends and the other things which affect a particular stock," they said.

The third category of future studies will be concerned with relationships between the stock market and the rest of the economy.

"Here we will study the relationships between stock market prices on the one hand and such other things as money supply, commodity prices, interest rates, and industrial production.

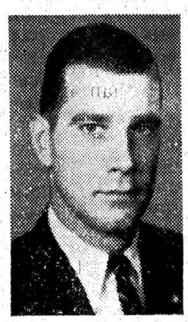
"All of this has been done before but we will be in a position to do it more thoroughly and with greater refinement," they said.

With the completion of the study on common stocks, the Center will now begin to bring up to date the file on common stock returns from 1960 to the present, the authors said.

[ED. NOTE: The basic source of information on stock prices and the volume of trading used in making the study was, for the years prior to February, 1928, the "Bank and Quotation Section" of the "Commercial and Financial Chronicle"; and for subsequent years, the "Chronicle's" monthly publication, the "Bank and Quotation Record.]

Phila. Secs. Ass'n Receives Slate

PHILADELPHIA, Pa. — Henry McK. Ingersoll of Smith, Barney & Co., has been nominated for President of The Philadelphia Securities Association. Mr. Ingersoll would succeed William A. Webb of DeHaven & Townsend, Crouter & Bodine, whose term is expiring.



H. McK. Ingersoll

The annual meeting and dinner of the Association will be held on Thursday, Jan. 30, 1964, at The Barclay Hotel in Philadelphia.

Other officers nominated are: Frederick T. J. Clement of Drexel & Co., Vice-President; Samuel R. Roberts of Schmidt, Roberts & Parke, Treasurer and Rubin Hardy of The First Boston Corporation, Secretary.

Mr. Webb was nominated for the Board of Governors to serve for one year. The following were nominated for the Board to serve for two years: John D. Foster of Studley, Shupert & Co., Inc.; Samuel M. Kennedy of Yarnall, Biddle & Co.; Edwin J. Pearson of Smith, Barney & Co. and Robert G. Rowe, Jr. of Paine, Webber, Jackson & Curtis.

Lempereur Pres. Of Keystone Fund

BOSTON, Mass. — Glenn N. Lempereur, Executive Vice-President and Secretary of Keystone Custodian Funds, 50 Congress St., has been named President of the organization. He succeeds Wilfred Godfrey, who has been elected Chairman of the Board to fill the vacancy created by the death of Sidney L. Sholley. Joseph C. Creasy, associate legal counsel has been named Secretary.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

It appears as though there is now a growing opinion in the financial district that only a very modest increase in money and capital market rates is to be expected because of the usual seasonal needs for money and credit. This should not be unfavorable to the policies of the monetary authorities because they have to keep short-term interest rates high enough so that aid will be given to the dollar and our gold holdings while long-term rates are to be kept from advancing to any appreciable extent.

The course of long-term interest rates would probably not be dissimilar to that of short-term rates were it not for the very large amount of money available for investment in the capital market. This will most likely retard to some extent at least any upward movement which might develop in long-term interest rates. The continued investment of funds in the 4⅛s of 1989-94 appears to give substance to these ideas.

Status of Bank Reserves

It is evident that the powers that be are going to supply the needed money and credit for the fall and winter expansion of business in spite of some signs which are now appearing that this will take place at very slightly higher rates than have been prevailing.

The level of excess reserves of the member banks of the system has been reduced by the monetary authorities and this usually means that interest rates will move up, if only in a modest way. As long as the free reserves of the system are being cut down the member banks have less funds to operate with. In time, this results in the cost of obtaining credit going up. The extent of the rise will depend upon the amount of the cut in reserves by the powers that be.

The "Payments" Problems

However, it should be remembered that money and credit facilities are not going to be tightened so much that they will have an adverse influence on the business pattern. There is nonetheless a force which could bring about sharply higher short-term rates and that would be a deterioration of our unfavorable balance of payments which has been improving. It is evident that one of the remedies which is being used by the monetary authorities in our balance of payments problem is to keep short-term interest rates here competitive with similar rates in the rest of the free world mainly in England and Canada.

Tax Reduction Factor

In addition to keeping short-term rates on the high side because of the international monetary situation, there may be the need also to have these rates stay on the firm to higher side because of an expected reduction in income taxes. It is believed in many quarters of the financial district that a reduction in income taxes which could increase spending by the public and might eventually develop into some kind of a boom will be tempered to some extent by higher interest rates as well as some curtailment in credit. The extent of the rise in interest rates, along with the amount by which credit will have to be limited, will depend upon the trend of the economy when as and if a cut in income taxes takes place.

The key to the future action of interest rates will be the way in which the balance of payments problem goes, along together with the way in which a reduction in taxes is taken by the economy.

Open Market Policy

The indications are that the powers that be will continue to keep the level of long-term interest rates from advancing to any great extent even though near-term rates wil lhave to be high enough to meet the free world competition. The action of the monetary authorities (Federal Reserve Banks) in making purchases of bonds, both the short ones as well as the most distant Treasury maturities, appears to mean that the level of rates in the capital market is not going to advance to an extent which would have an adverse effect on the economy. Business still has to be financed at not too high levels of interest rates.

To Be V.-P. of Dillon, Read

John H. F. Haskell, Jr. will becomea Vice-President of Dillon, Read & Co., Inc., 46 William St., New York City, members of the New York Stock Exchange, as of Dec. 26. He will make his headquarters in Paris.

To Be Partners In Boettcher & Co.

DENVER, Colo. — On Jan. 1, Boettcher & Co., 828 Seventeenth Street, members of the New York Stock Exchange, will admit James W. Sorenson and Jack N. Mowbray to partnership.

Federal Reserve's Proposal To Coin Any Debt Into Credit

By Dr. Benjamin Haggott Beckhart, *Professor Emeritus, Columbia University, New York City; Author: "Business Loans of American Commercial Banks" (1959)*

Leading money and banking expert flays Federal Reserve's proposal to make advances on any security found satisfactory to the Board of Governors. Dr. Beckhart refutes Federal Reserve's claim there has been or is anything wrong with self-liquidating, eligible, paper. He traces departure from financial self-discipline and sees in this proposed substitution of fiat money and credit for taxation and savings a perilous increase in tempo down the long road of monetary adulteration. Pointed questions are raised as to the motive for the latest step and as to the reason for the ambiguities of the language employed by the Fed in defending their proposal.

The Board of Governors of the Federal Reserve System proposed last Aug. 23, 1963, that the Reserve Banks be permitted to lend against any and all collateral presented by a member bank and acceptable to the Reserve Bank at the minimum discount rate. Senate Bill 2076 was introduced by Mr. Robertson on the same day and House Bill 8505 was introduced last Sept. 19, 1963, by Mr. Kilburn.

Dr. B. H. Beckhart

I am opposed to this change in the law. The changes suggested by the Board of Governors is a fundamental one, in that:

(1) It in effect repeals Sections 13 and 13a of the Federal Reserve Act.

It is these sections which stipulate, subect to the regulations of the Board of Governors, the types of paper which are eligible for rediscount.

(2) In repealing these sections, it confers eligibility on paper which is not now eligible: paper the proceeds of which are or have been used for permanent or fixed investments, for transactions of a purely speculative character, for the purpose of carrying or trading in stocks and bonds except direct obligations of the United States.

At the present time eligible paper is defined as a negotiable note, draft or bill of exchange bearing the endorsement of a member bank which has been issued or drawn or the proceeds of which are to be used in producing, purchasing or the marketing of goods or the proceeds of which have been used in meeting current operating expenses or the proceeds of which have been used for the purpose of carrying or trading in the direct obligations of the United States.

Sharp Deviation

Conferring eligibility on paper which arises from trading in the direct obligations of the United States represented a sharp deviation from the basic concept of eligible paper and constituted an important concession to the most important political debtor in the country.

Under the proposed change, the Reserve Banks could make loans to member banks at the minimum discount rate on their paper collateralled by brokers' loans, mortgages, consumer instalment credit and any other asset acceptable to building, furniture and fixtures.

The eligibility provisions of the Reserve Bank, including original Federal Reserve Act, embodying best European experience at the time, were inserted in the Act for several important reasons:

(1) To confine the portfolio of the Reserve Banks to commercial paper, which possessed economic liquidity, in that, funds for the repayment of the obligations would accrue from the passage of goods from producer to consumer;

(2) To safeguard the Reserve Banks from the pressure of various group interests who might wish to shunt debt, of whatever description into the Reserve Banks;

(3) To exert pressure upon member banks to confine their lending operations to commercial purposes compatible with the basic function of commercial banks.

It was believed and, with good reason that, if the earning assets of the Reserve Banks could be confined to eligible paper, the threat of currency depreciation would be much less than if all types of debt were coined into Federal Reserve credit.

Shift to Fiat Money and Credit Substitutions

The original provisions of the law have been greatly modified over time. These changes have occurred, not as the Board of Governors asserts, because self-liquidating paper proved too limiting in any basic economic sense, but money and credit for taxation and because the nation substituted fiat savings in the financing of the two World Wars, because the Treasury has, on occasion, sought to keep interest rates in the capital markets below the levels justified by the volume of savings and because the American people have been encouraged to incur debt and, in doing so, so rely on the commercial banking system.

The first important change, as the Board notes, took place in 1916. This permitted the Reserve Banks to extend loans to member banks collateralled by eligible paper and by government bonds. This was adopted to enable member banks to borrow for short periods of time and to borrow without their customers realizing that they had done so. If customers' notes are used as collateral they need not be endorsed, if, however, they are rediscounted they must be endorsed and the customers of the borrowing bank would realize, when they themselves paid and retrieved the notes, that these notes had been rediscounted.

Permitting the Reserve Banks to lend against member banks' promissory notes collateralled by government obligations, although an important theoretical deviation, was not then regarded as a serious practical departure from basic principles. The amount of the public debt available for collateral was very small.

Within a year after the adoption of this amendment, the United States was at war and the public debt soared. The Reserve Banks began lending to member banks in large volume against the collateral of United States obligations in order to permit them in turn to lend to their customers to buy the debt. The government encouraged its citizens to borrow in order to buy government obligations.

In the absence of this amendment, the Federal Reserve Act would probably have been altered to permit the financing of World War I deficit by fiat credit. However, let us not deceive ourselves, by concluding that the use of fiat credit resulted from some inherent defect in eligible paper. It was employed by reason of the nation's unwillingness or inability to finance the costs of the war from taxation and from obligations sold to individual and institutional savers.

The Change in 1932

The next important changes in the Act, as the Board points out, occurred in 1932. The amendment permitting the issuance of Federal Reserve notes directly against the public debt, at the time of the currency panic, was adopted:

(1) To obviate the need on the part of member banks to borrow to obtain Federal Reserve notes;

(2) to prevent further reductions in the "free gold" reserves of the Reserve Banks

(3) to permit the Reserve Banks to conduct open-market operations on a gigantic scale.

The collapse of the banking system itself resulted in large part from the change in the character and the decline in the quality of commercial bank portfolios in the decade of the 'twenties. Farm and urban mortgages, industrial debentures and foreign bonds, displaced the commercial paper of an earlier period and the quality of these assets declined through the course of the decade. Commercial banks through the depression suffered no loss on genuine self-liquidating paper.

W. W. II Recourse to Artificial Financing

In view of the costs of World War II and the unwillingness or inability to rely on taxation and the sale of obligations to savers to finance the war, the nation again, as in World War I, had to make use of fiat money and credit. Federal Reserve notes were the Greenbacks of that conflict. Again let us not deceive ourselves by concluding that the changes introduced in the law improved the banking system or that the definition given to eligible paper was the root of our difficulties. Our difficulties arose from the lack of financial self-discipline.

The changes in the eligibility requirements of the original act were part and parcel of a long series of fiscal and financial policies including the methods of war finance, which led to the erosion in the purchasing power of money and led, too, to the devaluation of 1933. And it might be added that successive devaluations are the fate of nations which wish to coin all types of debt into commercial or central bank credit.

Fed Fails to Define its Terms

The Board of Governors in defending their proposal becomes involved in various ambiguities of language. It speaks for example of "the soundness of the paper" offered by a member bank, "the appropriateness of the purpose for which the credit is sought," the "legitimate credit needs of the economy." without offering any definition of these terms.

It states that short-term self-liquidating paper is no longer consonant with banking practices and with the needs of the economy. True it may no longer be consonant with the current avid desire of commercial banks to add all types of debt to their portfolios, a practice which is ominously reminiscent of the 'twenties. But to say that short-term self-liquidating paper is not consonant with the needs of the economy is to beg the question. Are all credit needs to be met by commercial banks and the Federal Reserve Banks? Is everyone to have an inalienable right to bank credit? Is commercial bank credit to be continuously employed in financing long-term credit needs and to be continuously substituted for savings?

The Federal Reserve Board fears, too, that member banks, in the event of a strong loan demand, might reduce their holdings of governments and be left with insufficient collateral on which to borrow from the Reserve Banks. The sale of governments, however, to meet a loan demand would not force a member bank to borrow. One asset is exchanged for another.

What, I dare say, both the Board of Governors and the Treasury fear is that member banks may *sell* government obligations to meet a loan demand. Interest rates would react sharply, Treasury borrowing costs would soar. No doubt both agencies would prefer that member banks retain their holdings of government obligations and meet loan requests by borrowing from the Reserve Banks. They have now and will continue to have, in view of probable future fiscal deficits, an ample supply of government obligations to serve as collateral.

Only if member banks were subjected to a secondary reserve requirement, proposed by the Board of Governors in 1945, might they lack an adequate supply of government obligations to use as collateral at the Reserve Banks. This would result not from a reduction in holdings but simply from the fact that a smaller or larger part of their holdings would become frozen. Does the expressed fear of the Board of Governors that member banks may not have a sufficient supply of government obligations to serve as collateral portend a renewal of this early proposal for a secondary reserve requirement?

We have deviated far from the original provisions of the Reserve Act. Obviously, in view of all that has transpired over the past 50 years, we cannot turn the clock back. But neither should we discard the present requirements and permit any manner of debt to be coined into Federal Reserve credit at the minimum discount note.

NSTA NOTES

THE SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

At the Annual Meeting of the Security Traders Association of New York, Inc., the following officers were elected for 1964:

Lewis H. Serlen

Salvatore J. Rappa

James T. Gahan

James V. Torpie

Bernard Weissman

President—Lewis H. Serlen, Josephthal & Co.

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

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

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

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

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

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

As We See It

Continued from page 1

has recently summoned the courage to estimate the probable deficit which would accompany a $103 billion Federal budget. During the year ended last June budgeted outlays came to only some $86.4 billion which left us with a deficit of upward of $6 billion. Even on the cash payment basis, outlays of some $114 billion left us with a deficit of upwards of four billion. President Kennedy had long been insisting upon reducing taxes in the amount of some $11 billion and President Johnson has taken up the cudgels with a determination to force some such reduction in receipts. There are certainly not very many—there may be a corporal's guard—who have the slightest notion that during the fiscal year beginning in July of this year business will be so stimulated that any such reduction in tax rates would be offset by greater collections with the old rates. "Tight" or not, next year's budget and next year's actual experience is certain to present us with a truly record breaking deficit.

Can any one in his right mind doubt for a moment that a great deal is needed over and above the elimination of waste growing out of inefficient operations? We can only hope that the rank and file will not be lulled to sleep by the description of a badly swollen budget as "tight." Of course, no details of the forthcoming budget document are yet available. They have not in most cases even come into existence in all probability. But the interested citizen—and all citizens should be interested—would do well to take a good hard look at last year's results and place a mark by those items which should either not appear at all or become greatly reduced in next year's budget.

Billions to the Farmers

He might well begin with agriculture. During the year ended in June of this year the Federal Government paid out more than $7.3 billion in aid to agriculture. This is some billion and a half more than in any recent year and is, of course, hardly other than a disgrace to the nation and to the farmer himself. Is this item to be any "tighter" next year? It should at least start on its way out altogether. Let's be sure that it does, but it will not unless the rank and file of the voters demand in no uncertain terms that it do so. The veterans of various wars are still drawing about six billion a year. No one, of course, would wish to deprive a veteran of what is due him in consideration of his service to his country, but every one knows that current outpouring of funds to the veterans in this country is hardly less than a disgrace to the veterans themselves, the more so because they have permitted themselves to become a sort of political threat to all who do not go out of their way to do this, that, and the other for them.

Unfortunately, the average citizen soon finds himself bogged down in technical and involved detail when he tries to examine many of the accounts now appearing in one or the other or all of the various "budgets" the Treasury now makes public. There are such items as "Commerce and Transportation," "Natural Resources," "Health, Labor and Welfare" and "Education" which account for some 30% of the total cash outlay of the Federal Government. Very considerable research would be required to find out precisely what is included in these headings, but one can hardly doubt that a great deal is concealed in these columns and that a great deal should be deleted—the more so since, so far as one can tell from the rather mysterious tabulations made public, outlays in most of these categories have increased enormously in recent years, or at least since the arrival of the New Deal.

Big Enough Last Year

During the fiscal year ended June 30 last, we ploughed some $2.5 billion into space research. There are many, and we are among them, who question whether these funds are well spent. We can only hope that they are, as we must hope that the $53.4 billion that went into national defense and the $2.2 billion listed as having been expended in the field of international affairs brought a dollar for each dollar spent. Each citizen who has the good of his country at heart should look into each and every one of these things and insist that something be done about them—and keep watch to be sure that it is done. Assurances of "tight" budgets is not enough if indeed it means anything at all. President Johnson as yet at least has not apotheosized large deficits as such in the mistaken notion that by inviting financial disaster we can win our way to eternal wealth. If he continues to keep his feet on the ground, it should tend to cultivate an atmosphere in which the ordinary citizen can look at the fiscal situation of his government with realism and determination.

To those who are not confused by terminology or misled by cheap political tricks will fall the task of seeing what can be done to prevent incorporation into the current budget or in current legislation any of the numerous provisions or programs which begin to cost the nation real money, not this year but next or the next or the next. One of the biggest difficulties always encountered when attempts are made to reduce public outlays are those advance commitments made in previous years. Let's have done with them.

Bacon, Whipple Will Admit Littell

CHICAGO, Ill. — Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges, on Jan. 1 will admit Willis H. Littell to partnership in the firm.

To Be Partner in Robt. Baird Co.

MILWAUKEE, Wis.—On Jan. 1, Robert A. Stephen will become a partner in Robert W. Baird & Co., 731 North Water Street, members of the New York Stock Exchange. Mr. Stephen is in the firm's Syndicate Department.

Bonbright to Admit Schnabel

ROCHESTER, N. Y.—Walter Schnabel, manager of the retail sales department, on Jan. 2 will be admitted to partnership in George D. B. Bonbright & Co., Powers Building, members of the New York Stock Exchange.

G. H. Walker Will Admit Symington

G. H. Walker & Co., 45 Wall St., New York City, members of the New York Stock Exchange, on Jan 1 will admit Charles H. Symington, Jr. to partnership. Mr. Symington is assistant manager of the syndicate and bond departments.

Mun. Bond Issues At Record Volume

WASHINGTON, D. C.—New issues of municipal bonds sold during the third quarter of 1963 totaled more than $2 billion—a record volume for this three-month period—according to a quarterly review of the municipal bond market in the latest issue of the IBA Statistical Bulletin (November, 1963) published by the Research Department, Investment Bankers Association of America. Although a record for third quarter municipal bond sales, it is relatively low in relation to volume during the first half of this year.

Over $7.7 billion of new municipals were sold during the first nine months of 1963. This indicates that 1963 will be the first $9 billion year for sales of new issues of municipal bonds, and it may well be the first $10 billion year.

Third quarter sales of general obligation municipal bonds totaled $1,183 billion or 58% of the quarterly total, while $725 million in revenue issues were sold, representing 36% of the total. The remaining 6% consisted of $116 million of new Public Housing Authority issues. Sales of revenue bond issues continue to increase proportionately at the expense of general obligation bonds.

Washington led the nation with total state and municipal bond sales of $258 million during the third quarter. New York was second with sales of $240 million; California was third with $176 million; Pennsylvania ranked fourth with $171 million; and Texas was fifth with sales of $104 million.

Schwabacher Co. To Admit Four

SAN FRANCISCO, Calif.—Schwabacher & Co., 100 Montgomery St., members of the New York and Pacific Coast Stock Exchanges, on Jan. 1 will admit Charles F. Lowrey, James B. Skinner, Darrell J. Winrich and Alfred Lisi to partnership.

W. E. Hutton Co. Will Admit Two

W. E. Hutton & Co., 14 Wall St., New York City, members of the New York Stock Exchange, on Jan. 1 will admit J. Logan Burke, Jr. and Philip Swing Smith to partnership. Mr. Smith will make his headquarters in the firm's Cincinnati office, First National Bank Building.

Two Join Wm. Pollock

G. Winthrop Hodges and Michael McClurg have become associated with Wm. E. Pollock & Co., Inc., 45 Wall Street, New York City, as registered representatives.

The State of TRADE and INDUSTRY

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

Both vigorous economic growth and special programs to upgrade workers' skills are needed to reduce unemployment, states the Federal Reserve Bank of Chicago in the December issue of *Business Conditions.*

The persistence of substantial unemployment in generally prosperous times has drawn a great deal of attention since unnecessary unemployment penalizes individuals and causes national income and production to be lower than is possible or desirable.

Most observers agree than unemployment in recent years has been too high. As to its causes and what can or should be done about it, two fairly well-defined positions have emerged.

The "expansionists" think recent levels of unemployment stem largely from a deficiency of total demand for goods and services. Those holding this view prescribe monetary expansion, reduction in taxes and increased Federal spending to solve the problem.

"Structuralists" believe that "prosperity" unemployment results principally from technological developments, changes in supply and demand for particular skills and shifting consumer preferences for goods and services. Their solution: expanded vocational education opportunities and manpower retraining programs and stimulation of private investment in labor surplus areas.

Unemployment Straddles Two Common Causes

There is, however, substantial basis for common action since these views are not as far apart as they at first may seem to be, the Bank said. For example, the structuralist solution implies economic growth for effectiveness; if the presently unemployed were to be trained to handle jobs now beyond their capabilities, the availability of work would still hinge on some measure of economic expansion. Product price reductions or some enlargement of total demand—by monetary or fiscal action or both—would be needed to sustain the addition to total output brought about by the rise in employment.

Whether or not economic expansion could "go it alone" as an unemployment curative is another matter. Without widespread upgrading of workers, the jobs available to the unskilled and untrained almost certainly would be fewer than the number of such workers.

Several times earlier in the postwar period, expansion has substantially reduced unemployment, but each successive business recession has left in its wake a somewhat higher level of unemployment than the one before it—an effect widely noted as the crux of today's problem.

Furthermore, in two earlier instances when the unemployment rate was markedly reduced, prices proved troublesome: the Korean War, when consumer and wholesale prices rose 11 to 12% between 1949 and 1953, and the post-1954 expansion, when prices rose about 8% between 1955 and 1958.

Few observers believe these price developments were unrelated to the sharp declines in unemployment. Circumstances, however, have changed considerably since the earlier inflationary movements. Production bottlenecks have all but disappeared as record sums have been poured into new industrial plant and equipment, and furthermore, buyers are better situated to resist inflationary tendencies.

Thus expansionary actions undertaken to alleviate unemployment might today pose less threat to price stability than similar steps taken earlier.

Even "expansionists" acknowledge that increases in total demand would bear most heavily on those sectors of the work force already in short supply, but argue that competition can be relied upon to moderate discrepancies between labor supply and demand as it always has done. But there is the possibility that market forces would take an excessively long time to operate effectively.

Far-Reaching Corrosive Effect

The corrosive effects of long-term unemployment, of course, extend beyond those immediately affected. There is a spillover impact upon the children of the unemployed, tending to create a sense of futility and frustration and hindering the pursuit of needed education and job training and search for gainful employment. Thus, some observers fear that the longer unemployment lasts, the more difficult it will become to absorb the jobless and their offspring into the active work force.

The problem is especially evident in connection with younger members of the working-age population.

During the Sixties, an estimated 26 million young persons will become first-time job seekers. Where the number of 14- to 24-year-old males in the labor force grew by less than 1% between 1950 and 1960, a climb of 44% is projected for the current decade.

The 25 and older group—generally the experienced workers—increased 9% in the Fifties, but is expected to grow only 4% during the current decade.

Roughly one-fourth or 6.6 million of the 26 million youths entering the labor force in the Sixties will have had some college training and about one-half will have a full high school education, but more than 5 million will have entered the job market before high school graduation and more than 2 million others will have had at most only eight grades of schooling.

In 1960, about 15% of the 16- to 19-year-old males in the labor force were unemployed, with rates running even higher at times since then. By 1965, the total number of males in this group seeking or holding jobs will be almost 4 million compared with 3.2 million in 1960; the total is projected at 4.3 million by 1970.

Unless unemployment at the lower end of the age scale is to increase, an abundance of job openings will need to appear for the rapidly growing numbers of young people.

The implication seems clear that there is a need for job training and retraining programs, suitable vocational education, dissemination of information on job availability and occupational prospects, facilitation of worker mobility and similar structural approaches to unemployment.

It is no less evident that a climate of vigorous economic growth and development will be indispensible as well. Structural and expansionist solutions both have a vital part to play if the nation's manpower problem is to be dealt with effectively.

Adjusted Bank Clearings Jump 13% Above Year-Ago Week

Bank clearings, compiled and published by the *Chronicle,* in the latest statement week ending Dec. 7, rose 13% in dollar volume above the year-ago week. They were $29,394,252,185 in the week ending Dec. 7 compared to $26,133,528,815 in the 1962 week.

Our preliminary totals for the latest week-to-week change were $37,963,521,923 against $25,722,304,124. The Nov. 30, 1963, week's clearings plunge of 32.3% reflected the day set aside for mourning President Kennedy's sudden and tragic death and the Thanksgiving Holiday.

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

Week End. Dec. 7—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$21,294,603	$18,987,141	+12.2
Chicago	1,531,436	1,480,139	+ 3.5
Philadelphia	1,344,000	1,207,000	+11.4
Boston	982,427	886,893	+10.8
Kansas City	603,042	547,081	+10.2

Steel Output 2.1% Ahead of Last Week's for 15th Rise Out of Past 16 Weeks, Leaving Year's Cumulative Output 11.1% Above 1962 Period's and 9.9% Above the Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Dec. 7 was 2,042,000 tons (*109.6%) as against 2,000,000 tons (*107.4%) in the Nov. 30 ending week. It marked the seventh weekly increase in a row.

This modest rise of 2.1% in output was the 15th non-spectacular weekly advance in the past 16 weeks, and was the highest weekly output since the 2,077,000 tons of ingots and castings produced in the July 31-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 as it now has pushed the year's total over the 100 million mark.

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-Dec. 7, 1963 period production came to 102,976,000 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 unequalled in the past two years and last equalled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline from May 25 through the week ending Aug. 17. Then followed 15 weekly advances in output out of the 16 past weeks marking 17.2% rise for those weeks or a hair's width wider than 1% a week on average. The industry had hoped for a more vigorous upturn in the past several weeks but will not be unhappy if the succeeding weeks make up any disappointment felt so far while living up to last quarter bullish expectations.

Last week's output was 9.6 percentage points above the 1957-59 base period's average weekly output and was approximately 17.2% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 9.9% above the 1,876,000 tons produced in the year-ago week.

Cumulative Total Levels Off

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 102,976,000 net tons (*112.8%) which is 11.1% above the Jan. 1- Dec. 8, 1962 production of 92,723,000 net tons. The latest week's index for the cumulative total faltered at one-tenth of 1% below the index of 112.9 in the prior week—a declining rate of increase which has taken place since July 29 when the year's cumulative output was then 12.3% above the comparable year-ago period.

District—	*Index of Ingot Production for Week Ending Dec. 7	Nov. 30
North East Coast	104	103
Buffalo	107	109
Pittsburgh	99	97
Youngstown	89	89
Cleveland	108	101
Detroit	161	160
Chicago	119	115
Cincinnati	121	118
St. Louis	115	117
Southern	107	101
Western	108	107
Total industry	109.6	107.4

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

December to Set Record for Month in Metalworking

Metalworking business in December will set a record for the month and will help carry the industry's sales to a new high of $174 billion this year—up $9 billion from 1962, *Steel* magazine predicted.

The metalworking weekly said demand for steel and other materials is accelerating as many manufacturers prepare for a big first quarter.

Demand for capital equipment and consumer durables is also on the rise. October orders for machine tools hit the highest level in more than seven years, and a spotcheck of machine tool builders by *Steel* reveals that orders are still pouring in.

The auto industry's output is setting the pace for much of metalworking. If December car assemblies hit 737,000 (as scheduled), the industry will set a record for the month. In the first 11 months, carmakers built 6.9 million autos vs. 6.3 million a year ago.

December shipments of steel will exceed November's, *Steel* magazine also predicted.

Automakers are requesting December delivery of some of the steel they originally ordered for January.

Nonautomotive customers are consuming steel at a rapid pace and will have to take sizable shipments this month despite tax considerations. (Some states levy yearend taxes on inventories).

There's brisk demand from makers of appliances, farm machinery, earthmoving equipment, machine tools, and railroad rolling stock.

Most steelmakers are quoting prompt deliveries on all products and predicting no extensions in the next few months.

The stiff competitive situation is reflected in the size of steel mill inventories and the willingness of sales executives to absorb freight on shipments to distant customers.

Unexpected December High Output

This month's production is almost certain to surpass last month's.

Mills made two million tons of steel last week. Production hasn't been that high since mid-July, *Steel* reported. Output is expected to be higher this week.

Operations have increased for seven consecutive weeks to about 65.5% of unofficial capacity.

Steel's price composite on the No. 1 heavy melting grade of scrap used in steelmaking remained at $26.67 a gross ton last week for the fifth straight week.

Imports of steel mill products will exceed five million tons for the first time this year and far surpass the 1959 record of 4.4 million tons, *Steel* further predicted.

The nine month total of 3,990,000 was the highest ever for the period even though September imports slipped to 476,000 tons from 547,000 tons in August.

September exports were 162,000 tons (vs. 178,000 tons in August). At 1,531,000 tons, they're 13,000 tons higher than a year ago.

End of Steel Inventory Cutbacks Points to January Uptrend

January should be the strongest steel month since the pre-labor negotiation inventory buildup, *Iron Age* magazine reported.

The national metalworking weekly said demand and consumption, which have been strong nearly all year, will finally be reflected in orders and production.

However, this does not mean another sudden upturn in steel production. Inventory liquidation since the steel labor settlement has been a long, drawn-out process. As it draws to a close, production is already close to the rate of consumption, *Iron Age* said.

Steel production is over two million tons per week. This means monthly production of 8.8 million tons, and shipments of more than 6.3 million tons, but with imports hovering close to 500,000 tons per month, total steel going onto the market is pretty well in line with the consumption level.

In fact, *Iron Age* stated steel orders in the first week of December lagged behind the November pace. This is a little puzzling, but is attributed to a number of factors such as reaction to the President's death, and a brief "laying back" to evaluate the year-end picture.

But mills are predicting increases for January ranging from "slight" to 10-to-12%.

Other factors include automakers moving some tonnage up from January to December delivery. This will mean supplementary buys for January, too.

Here is the steel inventory picture:

Consumers aimed for normal inventories by Jan. 1. But this point will be reached a full 15 days early.

In Detroit, January will likely reflect 100% use by automakers, first time since the steel settlement.

Record Car Output News Shakened by Studebaker's Decision to End all U. S. A. Production

A new record in car output is estimated for last week, although

Continued on page 26

Inflation Threatening Britain

By Paul Einzig

Whatever hiatus from excessive wage increases Britain enjoyed since 1962 appears to be coming to a rapid end. Dr. Einzig writes on labor's wage moves and unconcern for the economy, and the dilemma facing the Government in deciding whether or not to pursue disinflationary measures. The noted economic writer comments on the needless ineffectiveness of the Government's well intentioned National Incomes Commission; on the defenses that could be called upon to support sterling; on the implications for the stock market; and on labor's use of wages as a means to drive additional nails in the Conservative Government's coffin. It's possible, he adds, that labor may go too far and antagonize the electorate against the Socialists.

LONDON, England—The month of December opened under unfavorable auspices. Sterling became distinctly weaker and the rise on the Stock Exchange was interrupted. This was due, to some extent at any rate, to the repercussions of the difficulties in the United States arising from the Allied Crude Vegetable Oil and Refinery position. Several British commercial firms are affected, and so are several London merchant banks. Although the extent to which they can conceivably be involved is small, the psychological effect on even such a minor crisis, coming as it did after a complete absence of such a crisis over a very long period, was bound to be unfavorable. The Euro-dollar market is also affected, even though the amounts lent to the New York brokers Ira Haupt and to another broker firm, are relatively moderate.

Gathering Wage Inflation

A much more important factor in the situation has been the gathering momentum of British wage inflation. A number of major industries have conceded or are about to concede wage increases well in excess of the increase in productivity. It seems that Britain is back again where she was in 1962 before Mr. Selwyn Lloyd's disinflationary measures slowed down inflation. The 5% increase granted by the engineering industry was a heavy blow to the Government's policy of resisting inflation. The nationalized railroads too are on the point of granting a substantial increase. Even though the Government objects to this its objection is likely to be overcome because, unless wages in public utilities keep pace with those paid in private industry, the former are likely to lose a sufficient number of men to reduce their efficiency considerably. As it is, public transport had to curtail its services for lack of manpower. "What is the good of working a six-day week for £11 if we can get £20 for a five-day week in factories?" is an oft-heard remark among transport employees.

Once more there is much speculation on the possibility of disinflationary measures being adopted to check the inflation. This in itself would be sufficient to discourage business and to affect the Stock Exchange unfavorably. There is in addition another consideration which is causing concern in financial and business circles as well as arousing investors and speculation. Should the Government come to the conclusion that sooner or later it would have to apply such unpopular disinflationary measures, it might decide that rather than awaiting their application it would be expedient to fix an early date for the general election. Judging by all symptoms, that would mean certain defeat.

If the Government should decide to hold out till the autumn it might be inclined to defer disinflationary measures. The gold reserve position is reasonably favorable and this, together with the support to sterling which the authorities would be able to mobilize abroad, would make it technically possible to face an adverse change in the balance of payments during the first three quarters of 1964. By the autumn, however, inflation would reach a very advanced stage and the evidence of it might cause the Government fully as much harm as the adoption of unpopular disinflationary measures.

The Government is trying hard to discourage wage increases. The National Incomes Commission was instructed to investigate the wage increase granted by the engineering industry but, if it should conclude that from the point of view of the public interest it was unjustified, it would make no difference in practice. For the influence of the National Incomes Commission is negligible. Trade Unions treat it with the utmost contempt and refuse to cooperate with it even to the extent of arguing their case for wage increases. This is largely the Government's fault, because the National Incomes Commission is presented to public opinion as an organization set up for the sole purpose of checking excessive wage increases. Beyond doubt in present conditions that is its sole object. With a little imagination it would be possible however to visualize a situation in which the National Incomes Commission could serve the purpose of encouraging wage increases.

Should there be a major business recession due to inadquate consumer purchasing power, the National Incomes Commission could and should pronounce in favor of granting *higher* wages. Realization that it could be used for such a purpose might go some way towards disarming the hostility of trade unions. It might be possible to make them see that unless the National Incomes Commission strengthens its good will with employers by successfully resisting excessive wage demands it would stand little or no chance to influence employers in favor of wage increases in circumstances when such increases come to be considered to be public interest.

Wages as a Means Toward a Political End

The worst of it is that with the approach of the general election trade unions seem to have become increasingly politically-minded. Realizing that wage inflation would drive additional nails into the Conservative Government's coffin, they now go out of their way to press their excessive wage demands. They might, however, overplay their hand. An unpopular major strike might make the Socialists unpopular in the country. Possibly the Government, being aware of this, might stage a showdown during the next few months, by resisting, or inspiring resistance to, wage demands in some key industries. The resulting major strike would of course be gravely detrimental to the national economy and, through its effect on the balance of payments, it would increase pressure on sterling. On the other hand, should it become evident that through its effect on public opinion it would improve the Government's election prospects, it is conceivable that this psychological consideration might offset the adverse material effects.

Josephthal Co. to Admit Partners

Effective Jan. 1, Josephthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit to partnership Joseph H. Quinlan, Charles Schanberg, Richard Graham, C. Henry Ehlers, Emery I. Karman, Louis H. Serlen, Stanley R. Shaw, August F. Langbeing, Jack J. Price and Richard M. Schwarzkopf.

Mr. Quinan and Mr. Schanberg will make their headquarters in the Boston office, 19 Congress St.; others are located in New York City.

Cyrus J. Lawrence To Admit Moltz

Cyrus J. Lawrence & Sons, 115 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit James E. Moltz to partnership.

To Be Partner of Loeb, Rhoades

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Charles H. Blatt to partnership.

Completion of Kentucky Turnpike Authority Bond Issue

James S. Abrams (right), head of the Municipal Bond Department of Allen & Co., principal underwriters of the $70,000,000 issue of Central Kentucky Toll Road Revenue Bonds, turns over a check in that amount to Mrs. K. M. Staton (center), Secretary of the Turnpike Authority of Kentucky, and L. Felix Joyner, Executive Director and Treasurer of the Authority, thereby completing the underwriting.

Net proceeds will be used by the Authority to construct the Central Kentucky Toll Road, a 71-mile, four-lane highway extending from the Kentucky Turnpike, near Elizabethtown to the Lexington-Frankfort area.

Rothschild Acquires Two Haupt Services

The New York Stock Exchange firm of L. F. Rothschild & Co., 120 Broadway, New York City, announces that it has acquired the Pennsylvania Municipal Department and the New Jersey Bank Service of Ira Haupt & Co., now in process of liquidation.

The Pennsylvania Group, as it is known to the municipal bond trade, was one of the defunct firm's most lucrative operations. The group has been active in Pennsylvania in setting up plans and raising funds for school construction through the separate school building authorities which are permitted under the state constitution.

The New Jersey Bank Service is engaged in providing smaller commercial banks with free portfolio service which will continue under the direction of Stephen Kovacs and Richard Olstein.

L. F. Rothschild & Co. was established in 1899 and has been active in the institutional bond field for many years. It maintains branch offices in Geneva, Switzerland, in Boston, Chicago, Montreal, Rochester, N. Y., and the New York metropolitan area.

The Market . . . And You

BY WALLACE STREETE

Industrials pretty much played a waiting game in this week's stock market, hovering close to the all-time peak reached by their average a week ago.

The long-neglected rail average was given to better ways for a change and seemed poised for a possible bid to show more decisive and encouraging action. This average was bolstered in part by the favorable court action sanctioning the Chesapeake & Ohio merger with the Baltimore & Ohio.

Fillip to Rail Index

The hope, obviously, was that this would free the log jam that has kept most of the proposed rail mergers tied up. In any event, their average was able to work within about a point of its best standing in several years so it was in a good position to forge to high levels only seen briefly in the last decade.

And if the traditional year-end rally was to take over the general market, the rail index would be able to join industrials in a rousing windup to a year that has seen the latter add better than a hundred points at best and finish erasing the dour memories of 1962 when the sharpest break since 1929 was put into the history books.

An Eventful Year

Some new records were written, apart from the all-time high posted by the industrial average. From the old, 1961 high of around 735, through the break of late May, 1962, and then a return to the peak by Sept. 5 of this year was the swiftest recovery from a major break in market history.

Turnover is aiming at an all-time peak with a new record for the books due in this category.

And in extremely emotional selling and buying, the market weathered without serious upset the first abrupt change in the nation's Administration through an assassination that it has been called on to absorb since the day of mass public participation began.

So after an eventful year of that scope, the list was entitled to at least a pause and the only wonder was that its resting periods were so brief.

Debunking the "Yardstick"

The gist of the year-end forecasting, starting to appear, was generally optimistic but much was aimed at debunking the notion that because the industrial average is at a historically high level all stocks were being faithfully mirrored. The fact is that even the bulk of the components of the average were far from any historic peaks. Only eight of the 30 D-J industrials posted new highs this year to complete the recovery in the average, a point not lost on most market commentators.

When it comes to the individual stocks being elected by one quarter or another as likely to become the new favorites, the list as usual was a long, nearly all-encompassing one. Even the latest scientific tools haven't done much to pinpoint an issue just starting to join the popularity ranks.

The Big "If"

Some of the fertilizer companies showed some stirring in recent months although lately they have been somewhat restrained. It is logical since the last half of the calendar year is not the time of busy planting, hence high demand for the product.

Fanciers of the fertilizer stocks have long been given to daydreaming of how the plants would be if the entire world went in for modern agricultural methods to adequately feed the one-third of the population that currently is chronically ill-fed. But these are still, at the best, only big hopes.

Domestically, the fertilizer companies have been able to expand their business moderately and progress has been made over and above the approximately 6% per annum growth in fertilizer use.

An Industry Giant

International Minerals & Chemical Corp., in the field for more than half a century, is one of the largest fertilizer producers and has been busy expanding in its own field as well as other lines. It is now the largest producer of monosodium glutamate which is used so widely as an enhancing agent for food flavor and produces other products ranging from phosphate chemicals to drilling mud and foundry supplies. It is also busy overseas, serving at least half a hundred foreign countries with IMC products.

Some hopes for better market performance in the future for IMC stem from several factors, an upturn in its profitability now that a five-year, and costly, potash project in Canada has been working up to full steam and again recently when, in cooperation with Northern Natural Gas, it put into operation another multi-million dollar project. This was a nitrogen plant in Illinois that started up a little more than a month ago.

Apparently, the company is confident of better times ahead since the old, $1.60 annual dividend maintained from 1954 to last year was changed in September to an indicated regular rate of $1.80 and a year-end extra of 20 cents added. Sales have been increasing steadily since 1958.

Independent Telecaster

So far the popularity of the broadcasting issues that culminated in Radio Corp.'s stock split hasn't spread to any appreciable degree to Taft Broadcasting, one of the leading "independents." Its TV stations are affiliated with the ABC network and the decline in rating for ABC in the 1962-63 season undoubtedly was not lost on investors. In any event, the shares of Taft have held this year in a very narrow range of less than 11 points.

The company was able to show only minor dents, net revenues actually edging $100,000 ahead to $5.8 million but earnings suffered a similar decline although the company's 58 cents a share showing compared with 61 cents in the six-month period to Sept. 30 wasn't a drastic trim.

For the new season, new programming is expected to achieve better results and the company is expected to match or even better slightly the full-year results which had come to $1.45 a share in the previous fiscal year. It also has several acquisitions pending.

[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.]

Daniel Dir. of Inv. Mngmt

ELIZABETH, N. J. — Robert H. Daniel has been elected a director of Investors Management Co.

Robert H. Daniel

The company furnishes investment advisory and administrative services to Fundamental Investors, Diversified Investment Fund, Diversified Growth Stock Fund and Westminster Fund. All but the latter are distributed by Hugh W. Long and Company. Mr. Daniel joined Investors Management Co. in 1959 as Executive Vice-President and Director of Research. His career in security research and investment counseling began in 1935 when he became associated with the Bank of New York. Later he became Vice-President in charge of investment activities for the trust and commercial departments at the First National Exchange Bank in Roanoke, Va.

Florida Jai Alai Common Offered

Consolidated Securities Corp., Pompano Beach, Fla., has announced the offering of 300,000 common shares of Florida Jai Alai, Inc., at $4 a share. The offering marks the initial public sale of the company's common shares.

Net proceeds from the sale of these securities will be used to reduce current liabilities, to prepay a first mortgage loan on the company's Fronton (jai alai auditorium), and to repay and prepay certain other liabilities. The balance of the proceeds will be added to working capital.

Headquartered at Fern Park, Fla., the company operates the Orlando-Seminole Jai Alai Fronton in which jai alai is played, watched by admission paying spectators, and wagered upon through pari-mutual betting. The game of jai alai is played by one or two players on each of two sides, on a court which has three walls used in play. Each player is equipped with a long narrow wicker racket attached to the arm. The players alternately hurl a ball from the racket against a wall, caught in the racket by the opponent and again hurled against the wall. Point is lost by the player who fails to catch the ball and/or properly return it.

Burton Dana to Admit

Burton, Dana & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Roy N. Jenkins to limited partnership.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Investor Types

(First of a series of articles)

This is the first in a series of articles that will attempt to describe some of the more pronounced and distinctive types of individuals who buy and sell securities. In addition to a knowledge of investment and speculative techniques, a successful security salesman must have an empathy for people. There are ways to deal with all types. Use the proper approach and you will find the road that leads to success in developing and holding accounts.

The Timid Person

Many people go through life with hidden anxieties and fears. They never fully outgrow them. They may outwardly appear to be courageous and positive in their decision making but the discerning salesman will find many evidences of timidity in their make-up. Sometimes these people are quite successful and have amassed substantial funds but their approach to investment is hesitant and fearful.

Some indications of this attitude and general emotional approach are: Constant calling for quotations and watching daily market movements overly close. Makes investment and when market price declines, shows concern. Makes an investment and when the market price advances, is concerned that he did not invest a larger amount at original purchase price. Overly concerned with headlines, tax matters, news items. Talks about many subjects and does not seem to have a grasp of any fundamental plan of investment for personal use.

The way to handle this type of account is to speak softly, listen patiently, gain confidence, then casually give suggestions for a better comprehension of the problem. Teach without preaching. Hold the reins. Never oversell an idea. Lead gently and do not try to overload the account with more responsibility than it can take until experience and wisdom are accumulated. Handle details that may be bothersome . . . always have a patient bedside manner . . . never lose your calm equanimity. Stay with high grade, top flight equities and never recommend a flyer. Discourage speculation even when the account begins to feel brave. Sell the idea of quality and you will gradually build confidence and service this type of account effectively.

The Impatient Customer

This type is usually in a hurry about everything they do. Often they eat fast, walk fast, and fail to make accurate statements because they are always in such a hurry. Sometimes these people appear careless and they do not understand that those with whom they are talking are not mind readers. They are usually very alert, intelligent, but they make decisions impulsively. When you take an order from them be sure that they understand what they are buying or selling and at what price. Don't leave anything to your imagination or their fleeting memories.

Let them carry the ball but you pass it to them. When they talk, listen hard. Then repeat what they have said and ask, "Is that the way you want it, Right?" Guide them and take their hurried and impatient attitude toward investment with calmness and equilibrium. If they suggest something that they think will be perfectly proper, but if it will cause more work or extra expense than a better way, let them tell you first, then say, "That sounds good, but how about a short cut. What do you think about doing it this way?" If they want to speculate and they do not know too much about this dangerous pastime try and show them that there are two ways a market or a stock can move; that short profits and long losses don't make for success; that there are "stops" and "sales against the box" and there are many professionals who make a full time job of speculation who do not expect to be right every time they take a position in the market. Never leave anything to chance when accepting orders from an "impatient customer." Never assume that they are fully aware of their obligations and liabilities when they tell you, "All right, go ahead and buy it." This is the time to restate all possibilities, delivery and payment instructions, and clarify their thinking for them. They may be thinking of catching the 10:30 train instead of properly placing the order.

P. S. The Fraser Publishing Co., of Wells, Vermont, has copies available of a book that you might wish to have in your library or give to some thinking friend for Christmas. Robert L. Smitley's, "Popular Financial Delusions" was originally written in 1933. This brilliant and logical treatise will appeal to those who would like to have a codification of all the many delusions which cause speculators to lose hundreds of millions of dollars every year. It debunks those with an axe to grind, and their fellow travellers who know no better, and are daily preparing pitfalls for you and your children as they propagandize falsehoods through the press, radio, television, religious pulpits, schools, colleges, and your government. The book is even more pertinent today than when originally written. 338 pages available in paper back.

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

Withers, Price Form Inv. Co.

CHARLOTTE, N. C. — Withers, Price & Co. has been formed with offices in the Johnston Building, to engage in a securities business. Officers of the firm are Francis E. Price, President, and Philip T. Withers Jr., Executive Vice-President, Secretary and Treasurer. Both were formerly with R. S. Dickson & Co., Inc.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Electric Bond and Share Company

Electric Bond and Share for many years was one of the largest utility holding companies but most of its holdings were gradually distributed to stockholders or liquidated. However, the company was able to retain its majority interest (currently about 51%) in American & Foreign Power since this is a foreign subsidiary. Cash realized from liquidations was invested in a portfolio of diversified securities as well as in a few "special situations" in which it has practically the entire stock interest. Ebasco Services Inc., formerly a service organization for the numerous utility companies in which EBS was interested, has developed into a large engineering and construction firm, still operating largely in the electric utility field but also covering other industries both here and abroad. Several years ago EBS obtained SEC permission to become a registered investment company instead of a utility holding company; now it is seeking permission to become an operating company.

As of September 30, 1963, net asset value was approximately as follows (some values are estimated by the company):

	—Approximate Value— Millions	Per Share EBS	Percent of Total
Subsidiaries (majority or full control):			
American & Foreign Power	$38	$7.52	21%
Escambia Chemical	30	5.88	16
EBS Development Corp.	5	1.01	3
Chemical Construction Corporation, Ebasco Services Incorporated, Walter Kidde Constructors, Two Rector Street Corporation	31	6.08	17
Other Assets:			
Portfolio of Marketable Securities	65	12.70	35
Commercial Paper	8	1.65	5
Miscellaneous	7	1.29	3
Total	$184	$36.13	100%

The net asset value of $36.13 represented a 15% increase over a year ago, reflecting in part a gain in the value of the securities portfolio.

American & Foreign Power, with virtually all its holdings in Latin America, has suffered from the uncertainties of politics in that area. A major blow was the expropriation (without compensation) of its holdings in Cuba, which reduced consolidated earnings from around the $2 level of 1954-1958 to $1.08 in 1959. The company was able to recoup somewhat through sales of its Mexican properties and a settlement obtained in 1961 from the Argentine Government for properties which Peron had earlier expropriated. However, the company's largest investments (other than those in Cuba) are in Brazil, and the continuing inflation in that country, plus inability to obtain adequate rate increases, has dried up the income from that country. Hence earnings receded again to around $1.30 in 1961-62 and are expected to be about the same in 1963. Fortunately, the company's earning power has been somewhat stabilized as a result of the increasing proportion from non-utility sources, especially the dollar income from the Mexican, Argentine and Colombian Governments in connection with sale of properties in those countries; currently nearly half the income is from these sources.

Under the sales agreements with those three countries Foreign Power was to reinvest a substantial part of the proceeds of sales in non-utility enterprises and this program has now been partially carried out. The most recent commitments include a $3 million 10-year dollar loan to a leading Argentine manufacturer of aluminum and other nonferrous metal products and a $600,000 investment in a company preparing to manufacture a full line of electrical and automotive parts in Mexico. To date, Foreign Power has placed or committed over $11 million in industrial enterprises in Argentina and Mexico; of this, more than 90% is in dollar securities.

The Foreign Power management was hopeful earlier this year that a settlement would be reached for the sale of all the utility properties in Brazil. A contract had been prepared (and initialed by the Brazilian Ambassador) under which Foreign Power would receive over $135 million for its properties, of which $10 million would be in cash and the balance in dollar notes to be issued by the Brazilian Government, maturing serially over a 22-year period beginning in 1966. The agreement called for Foreign Power to reinvest 75% of the total price, or $101 million, in nonutility enterprises in Brazil. Interest from Jan. 1, 1963 on the notes, payable semi-annually in dollars in New York, would be at an average rate of about 6.4% per annum.

But due to political opposition the Brazilian Government refused to ratify the contract and the company was advised that the newly appointed Minister of Mines and Energy would conduct further negotiations. The Minister then ordered a detailed inventory of the properties and apparently this valuation has not yet been completed. Presumably the eventual outcome will depend on political developments and especially the outcome of the next Presidential election.

Domestic subsidiaries of EBS are making favorable reports. The volume of new business added by Chemico, Ebasco and Kidde (which provide engineering, construction and management consulting services) in the first nine months of 1963 is 32% greater than in the same period last year. The value of plant and facilities which they are currently designing or building is over $1.6 billion. Escambia is engaged in a program which will increase sales in each of its three fields of operation—fertilizers, plastics and resins, and industrial chemicals. Lindsley Lumber Co., acquired in June, 1962, has added seven new stores in Florida and an additional four will be opened or under construction in the next three months, making a total of 39.

Of EBS' gross income in 1962 about 30% came from American & Foreign power, 19% from Ebasco Services, 10% from Chemical Construction and 41% from other investments. For the first nine months of 1963 EBS reported net income of 81 cents a share, the same as in the corresponding period of 1962. The company also realized a net gain on investments of 93 cents a share compared with only 7 cents in the same period in 1962. Fourth quarter earnings will include dividend payments around the year-end.

Electric Bond and Share reduced its dividend rate from $1.40 to $1.20 late in 1959, following the decrease in Foreign Power's dividend from $1 to 50 cents (later raised to 64 cents). At the recent price of 28 (range this year has approximated 32-26½) the yield is about 4.3%. The dividend has been free of Federal income taxes for a number of years (due to the annual realization of losses on its investment in Foreign Power) and it appears likely that this tax-free feature can be maintained for a few years longer. (Eventually when the stock is sold a capital gains tax must be paid on dividend received since purchase). The liberal yield plus the tax-free feature should be of interest to investors in the higher tax brackets.

Roosa to Speak at Annual Meeting Of Economists

Robert V. Roosa, Under Secretary of the Treasury for Monetary Affairs, will be one of the principal speakers at the annual joint meetings of the Allied Social Science Associations, to be held here in Boston from Dec. 26-29, according to George H. Ellis, President of the Federal Reserve Bank of Boston and general chairman of the conference arrangements committee.

Robert V. Roosa

Approximately 4500 economists and other social scientists from all parts of this country and from several nations abroad are expected to attend the Boston meetings, which will maintain general headquarters at the Statler Hilton Hotel, Mr. Ellis said. Under Secretary Roosa will address a luncheon at that hotel to be sponsored jointly by the American Economic Association and the American Finance Association on Dec. 28.

The national organizations participating in the traditional joint winter meeting are the American Economic Association, the American Farm Economic Association, the American Finance Association, the American Marketing Association, the Catholic Economic Association, the Econometric Society and the Industrial Relations Research Association.

In sessions at the Statler Hilton, Sheraton-Plaza and Somerset hotels—as well as at other hotel and university locations throughout the city—speakers and panels will discuss new developments in economic and marketing research, collective bargaining, taxation, agricultural economics, U. S. monetary policy, international trade and national and international finance.

Benjamin F. Stacey, Vice-President of The First National Bank of Boston, is serving with Mr. Ellis as Vice-Chairman of the joint arrangements committee. Other committee members include Richard M. Alt, New England Mutual Life Insurance Company; Francis S. Doody, Boston University; Charles E. Eshbach, University of Massachusetts; Andrew P. Ferretti, Keystone Custodian Funds, Inc.; Walter T. Greaney, Boston College; Gordon Spangler, The First National Bank of Boston; and Robert W. Eisenmenger, Edwin C. Gooding and Richard de Costa of the Federal Reserve Bank.

A. S. Rosen & Co. Opening in N.Y.C.

Effective Dec. 19, A. S. Rosen & Company, members of the New York Stock Exchange, will be formed with offices at 5 Hanover Square, New York City. Partners are Alvin S. Rosen, member of the Exchange, and Harold Raphan, general partners; Ned D. Frank, Elliot Herskowitz, Rudolph A. Saracco, George G. Strongwater, George A. Sussman, F. Richard Sussman, Robert C. Sussman, Andrew Sverdlove, Harry R. Sverdlove and Milwa A. Galin, limited partners. Mr. Rosen is associated with D. B. Marron & Co., Incorporated.

Rotan, Mosle Co. To Admit Abshier

HOUSTON, Texas—Rotan, Mosle & Co., Bank of the South West Building, members of the New York Stock Exchange, on Jan. 2 will admit Halbert A. Abshier, Jr. to partnership. Mr. Abshier has been with the firm for some time.

Pershing & Co. to Admit Partners

Pershing & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Charles A. Eastman, Kenneth A. Knapp and Vincent T. Malone to partnership.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

NINE MONTHS' UNDERWRITING RESULTS

Underwriting results for the nation's fire and casualty companies for the first nine months of 1963 do not make pleasant reading. Very few companies have been able to post a profit on their underwriting operations over the nine-month period and most are well in the red. The third quarter was easily the best period for most companies after heavy losses were incurred during the first six months of the year. However, as many reports of unprofitable third quarter operation can be found as profitable ones. It is believed that the industry's profit margin for the three-month period was just about at the breakeven level. It can now be safely stated, regardless of results in October, November and December, that the year 1963 is certain to be recorded as one of the worst in the insurance industry's long history.

The poor underwriting experience is due primarily to the heavy losses incurred in the industry's basic lines of fire and automobile insurance. Fire losses have run well ahead of last year's record high total on a monthly basis throughout the year. October's estimated losses of $109.5 million brings the ten-month total, $1,197.5 million, 13.5% higher than last year. The severe cold weather experienced in the early months of the year was blamed for the heavy losses incurred in those months, but the monthly increases have continued throughout the year. Premium rates are clearly inadequate, and while increases averaging 6% have been granted in 18 states so far this year, the rate boosts will be too late to affect this year's results. Even more important is the fact that the majority of fire policies are written on a three or five year term basis. Therefore the full reflection of this year's rate increases will not be felt until 1968.

After two years of a leveling of automobile losses, underwriters are keenly disappointed by the rise in highway accident costs and frequency this year. Even with the rate increases of recent years, the National Bureau of Casualty Underwriters, representing 140 companies, recently estimated that 1963 may be the worst year in their history. Apparently favorable weather, a strong economy and the nation's expanding super-highway system have attracted more drivers to the road this year with disastrous results.

UNDERWRITING RESULTS

	Nine Months 1963			Nine Months 1962		
	Loss Ratio %	Expense Ratio %	Profit Margin %	Loss Ratio %	Expense Ratio %	Profit Margin %
Aetna Casualty	64.2	33.4	2.4	65.0	33.5	1.5
Aetna Insurance	66.1	35.7	—1.8	61.7	36.9	1.4
American Re-ins.	58.3	41.2	0.5	55.7	40.4	3.9
Boston Insurance	66.7	40.0	—6.7	63.2	40.6	—3.8
Continental Cas.	74.2	28.9	—3.1	71.0	29.5	—0.5
Continental Ins.	66.0	39.9	—5.9	63.4	41.1	—4.5
Employers Group	63.5	34.4	2.1	62.3	35.8	1.9
Fidelity & Deposit	27.9	51.1	21.0	26.3	56.1	17.6
Fireman's Fund	67.6	35.8	—3.4	63.5	36.4	0.1
General America	57.7	39.1	3.2	57.3	39.8	2.9
General Reinsur.	58.9	38.0	3.1	55.0	40.0	5.0
Glens Falls	66.0	37.5	—3.5	63.9	39.9	—3.8
Gov't Employees	75.4	15.7	8.9	74.9	16.3	8.8
Great American	68.8	36.9	—5.7	62.2	37.5	0.3
Hartford Fire	65.8	36.2	—2.0	63.8	36.3	—0.1
Hartford Steam	27.8	64.3	7.9	30.1	67.7	2.2
Home Insurance	68.9	36.2	—5.1	63.6	37.1	—0.7
Ins. Co. of No. Am.	68.6	34.8	—3.4	62.9	34.8	2.2
Maryland Casualty	65.5	38.7	—4.2	63.5	38.3	—1.8
New Hampshire Ins.	68.9	35.8	—4.7	64.9	37.2	—2.1
Ohio Casualty	63.8	35.0	1.2	64.0	35.6	0.4
Phoenix Insurance	68.3	39.5	—7.8	60.8	40.5	—1.3
Prov.-Wash.	63.7	38.9	—2.6	60.3	39.6	0.1
Reliance Ins.	64.6	39.4	—4.0	60.5	39.8	—0.3
St. Paul F. & M.	66.6	35.9	—2.5	63.8	36.0	0.2
Travelers Insurance	68.1	32.7	—0.8	62.1	33.6	4.3
U. S. F. & G.	64.6	34.9	0.5	65.5	35.2	—0.7
Western Casualty	67.7	34.0	—1.7	65.5	34.0	0.5

While fire and automobile results are easily the most important factors in the overall industry record, other lines have experienced differing results. Fidelity and surety profits have risen rather sharply and most other casualty lines are showing some improvement over a year ago. The experience in other property lines has not been as favorable. Marine losses were running 50% ahead of a year ago through June and extended coverage losses are running 7% higher through October.

Fortunately, investment operations have produced a large enough profit to offset underwriting losses and permit a modest operating profit for most companies. Net investment income has risen 6% for the industry through September and the increase in the market value of the investment portfolio over the year has more than offset the underwriting losses incurred to provide small increases in net worth. Fire and casualty insurance stockholders are also gratified by the market performance of their stocks which has generally matched that of the stock market overall in 1963 despite the large underwriting losses incurred by most companies.

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CORRECTION

This column erroneously stated in the November 28 issue that Hartford Steam Boiler Inspection and Insurance Company had omitted its extra dividend payment. In fact, on November 26, an extra dividend of $0.60 per share was declared to be paid Dec. 16 to holders of record as Dec. 5. This payment, in addition to the four regular quarterly payments of $0.60 per share, brings the total dividends paid by the company in 1963 to $3.00 per share, which is equivalent to the 1962 payments.

Optimism for 1964's Economy Underlies Advice to Investors

Dean Witter partner voices optimism about next year's business and earnings' prospects, and advises investors to seek firms with high quality earnings and records of competitive competence.

Higher earnings by many corporations, with expected increased dividends and a faster than anticipated general business expansion are predicted for 1964 by Philip J. FitzGerald, limited partner of Dean Witter & Co., San Francisco, Calif., in the firm's annual review and forecast for investors.

Philip J. FitzGerald

In the copyrighted publication, "A Positive Investment Policy for 1964," published yesterday by the investment banking and brokerage firm, Mr. FitzGerald bases his optimism largely upon the clearly rising volume of discretionary income; efficiencies resulting from rising production, greater use of plant capacities and technological advances; and the stability shown by professional investors during crises which have arisen during the past two years.

The emotional shock of President Kennedy's assassination, he says, must be placed "in proper relationship to the economic realities at the close of 1963, the business prospects for 1964 and the technical soundness of the stock market itself."

Commenting further upon the recent national tragedy, Mr. FitzGerald pointed out that "the remarkable funeral tributes to the President demonstrated the extraordinary personal leadership which he had developed at home and abroad."

Yet, without minimizing the loss, the Dean Witter & Co. analyst said: "investors will recognize that the problems of transition are mitigated by the fact that President Johnson, who will inherit this good will, is thoroughly familiar with international and domestic problems, is a world figure in his own right and was highly respected by businessmen during his leadership of the Senate."

In view of the patterns business has recently been following and will follow in 1964, Mr. FitzGerald stated that a successful investment policy for 1964 will depend upon the selection of companies with an established record of competitive competence, favorable prospects for 1964 and high quality earnings.

Further, he stated, investors should look for companies with extensive and imaginative advertising, competent research and development and up-to-date facilities financed out of their growing postwar cash flows.

Market's Technical Soundness

Appraising the technical soundness of the market, Mr. FitzGerald pointed out that no important institutional portfolio liquidation took place in the speculative period preceding the 1962 market break, during the period of the break or, later, during the Cuban crisis and Britain's exclusion from the Common Market.

"In due course," he said, "it is expected the record will show that the institutions held aloof from the panic selling which accompanied the deplorable assassination news and were important contributors to the firmness which marked the reopening of the stock exchanges."

In analyzing the earnings picture, Mr. FitzGerald said rising production is utilizing capacities put in place during the late 1950s. This results in a better spread of overhead costs. Further, wage increases have moderated and companies have embarked upon substantial cost cutting programs.

These and other factors have caused earnings of the 30 great companies in the Dow-Jones Industrials to rise from $31.91 in 1961 to $36.43 in 1962, according to the analyst. They should be close to $40 in 1963 and should exceed $42 in 1964, with a further increase in the event of a tax cut.

Looking at the prospects of a tax cut, Mr. FitzGerald observed that strong business support, elimination of some controversial features in the proposed bill and the natural pressures of an election year favor passage. The most telling arguments against a cut are an aversion to deficit financing and the prospects that business will be so good that a tax cut is not warranted.

Investment Criteria

The Dean Witter pamphlet concluded with a recommended list of 116 securities which meet the suggested criteria for a positive investment policy in 1964.

These are grouped into: (1) Equities whose managements have demonstrated their competitive competence over the past five years; (2) Industries where demand is now catching up with extra capacity; (3) Companies with high quality earnings sustained by good advertising, research and modernization programs financed from cash flow; (4) Companies and groups prepared to serve growing areas or with high achievement under very competitive conditions; and (5) Companies serving the fast growing Pacific Coast.

Copies of the publication are available ot the public at all Dean Witter & Co. offices.

Paul Hardeman Debentures Sold

Hemphill, Noyes & Co., New York, has announced that it is manager of a group of underwriters offering publicly $7,000,000 of Paul Hardeman, Inc. 5½% convertible subordinated debentures, due Dec. 1, 1978, at a price of 100%, plus accrued interest from Dec. 1, 1963.

Net proceeds from the sale will be applied to obligations of the company issued in connection with the acquisition of 180,935 shares of common stock of Young Spring & Wire Corp., which represents approximately 49% of Young's issued and outstanding shares.

The new debentures will be convertible initially into shares of the common stock on or before Dec. 1, 1968 at the conversion price of $12.50 per share, subject to adjustment under certain events. The issue will be entitled to a sinking fund beginning Dec. 1, 1969 to redeem $700,000 of debentures annually at 100% of their principal amount, with interest accrued to the date of redemption. The debentures will be redeemable at the option of the company on any date prior to maturity at prices ranging from 105.50% in 1963 to 100%, plus accrued interest.

The company's executive offices are located at Stanton, Calif. It is engaged primarily in the design, engineering, construction and installation of missile launching bases and related facilities for the Armed Forces, and complex facilities of various types for agencies and commissions of the United States Government, for the aircraft, petroleum, chemical and petro-chemical industries and for various foreign governments.

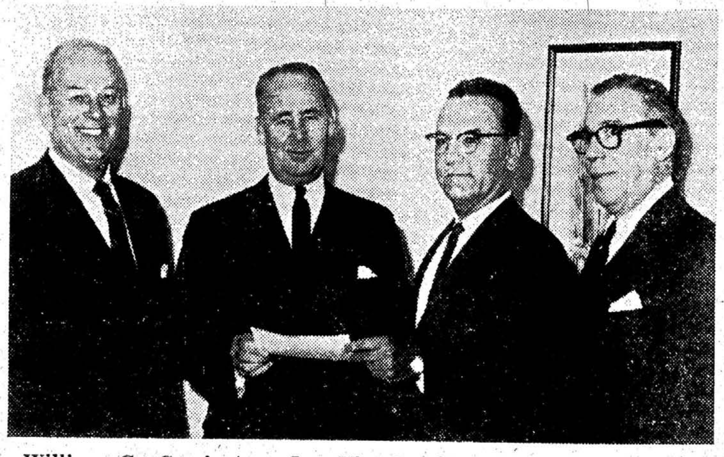
With Investors Div.

OMAHA, Neb.—Glen F. Hancock is now connected with the Omaha office of Investors Diversified Services, Inc.

Harnessing the power of jet aircraft engines to transport natural gas is another advance made by Texas Eastern in maintaining its position as the leading pipeliner of energy. Less expensive, mass-produced jet engines are especially suited for use in compressor stations to handle peak winter loads. Modern jet engine power makes it possible to have smaller, more compact compressor stations, increased over-all efficiency and savings for us and our natural gas customers. Texas Eastern Transmission Corporation, Houston, Texas.

Texas Eastern: pipeliners of energy

Complete Puerto Rico Bond Sale



William G. Carrington, Jr., Vice-President of Banco Credito, New York, presents check at the offices of Chemical Bank New York Trust Company to J. J. Cardona, Vice-President, Government Development Bank for Puerto Rico, in connection with the recent sale of $9,530,000 bonds of six Puerto Rican Municipalities. Shown left to right are: E. A. Bird, Executive Vice-President of Banco Credito; William Carrington; Mr. Cardona and Roger S. Phelps, of Phelps, Fenn & Co., co-managers of the group.

NEWS ABOUT BANKS AND BANKERS

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

The **First National City Bank, New York, N. Y.**, announced on the basis of approval just received from the Internal Revenue Service, it is now ready to provide trust services to self-employed persons who wish to take advantage of the provisions of the Self-Employed Individuals Tax Retirement Act of 1962 to build a retirement income fund.

This Act of Congress, also known as the Keogh-Smathers Act or HR-10, provides tax advantages to professional people, their associations, and owners of or partners in unincorporated businesses. Their employees with three years of continuous service must be included in the retirement plan. First National City will accept contributions to retirement income funds in any amount from qualified self-employed individuals.

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George J. Cunningham, Assistant Vice-President, has been appointed Chairman of the Queens Advisory Board of **Manufacturers Hanover Trust Company, New York, N. Y.** Mr. Cunningham is officer in charge of new business development for the Borough of Queens.

E. Vincent Curtayne, Vice-President, has also been appointed Chairman of the Brooklyn Trust & Downtown Brooklyn Advisory Board and the East Brooklyn-Williamsburg Advisory Board.

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Manufacturers Hanover Trust Co., New York on Dec 11 opened a representative office for Spain and Portugal in Madrid, Spain.

Alberto Rodriguez is representative in charge of the office located at Alcala, 32.

Andrew L. Gomory and Harry P. Barrand, Jr., Executive Vice-Presidents; James R. Greene, Senior Vice-President, and Charles J. Pinto, Vice-President in Manufacturers Hanover's international division, attended opening ceremonies.

Mr. Gomory said the Madrid office was opened by Manufacturers Hanover "to enable us to better serve an ever increasing number of our clients and friends —both individuals and corporations—who wish to develop their business in Spain and Portugal."

Mr. Rodriguez, thoroughly familiar with the economies of Spain and Portugal, is an experienced officer in the bank's international division. He joined Manufacturers Hanover in 1961 after 32 years in international banking. Just previous to that, he was Vice-President and a Director of the Trust Company of Cuba, the largest commercial Bank in Cuba.

The Madrid office is the Bank's eighth representative office. Others are located in Beirut, Frankfurt, Manila, Paris, Rome, Sao Paulo and Tokyo. Manufacturers Hanover also maintains two branches in London which provide a full range of banking services.

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The Chemical Bank New York Trust Co., New York appointed Keith M. Urmy, a Senior Vice-President, head of the Metropolitan division.

The **Chemical Bank New York Trust Company** has elected Crowdus Baker, to its Board of Directors. Mr. Baker succeeds Charles H. Kellstadt. Mr. Kellstadt was elected a Director of the Chemical Bank New York Trust Company on Dec. 30, 1958, and is now being elected a member of the Advisory Committee to the Board.

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Election of DeWitt Peterkin, Jr. and John P. Schroeder as Senior Vice-Presidents of **Morgan Guaranty Trust Company of New York** was announced Dec. 5 by Henry C. Alexander, Chairman of the Board.

Also announced was the election as Vice-Presidents of David W. Brillhart, Louis V. Farrar, and Ernest J. Kocsis, all of the general banking division; and William E. Bensel and Wilbur C. Firmbach, both of the government bond department.

Four Assistant Vice-Presidents were named: Edward C. Fecht and John L. Sowarby, both in the government bond department; Edward L. Warren municipal bond department; and David D. Wakefield, assigned to the bank's Rockefeller Center office.

The following were appointed Assistant Treasurers: William B. Holding, James B. Johnson, Jr., Oliver C. J. Lobkowicz, Robert C. Milton, Jr., Petr A. Thorson, all in the general banking division; James D. Robinson, III, government bond department; Robert E. Ritchie, municipal bond department; C. Helen Lovell and Carlton MacVeagh, Jr., Fifth Avenue office; John J. McCauley, Rockefeller Center office.

Longstreet Hinton and John M. Meyer, Jr., have been elected Directors and members of the Executive Committee of **Morgan Guaranty Trust Company of New York.**

Both new Directors are Executive Vice-Presidents of the bank. Mr. Hinton heads the trust and investment division. Mr. Meyer heads the international banking division.

Mr. Hinton also was appointed Chairman of Morgan Guaranty's Committee on Trust Matters. In this position he succeeds Charles D. Dickey, who has retired from the board under the bank's retirement policy for directors and has been elected to the Directors Advisory Council.

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Bankers Trust Company, New York, N. Y. plans to issue $100,-000,000 of 25-year Sinking Fund Capital Notes. The bank's Board of Directors and Oren L. Root, Superintendent of Banks of the State of New York, have given their approval in principle to these plans.

The issue will be publicly offered by a group of underwriters under the management of Blyth & Co., Inc. It is planned that the offering will be made during the week beginning Dec. 16.

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William M. Weaver, Jr., was elected a Director of **Empire Trust Company, New York, N. Y.**

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The election of Eugene R. Chrisler as a Vice-President of **The Marine Midland Trust Company of New York**, has been announced.

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The **Bank of New York** has appointed William J. Beer and Edward B. McGeorge, Jr. Vice-Presidents and Miss Helen D. Rennie an Assistant Vice-President.

Mr. Woolley also announced that Robert A. Callander and Robert F. Davenport have been named Assistant Treasurers.

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The **Roosevelt Savings Bank, Brooklyn, N. Y.**, announced the election of Mr. Frank C. Staples, to the Board of Trustees of the bank.

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G. Thomas Powell, Chairman of the Board of the **First National Bank of Glen Head, New York,** and its founder in 1927, died Dec. 6 at the age of 89.

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The **County National Bank of Mineola, Mineola, N. Y.**, changed its title to **County National Bank of Long Island.**

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John W. McCabe, Vice-President in charge of the Huntington office of **Security National Bank of Long Island, Amityville, N. Y.**, was appointed a Regional Vice-President.

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The **Worcester County National Bank, Worcester, Mass.** appointed William S. Morgan, Jr., a Vice-President.

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The **Connecticut Bank & Trust Co., Hartford Conn.** elected Pomeroy Day, President, Chief Executive Officer, succeeding Lester E. Shippee, who was elected Chairman of the Board, a new post. James F. English, Jr., was elected Executive Vice-President and a Director. Harold E. E. Read, a 1st Vice-President, was also elected a Director.

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The **National Newark & Essex Bank, Newark, N. J.**, elected Allan M. Hirsch, Jr., a Director.

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The **Delaware Valley National Bank of Cherry Hill, Cherry Hill, N. J.**, changed its title to **Delaware Valley National Bank.**

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Charles G. Cross joins **Western Pennsylvania National Bank, Pittsburgh, Pa.** as an Assistant Vice-President.

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Comptroller of the Currency James J. Saxon on Dec. 1 approved the application to consolidate **The Lancaster County National Bank, Lancaster, Pa.**, and **Farmers Bank and Trust Company of Lancaster, Lancaster, Pa.**

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The Board of Governors of the Federal Reserve System Dec. 4 announced its approval of the merger of **The Hallwood National Bank, Hallwood, Va.**, into **The Bank of Virginia, Richmond, Va.**

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The Comptroller of the Currency James J. Saxon on Dec. 1 approved the application to merge **The Virginia National Bank, Norfolk, Va.**, and **The Tidewater Bank and Trust Company, Franklin, Va.**

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The Comptroller of the Currency James J. Saxon on Dec. 4 approved the application to merge **The Virginia National Bank, Norfolk, Va.**, and **The Merchants Bank of Staunton, Staunton, Va.**

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An increase in the capital of **The Ohio Citizens Trust Company, Toledo, Ohio,** from 140,000 to 150,-000 outstanding $20 par shares, was authorized by stockholders in a special meeting Dec. 9.

A 1 for 14 stock dividend was voted by the Bank's Directors at their meeting which followed. The stock dividend is payable Dec. 26 to shareholders of record Dec. 16.

Today's action will increase the Bank's capital account from $2,-800,000 to $3,000,000. At the time of the stock dividend, Directors also propose the transfer of $500,-000 from undivided profits to surplus, raising the latter account to $5,000,000. Total of capital and surplus thus would reach $8,000,000.

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The Comptroller of the Currency James J. Saxon on Dec. 6 approved the application to merge **The City National Bank and Trust Company of Columbus, Columbus, Ohio,** and **The Citizens Bank, Westerville, Ohio.**

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Vice-President Horton C. Rorick, a commercial loan officer since the 1959 merger of **The Ohio Citizens Trust Company, Toledo, Ohio,** has been appointed to a new position in the trust department, assuming duties in the general administration division.

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Norville A. AuBuchon, Vice-President, **Harris Trust and Savings Bank, Chicago, Ill.**, recently celebrated his 35th anniversary with the bank.

William L. Kauffman, Assistant Cashier, also recently celebrated his 25th anniversary with the bank.

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The National Bank of Detroit, Detroit, Mich. elected Richard F. Farks and John S. Wells, Jr., Vice-Presidents. William D. Bunten and Stanley Martinez, Frank J. Kropschot and James A. Schaaf were promoted to Assistant Vice-Presidents. Also elected Assistant Vice-Presidents were John C. Brooks, and Frank A. Zeitz.

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The Board of Directors of **National Bank of Detroit, Detroit, Mich.** has proposed an increase in the Bank's capital stock of 400,000 shares, or $5,000,000 par value, to be distributed as a stock dividend at the rate of 11 1/9%, or one share for each nine shares held, subject to approval by shareholders at their annual meeting on Jan. 21, and by the Comptroller of the Currency.

The additional shares, it is expected, will be distributed on Feb. 24, to shareholders of record at the close of business Jan. 28.

A transfer of $5,000,000 will be made from undivided profits account to capital stock in conjunction with the stock dividend, and an additional transfer of $5,000,000 from undivided profits is to be made to surplus.

Upon completion of these moves the Bank's capital stock will be $50,000,000, represented by 4,000,-000 shares of $12.50 par, surplus will be $110,000,000, and undivided profits will exceed $29,000,000.

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The Comptroller of the Currency James J. Saxon on Dec. 6 approved the application to consolidate the **Tootle-Enright National Bank, St. Joseph, Missouri,** and the **American National Bank of St. Joseph, St. Joseph, Mo.**

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The Comptroller of the Currency James J. Saxon on Dec. 5 approved the application to consolidate **Birmingham Trust National Bank, Birmingham, Ala.**, and **Bank for Savings and Trusts, Birmingham, Alabama.**

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The Comptroller of the Currency James J. Saxon on Dec. 6 announced preliminary approval of application to organize a new new National Bank in:

Arizona—At Phoenix, with the title, **Liberty National Bank of Phoenix**, with an initial capitalization of $5,000,000.

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The Bank of California, San Francisco, Calif., announces the election of new executive officers, upon the retirement of Elliott McAllister, Chairman of the Board, Edwin E. Adams, Vice-Chairman, becomes Chairman of the Board, Charles de Bretteville continues as President, Chairman of the Bank's Executive Committee and Chief Executive Officer. Elliott McAllister continues as a Director and member of the Executive Committee.

The Newport Hills branch of **Seattle-First National Bank, Los Angeles, Calif.**, opened for business Dec. 9. The Seafirst office is located at 5840 119th S. E.

Russell H. Phinney, Jr., who until recently was manager of the Carnation and Duvall offices, will be Manager of the Newport Hills Branch.

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The Crocker-Citizens National Bank, San Francisco, Calif. made Edward G. Greenlaw, Vice-Pres.

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The Comptroller of the Currency James J. Saxon Dec. 6 announced preliminary approval of an application to organize a new National Bank in:

California—At Hayward, with the title, **Hayward National Bank**, with an initial capitalization of $1,000,000.

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The United States National Bank of Portland, Portland, Oreg., changed its title to **The United States National Bank of Oregon.**

Lamborn Discusses Sugar Problem

Ody H. Lamborn, President of Lamborn & Co., Inc., international sugar brokers, in an address delivered Nov. 21 in Dallas, Texas, at the 45th Annual Meeting of the American Bottlers of Carbonated Beverages, stated that:

Ody H. Lamborn

(1) The sugar problem is a serious one—and worldwide in its scope.

(2) Current indications are that for the crop year ending Aug. 31, 1964, world demand will considerably exceed world production. This is the third year in which world demand has exceeded production.

(3) World stocks are dangerously low and, therefore, in addition to the importance of production overtaking consumption, it will be necessary to have greatly expanded world production to rebuild the world stock position.

(4) The U. S. must purchase for 1964 a very sizable quantity of global raw sugars in competition with other world buyers.

(5) Until the U. S. has secured the full commitment of the sugars under the global quota, our price level will be strongly influenced by the world price.

(6) A large proportion of the U. S. global quota purchases will be made in the first half of 1964 and should have greater influence on the sugar price level at that time than later in the year. Stating it another way—after we have made advanced progress in committing world sugars for our supply, the world market should be of a decreasing influence on our price structure.

(7) When we have purchased, or have committed to us, the entire portion of the required global sugars, then, and not until then, can we expect that our market will ease off.

(8) It is reasonable to assume that the *average* price of sugar should not be as high in the last half of 1964 as the *average* price in the first half. But I think it will be very difficult, if not impossible, for the *parity price goal*, as set forth in the Sugar Act, to be the average for the year of 1964 as a whole.

(9) Overdue and desperately needed at this time is a "*Statement of intentions*" by the Secretary of Agriculture as to what his sugar program for 1964 is to be.

(10) The creation of new Sugar Act legislation for 1964 will be a complex affair. This legislation will be hammered out by the interested industries, the Administration and Congress—after an intense and perhaps bitter battle. Most importantly—*now* is the time for those interested to block out the new legislation. Eleventh hour panicky action such as we had in the creation of the 1962 amendments can only lead us once again into chaos and confusion.

(11) Venture capital is urgently needed to expand sugar producing facilities throughout the world to meet the ever increasing demand for sugar brought about by improved standards of living in many countries and the universal population explosion.

To Be Partner Of Sterling Grace

Sterling, Grace & Co., 50 Broad Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Charles J. Guy to partnership.

Markus & Stone To Admit Partner

David Stein of Boston on Jan. 1, will become a partner in Markus & Stone, 120 Broadway, New York City, members of the New York Stock Exchange.

McKelvy & Co. to Admit Partners

PITTSBURGH, Pa. — McKelvy & Company, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, on Jan. 1, will admit Robert C. Arthurs, John M. F. MacDonald and Robert J. Stambaugh, Jr. to partnership.

Morgan Stanley Will Admit Gary

Effective Jan. 1, Raymond B. Gary will become a partner in Morgan Stanley & Co., 2 Wall St., New York City, members of the New York Stock Exchange.

Newbold's Son Co. To Admit Three

PHILADELPHIA, Pa. — W. H. Newbold's Son & Co., 1517 Locust St., members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges, on Jan. 1, will admit Samuel W. Fleming, III and Francis J. Haines to general partnership, and Charles L. Ritchie to limited partnership in the firm.

Andresen Co. To Admit Two

Andresen & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Lyndon L. Pearson to general partnership and Benjamin A. Javits to limited partnership. Mr. Pearson is manager of the firm's office in the Bank for Savings Building, Birmingham.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Does Shulsky Tell Doyle?

Our neighbor, Mr. Shulsky Doyle, author of the celebrated syndicated column that counsels serious investors, this week is carrying the onerous seasonal burden of Christmas shopping, tax-loss selling and holiday cheer. Therefore, he has asked this department to answer his workaday mail. We'll try our best:

Q. A longtime believer in diversification, I am in three different mutual funds. Operating on my own, I've done pretty well too. Lately, I've been thinking of selling short. Have you a suggestion?—**Elizabeth T.**

A. A couple of years ago I'd have said Twentieth Century-Fox.

Q. What do you think of cigarette stocks?—**J. Dreyfus.**

A. No, you tell us.

Q. I have joined with some Cairo cotton traders to form the Pyramid Fund. Would you recommend an investment advisor?—**G. A. Nasser.**

A. Dave Levy of Bear, Stearns.

Q. I do a bit of moonlighting in the off-season. Do you think it has a future?—**W. Ford.**

A. Better than pitching against the Dodgers.

Q. A student of history, of late I've been reading George Orwell. Do you think he offers a clue to the market?—**A. Wiesenberger.**

A. Maybe you ought to wait for that 1066 in 1966 before predicting 1984.

Q. As a man who has devoted himself to mutual funds, I'd like my son to follow the same path. Could you recommend a good business school? — **Charles F. Eaton, Jr.**

A. Well, there's the Wharton School.

Q. I have just returned from Moscow, where I promised a friend, Nikita Krushchev, that I'd get somebody back home to recommend a mutual fund for him. Got an idea?—**K. Funston.**

A. Put him into Over-the-Counter Securities Fund.

Q. What do you think of Chock Full O' Nuts?—**W. Black**

A. It's all right. I eat there all the time.

Q. Do you think the time is ripe for a real estate mutual fund?—**W. Zeckendorf.**

A. I'll tell Mr. Shulsky Doyle when he comes in.

Q. Could you recommend a broker?—**Sal Ed Doyle.**

A. Certainly not.

The Funds Report

Boston Fund announces that at Oct. 31, end of the third quarter of the fiscal year, net assets totaled $327,655,782, or $9.81 a share. This compares with assets of $278,980,669, equal to $8.55 per share, a year earlier. At July 31, 1963, assets were $320,100,492, or $9.59 per share.

Colonial Fund reports that at Oct. 31, end of the fiscal year, net assets amounted to $112,341,600, or $11.31 a share, compared with assets of $88,042,500, equal to $9.58 a share, at the close of the previous year.

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Total net assets of **Dividend Shares, Inc.**, were at a record high for a year-end reporting period, Hugh Bullock, President, reports for the fiscal year that ended on Oct. 31, 1963. Total net assets were $338,606,559, or $3.46 per share, against $268,682,277 and $2.79 a share a year earlier.

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Electronics Investment Corp. reports that at Oct. 31, midpoint in the fiscal year, net assets amounted to $29,174,328, or $5.23 a share. This compares with $28,011,808 and $5.30 a share on Oct. 31, 1962.

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Guardian Mutual Fund reports that at Nov. 29 net assets were $21,742,942, or $22.70 a share. On Oct. 31, end of the fiscal year, assets totaled $21,425,077, or $22.98 a share.

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Niagara Share Corp. reports that at Nov. 30 net assets totaled $77,732,602, equal to $24.67 a share, against $66,032,024, or $20.95 a share, a year earlier.

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Washington Mutual Investors Fund announces that at Oct. 31, midpoint of its fiscal year, total net assets were $53,647,109, or $10.81 per share, against assets of $32,350,073 and asset value per share of $8.85 a year earlier.

Behrens Opens Consulting Firm

The establishment of Bertram S. Behrens Associates, Financial Relations Consultants to corporations, with offices at 60 Wall Street, New York City, was announced by Bertram S. Behrens. Mr. Behrens had been associated with Lehman Brothers for the past sixteen years.

Bertram S. Behrens

Davenport To Be Corporation

PROVIDENCE, R. I. — Effective Jan. 1 the partnership of E. R. Davenport & Co., 15 Westminster Street, will be dissolved and a new corporation, E. R. Davenport & Co., Incorporated, will be formed. Officers will be Edward R. Davenport, Chairman of the Board; Allan G. Davenport, President; C. Richard Blake, Executive Vice-President and Treasurer; Clarence F. Andrews and John H. B. Machon, Vice-Presidents; and Paul S. Davenport, Secretary.

Allan G. Davenport will hold the firm's exchange memberships in the New York Stock Exchange and Boston Stock Exchange.

New Branch Office

GRINNELL, Iowa—State Bond & Mortgage Co., has opened a branch office at 1730 Seventh Avenue under the direction of Harold E. Vinson.

Judy V.-P. of Commonwealth Funds

SAN FRANCISCO, Calif. — R. L. Judy has been elected Vice-President of the companies in the Commonwealth mutual fund organization, Russ Building, it has been announced by S. Waldo Coleman, Chairman of the Board.

Corporate and Government Bonds in Today's Portfolio

Continued from page 1

combination. Thus, the portfolio manager, when he buys corporate bonds, gains certain investment objectives at a sacrifice of something else. Even though he himself does not need all these attributes, they are all valuable to someone else and potentially to himself. Therefore, when he gives up safety or liquidity, he expects to be paid for it. Similarly, when he gives up high yield, he expects to be compensated with other advantages.

How does he go about measuring his sacrifices and comparing them with his compensations? Some investment attributes are intangible, depend on judgment and cannot be measured precisely. One basic factor in his calculations, however, is usually precise: the yield he is obtaining and its differential from other yields available to him. These differentials are called yield spreads. They measure the yield gain over certain alternatives and the yield sacrifice compared with other alternatives. Spreads show what he is paid for giving up something and also what he foregoes in return presumably for other advantages.

Specific Differences in Investments

Let me turn from the general to the specific. The accompanying Table shows the chief types of long term interest bearing investments now available to the institutional investor with yields and yield spreads from Governments. These are all taxable. Yields and spreads are given gross of tax.

The Table shows recent yields ranging all the way from 4.21% up to 5.75%. The first two entries show that the investor gains only 10 basis points in yield by giving up the supreme quality and the superior marketability of Governments and going into Aa corporate bonds at 4.31% with the same maturity and virtually the same protection from call as Governments. He picks up another 12 basis points by sacrificing full call protection and buying new Aa issues. If he goes down a bit in quality to A type finance bonds, he picks up another 12 basis points; his total spread is 34 basis points from Governments.

The differences in quality, call protection or liquidity that are involved in these selections are reasonably the same year after year, at least over limited periods of time. They are not very different today than they were in 1962 or 1961. Therefore, one might suppose that the yield spreads which represent the yield bonus for accepting specific and unchanged disadvantages would become more or less standardized. Nothing could be further from the facts. These differentials or spreads are enormously volatile even over short periods of times. They often fluctuate more than do yields. My last two columns of the table show yields and spreads for the same investments as recently as May of 1961. These spreads bear little resemblance to those today and yet they were based on much the same relationships, advantages, and disadvantages.

In 1961 the buyer of the prime corporate bonds was then paid 63 basis points in extra yield to take high grade corporate bonds with full call protection instead of Governments; this was six times his present reward for the same identical concession, furthermore, at both dates these corporate yields were very much the same. If in 1961 he was willing to take the risk of call and buy new Aa corporate issues, he received a reward of 105 basis points over Governments instead of the present 22. If he was willing to go down to medium grade rails, he got 261 basis points extra yield from the Missouri Pacifics instead of 103 at present. If he was willing to do without marketability but insisted on Aa quality, he got 130 basis points compared with today's 39; mortgages gave him an extra 166-225 basis points in yield against 80-149 today.

This is only a short period of history. If we go back to 1959, we can find some spreads much wider than in 1961. If we go back to the 1950s we can find some spreads almost as narrow as those today while other spreads were wide.

Watch Spreads as Well as Yields

The investor should watch these spreads as closely as he watches yields. They will often tell him which department of the market is attractive and which is overpriced. A yield of 4.25%, on a prime new corporate bond issue, is at times a relatively very good yield compared to alternative outlets; at other times it makes a very shabby comparison.

We at Salomon Brothers & Hutzler have compiled many of these key yield spreads monthly over long periods of years. If anyone is interested and will write to me, I will be glad to send this data.

Reasons for Shift in Yield Spreads

Limitations of this paper will not permit me to discuss at length the causative factors making for shifts in yield spreads. One basic factor is changes in the volume of new financing. In early 1961 new corporate bond issues came out in heavy volume while there was little new Government financing and "Operation Nudge" favored low yields for Governments. Therefore, corporate yields rose, Government yields declined, and spreads were wide. Recently there has been a shortage of new corporate bond issues, and a peacetime record volume of new long Governments; therefore, Government yields have risen, corporate yields have leveled, and spreads have become very narrow. Another causative factor making for present narrow spreads is the intense competition between institutions for maximum yield which has led them to forego marketability and quality for very small yield advantage and has made them overemphasize coupon income instead of yield. Another factor is the long period of 25 years since the last major depression; lower quality debtors have, generally speaking, serviced their debts just as well as the U. S. Government within the memory of the younger generation; if so, why not get the slightly higher yields? Risk spreads always reach their minima in long periods of prosperity. Another factor is the long stretch of years since our last period of really low yields; this has made the danger of call for present new issues seem remote. Another factor is no doubt a reaction from the huge overconcentration in Governments required by World War II and the memories of the large principal losses which ensued; Governments as a result have lost popularity and today seem somehow unsophisticated in a professionally managed portfolio. Finally, many institutions which were always legally restricted to Governments have in recent years come under liberalized legislation and are now in process of diversifying their portfolios.

Rare Opportune Appeal of Governments

The net result of all these recent developments has been a repricing of long Governments so that their yields are very close to the yields on prime corporate bonds. The table shows that it is now impossible for the portfolio manager to obtain any worthwhile yield advantage over Governments in any department of the high grade corporate bond market—even if marketability is sacrificed and private placements are bought. Three sacrifices are then made: liquidity, quality and call protection and even so the yield gained is small. To achieve any worthwhile gain in income it is necessary to go all the way from Governments into outright second grade bonds or into real estate mortgages. Even so the yield gained is far below normal. Upgrading in quality can be done today at the smallest cost in our lifetimes. This also is true of municipals.

The answer to these narrow yield spreads seems plain: this is a time to emphasize investment in Governments to the extent feasible. This is a time when Governments are in oversupply and are depressed in the market while virtually all competing forms of investment are in short supply and are eagerly sought at relatively high prices. This is one of those rare times when Governments, which yield 4.20% or so, pay a fair rate of return, adequate for many institutions. In the whole history of the American bond market, since shortly after the Civil War, such a return has rarely been available from U. S. Governments: in terms of annual averages, only six years since 1880.

Nevertheless many will still find it necessary and desirable to buy corporate bonds. Furthermore, these narrow differentials will not be permanent; very little is permanent in our investment markets. Corporate bonds will again be relatively attractive. Therefore, I should like to suggest some guidelines for investment in the corporate bond market.

Investment Guidelines

First, I will discuss the significance of call protection. The life span of a bond is not simply the number of years from date of purchase to the maturity date when the debtor promises to repay principal. Equally important is the number of years from date of purchase that you can count on receiving the promised rate of return. Many new corporate issues promise to repay in thirty years but reserve the right to repay in five years or less. Since they will only call your bonds at a time when prevailing yields are far below the contract yield, your opportunity for both price appreciation and continuity of yield is limited by the call option. One way to state this split maturity date is to say maturity opportunity five years, maturity risk thirty years. What does this opportunity and risk comparison mean?

Let us suppose that during the two year period after purchase, the bond market declines 15 points (which was a typical cyclical fluctuation in the 1950s). This thirty year bond would presumably decline the full 15 points. This is what I mean by maturity risk. But let us suppose that instead the bond market advances 15 points; this bond, because it would then be callable in three years, could not move up much more than six points. So on equal market fluctuations down or up, the buyers' price risk is over twice his price opportunity. And we can be pretty sure that over the next decade we will have both bull and bear bond markets of at least these proportions.

Let us then take a sample of the present market and see what combinations of opportunity and risk are offered, confining ourselves to bonds of high quality and marketability. The market provides all sorts of combinations and all now selling at about the same yields; some examples are as follows:

New Utility Issue A: Maturity risk 25 years, maturity opportunity one year (currently callable), a very bad contract.

New Utility Issue B: Maturity risk 25 years, maturity opportunity five years; slightly better but still a bad contract.

New Finance Issue C: Maturity risk 20 years, maturity opportunity 10 years; a much better contract.

Typcal Discount Seasoned Utility Issue: Maturity risk 20 years, maturity opportunity 20 years. (This is because low coupon seasoned issues are virtually non-callable.) This is an excellent contract because opportunity equals risk.

Typical Railroad Equipment Trust: Maturity risk 15 years (or less), maturity opportunity, the same (since they are non-callable). This is an excellent contract. A ten year equipment trust actually has more opportunity than a typical new issue of 30 year corporate bonds and very much less risk.

Typical Longer U. S. Government Agency Issue: Maturity risk ten years, maturity opportunity the same: therefore, an excellent contract.

Long U. S. Governments: Maturity risk, say, 17 years; maturity opportunity 17 years: an excellent contract.

These opportunity and risk calculations, in effect, compare the portfolio consequences of future bull bond markets with those of future bear bond markets and provide us with a calculation of our odds if one kind of bond market were as likely as the other.

Outlines Present Preferences

Based on these considerations, my present choice for that portion of your portfolio to be represented by medium or long term bonds is as follows:

First: Long or medium maturity Governments (10 years or over) with redemption date close to or the same as maturity date.

Second: Long or medium maturity high grade seasoned corporate bonds selling at a good discount so that there is no danger of call.

Third: Medium term Federal Agency bonds with no call provision.

Fourth: Ten to fifteen year high grade railroad equipment trust certificates which have no call provisions. High quality is important here.

Fifth: New or premium corporate bond issues with very long call protection not too far from maturity. Very few of these exist.

Diversification Difficulties

Next I will discuss the problem of diversification in the corporate bond market. For small and medium sized institutions, which do not buy private placements, the chief diversification problem stems from the fact that most public bond offerings are public utility bonds. In 1962, 75% of all public bond offerings were utilities, 14% industrial, and 11% all other types of bonds. Industrial companies rarely sell bonds and often confine themselves to private placements. As a consequence, many corporate bond portfolios become over-concentrated in utilities which sometimes represent two-thirds of invested assets.

Two-thirds is too much in any one industry, however stable and however favorable the outlook. No doubt if such a concentration is unavoidable, the public utility industry is by far the safest for this purpose. Nevertheless, the one chance in a hundred of unexpected unforcastable trouble suggests that such concentration in any one industry is undesirable.

How can this be avoided? In the first place you can be extra-choosy on the pricing of new

SELECTED ALTERNATIVE LONG TERM TAXABLE INVESTMENTS

	November 1963 Yield	November 1963 Yield Spread from Governments (Basis Points)	May 1961 Yield	May 1961 Yield Spread from Governments (Basis Points)
Marketable:				
U. S. Governments	4.21%		3.70%	
Aa Discount Seasoned Utility Bonds	4.31	+ 10	4.33	+ 63
Aa New Issue Utility Bonds	4.43	+ 22	4.75	+105
A New Issue Finance Bonds	4.55	+ 34	4.95	+125
Baa New Issue Gas Bonds	4.70	+ 49	5.13	+143
Ba Missouri Pacific 4 1/4s 2005	5.24	+103	6.31	+261
Ba Douglas Aircraft 5s '78	5.29	+103	6.10	+240
Non-Marketable:				
Private Placement Bonds:				
Aa Type, Estimated	4.60	+ 39	5.00	+130
Baa Type, Estimated	5.00	+ 79	5.40	+170
Unrated, Estimated	5.75	+154	6.00	+230
Mortgages:				
FHA (after service charges)	5.01	+ 80	5.36	+166
Conventional, Estimated	5.70	+149	5.95	+225

utilities and more relaxed on the pricing of new industrial or finance bonds. In the second place you can buy seasoned industrial bonds at a moderate sacrifice in yield. In the third place you can make larger commitments in individual industrial bonds and smaller commitments in individual utility bonds. In the fourth place—to revert to my favorite preoccupation—you can now buy Governments instead of some utilities at a very similar yield and even switch seasoned utilities into Governments at a nominal yield loss.

Many institutions are illogical in determining the size of their commitments in the bonds of any one company. Many have fixed maxima: $25,000 or $100,000 or $500,000 in any one name. This procedure groups the American Telephone Co. with the smallest company held in the portfolio. It would seem logical to relate commitment limits not only to the size of the portfolio but also to the size of the issuing company. Also the strength of the issuing company should be given weight so that Aaa commitments could be much larger than Baa commitments. I do not believe maturity should be a factor in commitment size: a mediocre credit can get into trouble as easily in two years as it can in twenty years.

Most corporate bond portfolios that I have seen are probably over-diversified: there are pages of bond holdings no one of which equals 1% of the total. The reason probably is that institutions grow rapidly and the investment committee gets used to an out-of-date size of purchase and is slow to raise its sights. Certainly much of the problem of over-concentration in utility bonds would be solved if commitment size were flexible.

Cash Flow vs. Timing

It is even more important to be entirely flexible as to the timing of purchases. We should never let our cash flow dominate our investment timing. Timing rather should be dominated by the opportunities afforded by the market. New cash, if it comes in at a time when the market is denuded of attractive bond offerings, can find temporary refuge in shorts—nowadays at no large yield sacrifice. We must not let our bond salesmen friends hurry up our purchases of 25 year bonds so as to get an extra one-twelfth of 1% for one month. Neither should we ever pass up an exceptionally attractive offering for lack of cash. Since we will always have short-term reserves of some sort, the answer probably is to keep their total flexible so that they can be built up without any inhibitions when suitable outlets are scarce and drawn down when, as often happens, many very attractive offerings are bunched together.

Next I will discuss selection of specific issues. Within most categories of corporate bonds there is sometimes a wide difference in the price of one issue and other essentially similar issues. This is especially true in markets which are moving rapidly up or down. Then there is a big advantage in careful selection due to wide differences in yield between one offering and another of almost identical quality and terms.

Therefore, the careful buyer (when he has a purchase program) keeps in front of him at all times running lists of the yields, terms and spreads of all issues which meet his requirements. He keeps them up to date day by day. Thus an exceptionally attractive offering can be quickly spotted. When one turns up he scrutinizes it carefully to be sure the quality and terms are not inferior to the field. If it stacks up, he buys. The differential in favor of undervalued specific issues is often very large.

Next I should like to discuss maturity. My comments under this heading will apply equally to Governments as to corporate bonds.

Maturity Needs

In the first place, I assume that each institution will carefully examine its own liquidity requirements based on the nature of its liabilities and any probability of a sudden large cash outflow. Many insurance companies over the years have exaggerated their operating need for liquidity and this has severely penalized their investment performance. It is a good idea to set up a separate investment fund equal to the maximum probable (not maximum possible) needs of operating liquidity and hold this in short-term liquid investments.

The balance of the investment funds therefore can be considered permanent funds and can be discussed as if they had very little liquidity requirements. Nevertheless, it is appropriate at times to hold some short liquid investments in this permanent fund. These are held for just one purpose—to permit the purchase of long-term investments at better prices than are at present available.

It is helpful to be perfectly clear about the reasoning behind our maturity preference for our permanent investment funds. Too often we blindly assume that there is some merit in shorter maturities *per se* regardless of the level of the market—that the only reason to buy long-term investments is to achieve higher yields. This is a major investment fallacy. Regardless of the yield relationship between longs and shorts, in periods of rising interest rates, shorts automatically do better than longs. In periods of falling interest rates, longs automatically do better than shorts. And there have been more periods of falling interest rates in American market history than there have been periods of rising interest rates.

However, since World War II there has been a 15 year correction from excessively low wartime yields. Bond prices usually fell in the 1950s and we are now used to falling prices; we can too easily fall into the trap of thinking that bond prices usually fall and hence that pricewise shorts usually do better than longs.

It is said that our military men are usually well prepared to fight the last, not the next war. Just so we investment men are too often well prepared to cope with the investment trends of the last decade as though the next decade must be the same. Whatever the 1960s brings to our markets, I doubt that it will duplicate the 1950s.

Problem of Short Bonds

There is no virtue *per se* in short bonds in a permanent portfolio. They are a form of speculation in the expectation of rising yields or a form of insurance against the possibility of rising yields. If the bond market declines, a holding of shorts will be only potentially beneficial. If they are then switched into longs at lower prices, they will prove to have been really beneficial. But if the bond market declines and ultimately recovers and the shorts are still held, they will have provided nothing but a loss in yield. And if the bond market rises they will be a heavy handicap. Not only will they not rise with the market, they will mature and be rolled over at lower and lower and finally at nominal yields. And then if we are not careful we will eventually get discouraged with these nominal yields and switch our shorts into longs during some future high bond market. In a permanent portfolio short-term securities are appropriate only as a reserve to buy longs lower down—and must be so used.

Such a program, some might object, forgets that we do not know future market trends. I am glad to say we do not know future market trends. If we did, it would take all the fun out of life at SB & H. Indeed, if they were generally known there would be no market trends and no free market.

Some of my friends live in a state of certainty about future market trends: they are bulls or they are bears. If they are bulls on bonds, they buy all non-callable longs; if they are bears, they buy all the shorts that they can afford to hold. I envy such unequivocal thinking. They are either right or they are wrong. If they are right, they will live to fight another day. If not . . . . . .

Setting Up Alternative Maturity Program

Most of us do not feel this kind of certainty about the future. Some, in fact, try to dodge the issue altogether. These seek to make no judgment at all as to either the level or trend of the bond market. They either have a fixed unvarying ratio of shorts to longs taking the ups with the downs, or an evenly spaced maturity program which seeks a dull average performance under all circumstances. I think we can do much better than that. In fact, I think that these efforts to cope in advance with every conceivable future contingency are positively dangerous: they give a sort of head-in-the-sand sense of a safety that does not exist and leave us unprepared for large changes up or down.

My preference is to seek some sort of maturity program which weighs the odds as we see them both as to levels and trends. We should expect to be right say two times in three, but I am sure we will not be right three times in three. We want to be sure and survive the unfortunate odd occasion.

In setting up such a maturity program we should be influenced by two considerations: (a) the present level of yields—is it historically very high, very low, or somewhere in between? and (b) the outlook a year or two ahead, is it for rising or falling yields? If the present level of yields is extremely high or extremely low, we give it maximum weight and give little weight to the outlook. Outlook is always favorable at the top of a market and unfavorable at the bottom. We cannot expect the luxury of a high market combined with an unfavorable outlook or a low market combined with a favorable outlook.

Usually the level of the market is not either obviously very high or very low but somewhere in between. Then the market's outlook becomes very important. In any event both level and outlook must be considered together in arriving at a maturity preference.

I suggest then that each portfolio manager have a preconceived set of maturity patterns, one most aggressive, one most defensive and one median, within which he is prepared to vary his proportion of shorts to longs. The suitable proportions will, of course, differ widely among different portfolios. For one a most defensive position might be no more than 10% in shorts and a most aggressive position might be all longs; for another the suitable proportion of shorts might range from never over 60% down to never less than 30%.

Perfection is not to be expected. It is unlikely that he will reach his most aggressive maturity position at the bottom of a market when yields are highest or his most defensive at the top. But if he consistently tries to shift his maturity structure, either by purchases and sales or by directing new cash one way or the other, so that more longs are bought as yields rise and less as yields fall, my guess is he will usually do relatively well; certainly such an effort will average out better than a static program.

Here I should like to make one parenthetical observation. For institutions with assured regular growth in investment assets, the new money which will almost certainly accrue over the next year or two can be considered virtually the equivalent of short-term bond holdings and can be substituted for shorts in calculating the maturity structure of the portfolio in relation to maturity preference.

Medium Term Bonds

Medium term bonds in the range of 5 to 15 years represent a separate problem. A holding of some medium maturities is satisfactory for most portfolios. However, they rarely have the virtue most often attributed to them—relative stability in a period of market decline. With a change of 10 basis points in yield, 10 year bonds, of course, fluctuate less than 30 year bonds. However, during bear and bull bond markets, the yields of 10 years bonds fluctuate much more than the yields of 30 year bonds. Thus in the easy money markets of early 1958, 10 year Governments yielded 2.50% when long Governments yielded 3.25%. In the money squeeze of late 1959, 10 year Governments yielded almost 5% when long Governments yielded 4.45%. Thus, the price decline of 10 year bonds between 1958 and 1959 was about as large as the price decline of longest Government and longest corporate bonds.

What then was the advantage in the high markets of early 1958 in buying 10 year bonds at a yield sacrifice instead of 30 year bonds? Absolutely none at least for the time being. The seeming maturity compromise resulted only in a loss in yield.

Medium maturity bonds are well suited to certain types of institutions like commercial banks. They also serve a purpose as a compromise between long and short in frozen portfolios where everything bought must be held to maturity. Also, at rare intervals, like 1957 and 1959, they are attractive for permanent investment funds when they yield much more than longs. But much of the time they provide no advantage for permanent funds. They provide no real stability and they usually yield less. Most of the time I would prefer to divide a permanent portfolio between shorts and longs in whatever seems suitable proportions and leave the mediums to the commercial banks. In a sense I would regard every maturity over 10 years as infinity and would pay little or nothing for a choice of infinities: there is no special virtue in 20 years as against 30 years or 30 years as against 40 years. These are all, in effect, perpetual obligations — as are preferred stocks—and should be treated as such.

How about quality? I have already pointed out that today the yield premium for medium quality corporate bonds against primes or Governments is at an all time minimum. However this will not always be true. In the long run I believe that a diversified permanent insurance portfolio can logically include some medium grade or even second grade bonds if they are carefully selected and if the bonus in yield is substantially larger than your appraisal of the extra risk. In any portfolio for which it is appropriate to hold equities with their inevitable business risk, it is equally appropriate to hold a judicious proportion of business risk bonds—provided you are paid for the risk.

How Much Risk to Hold?

In closing I would like to add one last word. Any investment portfolio is a dynamic fluctuating affair shot full of one sort or another of risk—interest rate risk, or call risk, or business risk, or market risk, or risk of inadequate return. There is no way to avoid risk. A portfolio confined to 90-day Treasury Bills is in a sense the riskiest of all—today it yields 3.50%, next year it might yield 1%. If you live on investment income you cannot afford a portfolio from which your income may in one year be cut by two-thirds.

A systematic effort to avoid risk can be very dangerous. All sorts of expedients have been used which seem to dodge the dynamics of the market; for example: evenly spaced maturities, infinite diversification into a little of everything, blind dollar averaging, all Governments at all times. None are apt to work and their danger is that they give us a false sense of security and serve as a substitute for thought. We are far safer if we look the risks in the face, insist that we be compensated for our risks, seek offsetting opportunities, and prepare ourselves for the need to change our programs as times and markets change.

*An address by Mr. Homer before the American Mutual Insurance Association Investment Conference, Chicago, Ill., December 4, 1963.

With Public Securities

FALL RIVER, Mass.—Bernard L. Cohen and Loo A. DeBlois are now with Public Securities Co., 18 Bedford St. Both were formerly with Security Planners Associates.

Beckman Branch

SANTA ROSA, Calif.—Beckman & Co., Inc. has opened a branch office at 2424 Montgomery Drive under the management of William J. Callan.

"Money Will Not Manage Itself"

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authorities to take the indicated action while there is still time.

The mistake here, I think, is to approach the situation on too narrow a front and in terms of monetary policy alone. Monetary policy is not the sole weapon and, at times, is not even the principal weapon we have for influencing the total behavior of the economy, either in its domestic or its international aspects which are hardly divisible in any case. The key to successful action in our present circumstances is a probing adjustment by way of a mixture of monetary and fiscal policy, while we continue to try to hold the direct costs per unit of output which largely determine our competitive position, and while we continue to reduce our military expenditures abroad and to cut the saturated fat out of our foreign aid program.

We have approached closely to —and retreated from—this course of action, which would have involved a tighter control of reserves, higher interest rates and a relaxation of our tax burdens during the past year-and-a-half. The monetary authorities did break the ice during the late spring of this year, when the domestic economy began to show increased strength and the balance of payments increased weakness. The availability of reserves in the banking system was reduced, the discount rate was increased, and the ceiling on payment of interest on commercial bank time deposits was raised. But the appropriate accompaniment of fiscal policy—a cut in taxes—has lagged behind.

Failure in Fiscal Timing

The reasons for this failure in timing, which would have further facilitated the use of monetary policy, have been mixed. The proposed reduction in taxes has been brought forward under too many guises, some of which did not wear well. It was to head off an imminent recession, or to insure against a future recession, or to remove a continuing drag on economic growth, or to make it possible to accomplish needed tax reforms or, in the small print, to release monetary policy to deal more vigorously with the deficit in the balance of payments.

The lack of a clear goal, the failure to press the issue more strongly, the eruption of the civil rights controversy, and the horror with which many have viewed a cut in taxes at a time when the administrative Federal budget is already heavily in deficit, paralyzed prompt action. The delay has postponed what must be the basic step in any broad program of tax reform, and has been dangerous as far as defense of the dollar through more flexible monetary management is concerned. This is not to say that there is no need for further tax reform—there is. And it is not to say that the power to reduce taxes, temporarily, cannot and should not be used at times to head off a recession or to stimulate cyclical recovery—the means of doing this promptly when appropriate should be established. It is not to assert that executive budget proposals and further Congressional spending authorities should not be curbed while substantial budgetary deficits are being planned—they should be. But in these matters the best is often the enemy of the good. By concessions to conflicting opinions, we have been losing time in a dangerous situation by failing to fit together an effective mixture of monetary and fiscal policies appropriate to our position at home and abroad.

Expedients

This frustrating delay appears to have turned us toward expedients which attempt to deal with whatever item or sub-item in the balance of payments seems most threatening to our position at a particular time. This method of attack has its advantages so far as the outflow of funds on Government account is concerned although it also has its defects even then because of the inter-relationships between all of the various items which make up the balance of payments. It is a tricky approach, however, when it is used to influence the reactions of the private sector of the economy to our domestic and international position. The proposed "interest equalization" tax is a case in point. It attempts to control one segment of one item in the balance of payments—portfolio investment in foreign securities—which flared up during the past year. Whatever success it has had in checking an outflow of capital, despite its many loopholes, and while favored by uncertainty concerning its adoption by Congress, this is a form of tinkering with a problem which should be attacked in the total context of capital incentives in the United States and in foreign countries.

It should not be attacked by a control which attempts to raise the rate of interest in one of the interconnected compartments of the long-term market. We need to provide more profitable opportunities at home for the investment of funds which have been flowing abroad. We need to promote domestic conditions which will lead to a revival of direct and portfolio investment by foreigners in this country. We need to raise the profit floor in the United States so as to bring out the increased domestic investment in plant and equipment which alone will employ our resources more fully. We need to avoid experimenting with direct controls, whatever they may be called, which in times of strain may be interpreted as a forerunner of stronger controls of capital outflow, or even of all dealings in foreign exchange, which in turn would heighten the danger of anticipatory withdrawals of foreign funds from our markets. In short, in dealing with private capital outflows, while we are still this side of crisis, we should use those general powers of fiscal and monetary policy which maximize our total freedoms by minimizing direct interference with individual private transactions.

I am afraid that the proposed "interest equalization" tax may lead in the other direction, a fear which is supported by the proposed delegation of authority to the executive to exempt the borrowings of individual foreign countries when deemed necessary to avert a threat to the stability of the international monetary system, and the veiled suggestion that it may become necessary to revise the exemption of bank loans if that exemption punches a hole in the sieve.

Tax Reduction to Free Monetary Policy

I hope that we can yet go forward with a program of tax reduction and greater freedom of monetary policy (as well as pursue existing efforts to avert a resumption of upward cost-price pressures in our economy) with a singleness of purpose which will convince our people at home that we are masters of our domestic situation, and which will convince people abroad that we know what is wrong with our balance of payments and how to deal with it. And I hope that we shall not be deterred from action by the counsel of those who say that the discipline of the balance of payments should not be allowed to interfere with "far more important goals of national and international policy," and that we shall not be lured aside by distant visions of a new and improved international monetary system, the need for which and the form and content of which are still problematical.

The mantle of "highest priority" is thrown over a variety of policies and actions whose qualifications are not always established. The claim of "highest national interest" is frequently used to stifle criticism of programs: criticism which may or may not be justified, but which should be heard and answered on its merits. The fact is that we have quite a few "highest priority" objectives at home and abroad. Many of them are interdependent. Wisdom lies in total solutions which give due regard to the claims of all, both as to timing and as to resources available for their attainment. Here and now one such priority is to get on with the job we have started of righting our balance of payments, if we are to preserve our international power and clear a path toward our domestic economic goals. This is not something we can put aside each time the balance of payments looks better for a quarter, while we devote ourselves to other tasks. Nor can we rely on developments in foreign countries, such as rising costs and prices in Western Europe or the vagaries of agriculture in Eastern Europe, to correct our position.

That is not to say that some countries in Western Europe (and Japan), do not have lingering responsibilities to assume more of the burdens of their international position and, also, to dismantle barriers to the import of goods from the United States and controls and rigidities in their capital markets. They have, but ours is the primary responsibility for our own balance of payments, and it is not prudent to countenance exposure to the hazards of our present position in the expectation that the pendulum will swing back toward or past equilibrium in the course of the next five or six years. We have to do the main job ourselves, now. It can be done with a program which will contribute to, not detract from, our national and international goals. In fact, the problem is not divisible in this way. The integrity of the dollar at home and abroad, and as the key reserve and trading currency of the Western World, is a part of every solid economic objective we seek, and our economic objectives and our military, diplomatic, and social objectives are indivisible.

No World Liquidity Shortage

The Charybdis of "interference with other objectives of higher priority," in turning us aside from dealing with our payments deficit, has its Scylla in the pressure which has come from academia, from the United Kingdom and, perhaps, from some quarters in our own government, to anticipate a possible inadequacy of international liquidity in the years ahead and to get us to take the initiative in pressing for the creation of a new source of international reserve credit, now. Robert Roosa, Under Secretary of the Treasury for Monetary Affairs, has recently set forth the position of the United States Treasury in this regard. He points out, first, that most financial officials are agreed that there is no overall shortage of international liquidity at present. He then expands the penetrating comment of Per Jacobsson that international trade is financed in national currencies, that an expansion in such trade is financed through the credit mechanisms of individual countries, and that there is no absolute link between credit volume and monetary reserves. He concludes that, in this sense, there is no shortage of international liquidity now, nor is there likely to be in the future.

Where the problem may lie, he suggests, is in the size of the owned reserves in each country and the facilities for reasonably sure access to borrowed reserves, which can be drawn upon to meet seasonal, cyclical, accidental and structural deficits in their international accounts. These reserves must be adequate, he suggests, in terms of the time needed to adjust the domestic situation to the international position, without unnecessarily stunting the economic growth of the country concerned, if sustained imbalance is not to lead to currency collapse or to a variety of undesirable interferences with currency and commodity markets.

Criticizes Japan and Brazil

I am disturbed, here by the inclusion of structural deficits in the catalogue of imbalances which may need to be bridged by "reasonably sure access" to borrowed reserves. Structural deficits, which may result from variations in costs or demand associated with technological change, or from differential changes, as between countries, in productivity or rates of growth, are usually long in the making and long in adjustment. Their inclusion stretches the time factor covering the use of borrowed reserves far beyond the short-run movements in reserve positions of individual countries which the President has said is our concern and the reason for our readiness to support such measures as may be necessary to increase international liquidity. Nor am I happy with the implication that domestic economic growth must not be inhibited from proceeding smoothly to its planned destination by balance-of-payment considerations. Planned rates of growth which are beyond the real economic capacity of a country can lead to domestic policies which distort export-import relationships, promote domestic inflation and foster excessive short-term borrowing abroad to sustain an unbalanced position, as witness Japan at times, and Brazil all the time. The ready provision of borrowed reserves in such cases could be an invitation to boom and bust.

It is reassuring, therefore, that in his presentation Mr. Roosa adds the necessary, the indispensable caution that time gained for the adjustment of the domestic position to the international situation may be time wasted if there is no element of restraint or discipline from the side of the balance of payments, and if some element of creditor surveillance is not preserved in the process of providing increased international liquidity. The United States is one kind of example, perhaps, of a country which has wasted time in building or equipment which is correcting a deficit in its balance of payments because, at the beginning of its troubles, it had large reserves and because, as its troubles accumulated and its reserves declined, it had substantial foreign credits thrust upon it in the form of foreign short-term balances left in our market. The desciplines of the balance of payments have been too little felt, the surveillance of creditors has been most polite, and after six years we are still boggling at making the harder choices which correction of our balance of payment requires.

The conclusion of the Treasury explanation is that the evolutionary process already in being, as represented by the close consultation and cooperation of treasuries and central banks in the principal industrial and trading countries, may take us where we want to go, but that we can now study other proposals for meeting possible future needs for increased international liquidity, without "setting off speculative disturbances based on market apprehension that there might be brave shortcomings in present arrangements."

Safe Study Limits

This is all right if the ground is not too slippery. We cannot and should not oppose studies of future needs, particularly when the acceptance of the study proposals is accompanied by repeated statements that the United States is determined "to correct its own (payments) deficit and to keep a sharp separation between that effort and any inter-governmental review of the prospects and arrangements for international liquidity in the future." We shall have to be on guard, however, against those at home and abroad who would drive the study of international liquidity beyond the stop signs put up by our treasury. They have been at it since the first discussions of the institutional arrangements which developed into the International Monetary Fund. They now view with alarm the cessation of our increasing short-term indebtedness to foreign creditors, because they say it will mean a drastic decline in the growth of international reserves and international liquidity. To them, the measures of consultation and cooperation which have been devised to fortify the existing international monetary system, and which could be developed further by a more flexible use of a larger number of reserve currencies, are a makeshift.

The swap transactions of the central banks and the Treasury borrowing in foreign currencies, which have created an additional pool of liquidity while preserving the precise disciplines of negotiated arrangements, are characterized as plumbers helpers.

They tend to dismiss the possibilities of further economies in the use of gold, either by way of staunching the leakage of gold into private hoards or by way of reducing the percentage of gold held in official reserves. They do not seem to be content with increasing the resources of the International Monetary Fund as demonstrated needs may demand such an increase. Their goal is internationalized credit creation. They want to shift the burden now borne by national reserve currencies to some new international monetary unit, dispensed by some new international institution or by a refurbished International Monetary Fund.

Illusionary Thinking

This is a type of thinking which I find illusionary. If it should interfere with bringing our international payments closer to balance, I would call it mischievous. To expect to make a successful leap forward to an international monetary organization which, by way of its power to create reserves, would exercise a substantial amount of control over the national affairs and the allocation of domestic resources of sovereign nations, seems to me to be "out of this world." And yet, it was not long ago that a distinguished alumnus of our State Department adumbrated that the West could not be cured of its critical monetary instability by the homeopathic treatment of treasuries and central banks. In the words of Keynes of 30 years ago, he seemed to think that nothing stands in the way of curing monetary instability "but a few old gentlemen tightlly buttoned-up in their frock coats, who only need to be treated with a little friendly disrespect and bowled over like nine-pins." I don't want to discard homeopathic evolution so readily. Our monetary instability is serious but it needs neither miracle drugs nor surgery. We should not allow ourselves to be maneuvered into advocating such asserted cures, or acquiescing in their use, by financial dilettantes, academic theorists or the spokesmen of countries which would like to float away their domestic economic problems on a sea of international credit freely granted. Our diplomats, trade negotiators, and military leaders might learn something from treasuries and central banks about the art of international cooperation among nation states.

Money Requires Managers

And now, in conclusion, let me return to my general theme: "Money will not manage itself." It needs managers who are aware of the fact that they are dealing primarily with problems of human motivation and human reactions, and that some public understanding of what they are trying to do is a necessary ingredient of success. It needs managers who realize that "scientific analysis, unaided, can never carry the inquirer to the heart of an economic situation." It needs managers who "operate in the light of all the information they can get" and have it "organized and analyzed in such a way as to give the maximum amount of illumination," so that the available alternatives are clearly presented. And it needs managers who then remember that their tasks require "that practical wisdom which comes only from experience."

As I recall the past 50 years of development of the Federal Reserve System, I am reasonable sanguine about the future of money management in the United States. The system has proved to be a constructive public invention and a useful public servant. It has had a variety of experience. It should be ready for the work ahead.

Function of Monetary Policy

An economist, who has achieved the rare distinction of having one of his books become a "best seller," gave a chapter in that book to the "monetary illusion," in which he expounded "the charm which this mysterious thing called monetary policy has for those who are privy to its practices, and whose affection for it is translated into claims for its effectiveness which invade the supernatural." "No other economic policy," he wrote, "has ever shown such capacity to survive failure, to be hailed as a success." This may be witty, but I reject the indictment. The practitioners of monetary policy are not exorbitant in their claims of effectiveness and usefulness. The primary function of monetary policy, with due allowance for the liquidity of the economy, is to regulate the total supply of money and to influence its cost availability so as to help to keep marginal demands — government and private—from spending themselves in speculation and increased prices in times of prosperity, and from being stifled in times of recession. In this way it contributes importantly to stability of the price level and stability of the exchange rate of the dollar, and to the attainment of maximum employment and sustainable growth. Monetary management cannot reach all of the causes of economic instability, nor can it insure sustained high levels of employment and high rates of growth. But, combined with fiscal policy and wage-price policy, it is our best hope of preserving our freedom from the strait-jacket of more direct governmental control of economic affairs. We must not cross over into the barren lands of the enemy.

Kobe Bank Opens New York Agency

Left: Shiro Inoue, New York Representative of the Bank of Japan. Right: Chu Okazaki, President and Chairman, The Bank of Kobe, Ltd. Background design is the emblem of The Bank of Kobe.

To handle its growing volume of New York business, The Bank of Kobe, Ltd., a major Japanese foreign exchange bank, opened an agency today at 40 Wall Street, New York City. It has taken a 10-year lease on most of a floor there.

"The volume of our international transactions based upon dollars is increasing rapidly and now amounts to nearly 75% of the total value of foreign exchange handled by our bank," said Chu Okazaki, President and Chairman of the bank, who is in New York for the opening of the new office. "We are finding that New York is a clearing house for banking transactions throughout much of the Free World.

"Our bank handles financial transactions for more than half a billion dollars' worth of Japan's annual foreign trade. This trade is growing substantially with Japan's imports estimated at $5,550,000,000 and exports at $5,450,000,000 for the fiscal year ending March 31, 1964," he said.

"New York is an important base of operation for Japan's trade not only with the United States but also with Central and South America, Europe, Africa and the Middle East."

The new agency will be headed by Unosuke Matsuoka, it was announced by Mr. Okazaki.

Japan is liberalizing its import trade as part of its preparations for full membership in the Organization for Economic Cooperation and Development, which is scheduled for next spring, Mr. Okazaki reported. Japan also expects to become an "Article 8 Nation" of the International Monetary Fund by next April 1. One requisite of the Article 8 status is that foreign exchange restrictions on current transactions cannot be imposed for balance-of-payments reasons.

"These two developments can be expected to increase substantially Japan's role in world trade and international finance," Mr. Okazaki said.

First Pickard to Be NYSE Member

First Pickard Corporation, 60 Wall Street, New York City, will acquire a membership in the New York Stock Exchange, as of Dec. 20. The Exchange membership will be held by Warren L. Dahl, Vice-President.

Other officers of the firm are John Sackville-Pickard, President; Albert E. Posener and Joseph V. Shields, Jr., Vice-Presidents; and Peter Sackville-Pickard, Vice-President, Treasurer and Secretary.

Chicago Analysts to Hear

CHICAGO, Ill.—J. C. Donnell II, President of Marathon Oil Company, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today (Dec. 12) at the La Salle Hotel.

On Dec. 9 the Society will hold its annual forecast forum.

Subject of the Jan. 9 meeting will be Automatic Retailers of America.

Godnick Elects

Godnick & Son, Inc., 30 Broad St., New York City, have elected Gerard O'Donnell an assistant vice-president of the firm.

Affiliation of Two P. R. Firms

Recognizing the growing importance of the relationship of public relations to marketing, Dudley-Anderson-Yutzy has announced a contractual agreement with the marketing firm of Ralph Head & Affiliates, Ltd., as another step in the broadening of D-A-Y services to its 26 clients in industrial and food fields.

D-A-Y is one of the largest and oldest public relations firms in the country, with offices in New York, Washington, D. C., Atlanta and Denver; field representatives in 44 key cities in the United States and Canada and overseas affiliates in Western Europe and Japan.

The Ralph Head marketing firm was formed in 1960 by Mr. Head after 30 years in the field including 12 with Batten, Barton, Durstine & Osborn, Inc., where he was vice-president, director of marketing and a plans board member. Mr. Head, a former associate editor of Progressive Grocer Magazine, has authored numerous articles and books on marketing and served as a marketing lecturer at New York University.

Mr. Head has moved his organization to 551 Fifth Avenue, New York City, the main offices of Dudley-Anderson-Yutzy. The agreement reached by both firms, designed to present a rounded advanced type of professional programming covering the full range of public relations, communication and marketing needs, calls for joint reciprocal services including consultation, planning, analysis and program execution.

Butcher & Sherrerd To Admit Partner

PHILADELPHIA, Pa.—Effective Jan. 1, Henry P. Glendinning, Jr. will become a partner in Butcher & Sherrerd, 1500 Walnut Street, members of the New York Stock Exchange and other leading exchanges. Mr. Glendinning is in the firm's municipal bond department.

Carlisle Jacquelin To Admit Coleman

On Jan. 1, Robert J. Coleman will become a partner in Carlisle & Jacquelin, 2 Broadway, New York City, members of the New York Stock Exchange.

Coggeshall, Hicks To Admit Partner

Coggeshall & Hicks, 50 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Robert S. Keefer to partnership.

New Edition of IDAC Course

TORONTO, Canada — The 1964 edition of the Home Study Course "How to Invest Your Money in Bonds and Stocks" has now been published by The Investment Dealers' Association of Canada.

This practical, ten-lesson course describes and illustrates Canadian securities—investment terms, principles and procedures and their wise use in the investment of your money.

Based on questions of hundreds of Canadian investors and the experience of leading investment dealers, this course includes a 265-page text book, illustrative material, self-test questions and a free question and answer service on all course material. Total fee is $10. For folder and registration write to: The Investment Dealers' Association of Canada, 55 Yonge Street, Toronto 1.

De Haven & Townsend To Admit Partner

PHILADELPHIA, Pa.—On Jan. 1, De Haven & Townsend, Crouter & Bodine, Land Title Building, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges will admit Henry E. Crouter to partnership.

STATE of TRADE and INDUSTRY

Continued from page 14

the auto industry has slipped several cogs in recent periods and a definite shimmy has set in along assembly lines.

Despite strikes, resultant layoffs and the total absence of one producer, car makers have programmed 189,353 passenger units last week. That week, reflecting the Day of Mourning for President Kennedy and Thanksgiving Day respite, output was at 148,836. Five weeks ago, 189,048 cars made established the weekly record.

The statistical agency also said last week's production was approximately 12.0% from 169,008 cars made in the corresponding week a year ago, and initiated another record month for the industry.

Ward's said, however, that continuing strikes at three Ford Motor Co. plants have affected several feeder plants—foundries, engine and stamping plants. The company scheduled layoff of 7,700 workers last week, with the first plant affected Thursday, Dec. 5, four others the next day. Several other Ford operations are threatened, pending settlement of strikes at Kansas City (Mo.), Metuchen (N. J.) and Wayne (Mich.) assembly sites.

Grim News

Meanwhile, Studebaker Corp. has announced the startling news, albeit not entirely unexpected, of complete cessation of its automobile production in this country and a shift to Canadian output with the hope of exporting its cars to this market.

Elsewhere, however, the situation was far from grim. *Ward's* said General Motors Corp. was expected to set a record in its output last week—scheduling upwards of 100,000 cars for the second time in less than a month; Chrysler Corp., similarly, was bent toward one of its best weeks in recent years; American Motors Corp. maintained a strong production pace at Kenosha (Wis.).

Plants operating last Saturday included 17 GM Corp. facilities, all but Dearborn (Mich.) and the three struck plants of Ford's 16 assembly sources; Chrysler Corp. had tentatively slated four plants to work the extra day, and American Motors workers put in a half-day.

December Output Record Seen

Ward's said December output for the industry will be a record—upwards of 750,000 units will be made, contingent on strike developments — and that the fourth quarter of the year will result in about 2.3 million cars made, another all-time high.

Output for entire 1963 will be second only to the 7,942,132 units of 1955. The industry passed the 7,000,000-unit level last week, bettering the 6,935,182 of entire 1962, previously the second-best year.

Truck production, which has for some time been above the 1,254,220 of last year, and which is trending toward an all-time peak (previously 1,412,149, in 1951) of 1,458,000, remains strong.

Only the strike losses of recent weeks will thwart the industry in its bid for a record year in combined car-truck output. Based on present indications, combined '63 output will total at 9,114,000 vs. the all-time high of 9,188,574 of 1955.

Of last week's output, GM accounted for approximately 56.2%; Ford 23.0%; Chrysler Corp. 14.8%; American Motors, 6.0%, and Studebaker, nil.

Day of Mourning and Thanksgiving, Hit Rail Loadings

Loading of revenue freight in the week ended Nov. 30, which was affected by work stoppage due to the funeral of our late President and by the Thanksgiving Day Holiday, totaled 466,764 cars, the Association of American Railroads announced. This was a decrease of 120,385 cars or 20.5% below the preceding week.

The loadings represented a decrease of 95,449 cars or 17.0% below the corresponding week in 1962, and a decrease of 106,036 cars or 18.5% below the corresponding week in 1961. These comparisons are, however, distorted as neither the 1962 week nor the 1961 week included the Thanksgiving Day Holiday.

Ton-miles generated by carloadings in the week ended Nov. 30, 1963, are estimated at approximately 10.2 billion, a decrease of 13.6% below the corresponding week of 1962 and 10.1% below 1961.

The 62 class I U. S. railroad systems originating piggyback traffic reported loading 16,116 cars with one or more revenue highway highway trailers or highway containers (piggyback) in the week ended Nov. 23, 1963 (which were included in that week's overall total). This was an increase of 3,724 cars or 30.1% above the corresponding week of 1962 and 5,856 cars or 57.1% above the 1961 week.

Cumulative piggyback loadings for the first 47 weeks of 1963 totaled 726,767 cars for an increase of 85,416 cars or 13.3% above the corresponding period of 1962, and 192,850 cars or 36.1% above the corresponding period in 1961.

Truck Tonnage Falls Due to Curtailed Week

Intercity truck tonnage in the week ended Nov. 30 was 20.2% below the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 22.0% below that of the previous week of this year.

While the survey indicated the largest year-to-year decrease registered so far this year, the findings are colored, in part, by the fact that the Thanksgiving Day holiday was *not* observed in the comparable week of 1962. In addition, most firms were closed for business on Monday of the reported week, which was observed as a National Day of Mourning for the late President Kennedy. The week-to-week decreases were the result of these same conditions.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed decreased tonnage from a year ago at 32 localities, with only San Francisco and Los Angeles reflecting slight gains over the 1962 level.

Compared with the immediately preceding week, all 34 metropolitan areas registered decreased tonnage. As compared with weeks in previous years when the Thanksgiving Day holiday was observed, the week-to-week declines exceed the earlier finding by 4 to 7%.

Holiday Drops Lumber Output 16.7% from Year-ago Week

Lumber production in the country totaled 185,391,000 board feet in the week ended Nov. 30 according to reports received from regional lumber associations. This drop resulted from the foreshortened work week due to the Day of Mourning set aside Nov. 25 when President Kennedy was buried and to Thanksgiving's occurrence in the latest statement week but not in the year-ago week. Output decreased 19.2% in the current week-to-week change for the same above reasons.

Compared with 1962 levels, production fell 16.7%, shipments dropped 15% and new orders declined 18.5%.

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

	Nov. 30 1963	Nov. 23 1963	Dec. 1 1963
Production ___	185,391	229,456	222,516
Shipments ___	191,181	220,487	224,972
New orders __	176,038	214,579	215,939

Electric Output Advances 8.4% Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 7, was estimated at 18,427,000,000 kwh. according to the Edison Electric Institute. Output was 1,451,000,000 kwh. more than the previous week's total of 16,976,000,000 kwh. and 1,422,000,000 kwh. above the total output of 17,005,000,000 kwh. for a weekly rapid rise of 8.5%, in the corresponding 1962 week or a year-to-year gain of 8.4%.

Rise in Business Failures from Holiday Low

In a partial recovery from the 1963 low hit a week earlier, commercial and industrial failures rose to 265 in the week ended Dec. 5 from 190 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties remained below the 294 occurring in the similar week of 1962 and 295 in 1961, as well as continuing down from the pre-war level of 297 in 1939.

Businesses failing with liabilities of $100,000 or more rebounded to 41 from 20 in the prior week and came close to the 45 of this size in the comparable week last year. Smaller casualties involving losses under $100,000 increased to 224 from 170 a week ago but fell short of their 1962 level of 249 for the corresponding week.

Among retailers, the toll bounced up to 114 from 83 last week, among manufacturers to 53 from 36, among construction contractors to 55 from 39 and among wholesalers to 24 from 16. The rise in commercial services, on the other hand, was fractional as their casualties edged to 19 from 16. Manufactluring was the only category in which mortality exceeded last year's comparable levels.

Wholesale Commodity Price Index Edges Up After Dip Early Last Week

After a dip of 265.54 on Tuesday last week, the wholesale commodity price level rose on each successive day reaching 266.30 last Monday, reported Dun & Bradstreet, Inc. The index roughly paralleled grain prices, which were pushed down at the beginning of the week by commission house liquidation and elevator selling, but then boosted by the anticipation of favorable wheat legislation in Congress. Corn gained every day due to elevator, export and local buying. To offset these advances, sugar prices registered a net loss for the week as did steers, lambs and hides.

The daily wholesale commodity price index climbed to 266.30 this Monday Dec. 9, from 265.93 in the prior week, but remained below the 267.89 of a month ago and the 270.19 of the comparable date of last year.

Wholesale Food Price Index Drops Lowest Since June

In the second 0.5% dip in a row, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., dropped to $5.86 on Dec. 10, the lowest level since June 11 when it stood at the same figure. While this week's index remained above the 1963 low of $5.74 registered in April, it lagged 1.4% behind the $5.94 on the corresponding date last year, marking the fourth consecutive week of year-to-year declines.

Sugar and steers experienced the sharpest drops in wholesale cost, followed by dips in barley, bellies, lard, cocoa, potatoes, prunes and lambs. Eight products increased in price, but failed to offset the declines, namely flour, wheat, corn, rye, hams, cottonseed oil, currants and hogs.

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.

Saturday Snapback Helps Short Retail Week

A strong snapback in consumer buying Saturday, Nov. 30, as well as a brisk pace in the initial days of the week rescued retail volume in the week ended a week ago Wednesday from the nosedive taken during the Kennedy tragedy. Miserable weather and lingering sadness impeded but, since last year's comparable week was far from zestful, activity managed to wobble almost even with the 1962 level. Snow flurries bolstered the long lagging demand for outerwear. The most substantial boost in business came from rapidly swelling interest in toys and housewares, and a remarkably steep and quick upturn in car sales at month's end.

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

Nationwide Department Store Sales Plummeted 25% Below Last Year's Level Due to Day of Mourning and Thanksgiving Day

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index dropped drastically 25% for the statement week ending Nov. 30 compared with the like period in 1962. Due to the untimely death of the President and to Thanksgiving, department stores were closed on the day of mourning, Nov. 25, and the traditional day of Thanksgiving, Nov. 28. Thanksgiving fell a week earlier than the year-ago week.

In the four-week period ended Nov. 30, 1963, sales declined 5% below last year's comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Nov. 30), the 12 department store districts' retail dollar volume increased 3% (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. 30 dropped 33% below the comparable year-ago week's figure for the same reasons and were down 9% compared to last year's four-week period. They were up 3% since the beginning of this year compared to the same cumulative period in 1962. *Within* the N. Y. Metropolitan area, however, New York City department store sales for the Nov. 30-ending week fell 39% from the corresponding period a year ago, sales in the latest four weeks were down 11%, and cumulative sales from Jan. 1 to Nov. 30 were down 2% from year-ago period.

Mourning for the President, and Thanksgiving Day, Plunge Retail Sales Way Down

A *flash figure* for New York City's sales for the Dec. 7 ending week revealed a 7% pick up but the four-week N. Y. C. flash figure dropped 7.0% from last year's period due to curtailed business in the last week of November.

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.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Nov. 30-ending week's sales 8% below that for the comparable week last year because of stores closing on Monday and Thursday. The year-to-year contrast for the latest four-week period showed a gain of 1%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

Robert Garrett to Admit Mulligan

BALTIMORE, Md. — Robert Garrett & Sons, South & Redwood Streets, members of the New York & Philadelphia-Baltimore-Washington Stock Exchanges, on Jan. 1 will admit Richard F. Mulligan to partnership. Mr. Mulligan is manager of the firm's municipal department.

David J. Greene Co. To Admit Partner

Effective Jan. 1 Robert J. Ravitz will become a partner in David J. Greene & Co., 72 Wall Street, New York City, members of the New York Stock Exchange.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Dec. 7	2,042,000	2,000,000	1,958,000	1,858,000
Index of production based on average weekly production for 1957-1959	Dec. 7	109.6	107.4	105.1	99.7
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Dec. 7	0.665	0.65	0.64	(a)
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 29	7,557,610	7,592,760	7,571,010	7,348,060
Crude runs to stills—daily average (bbls.)	Nov. 29	8,748,000	8,663,000	8,593,000	8,479,000
Gasoline output (bbls.)	Nov. 29	31,689,000	30,870,000	30,944,000	30,733,000
Kerosene output (bbls.)	Nov. 29	3,226,000	3,322,000	3,456,000	3,375,000
Distillate fuel oil output (bbls.)	Nov. 29	14,590,000	14,187,000	14,771,000	13,793,000
Residual fuel oil output (bbls.)	Nov. 29	5,258,000	4,767,000	4,853,000	5,553,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Nov. 29	179,773,000	176,271,000	177,407,000	178,883,000
Kerosene (bbls.) at	Nov. 29	38,173,000	37,945,000	38,110,000	35,550,000
Distillate fuel oil (bbls.) at	Nov. 29	190,965,000	190,271,000	189,162,000	169,257,000
Residual fuel oil (bbls.) at	Nov. 29	51,510,000	51,334,000	54,300,000	51,772,000
Unfinished oils (bbls.) at	Nov. 29	86,795,000	*87,010,000	85,204,000	85,503,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 30	466,764	587,149	622,566	562,263
Revenue freight received from connections (no. of cars)	Nov. 30	472,283	512,994	520,991	469,437
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 30	6,925,000	*10,010,000	9,555,000	8,939,000
Pennsylvania anthracite (tons)	Nov. 30	259,000	336,000	327,000	415,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Dec. 5	$488,100	$1,232,300	$1,016,400	$411,500
Private	Dec. 5	177,100	383,600	401,100	245,300
Public	Dec. 5	311,000	848,700	615,300	166,200
State and Municipal	Dec. 5	274,400	769,900	176,200	148,800
Federal	Dec. 5	36,600	78,800	439,100	17,400
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Nov. 30	126	*139	120	168
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 7	18,427,000	16,976,000	17,586,000	17,005,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 5	265	190	270	294
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 2	6.368c	6.368c	6.368c	6.196c
Pig iron (per gross ton)	Dec. 2	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Dec. 2	$26.50	$26.50	$26.50	$25.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 6	30.600c	30.600c	30.600c	30.600c
Export refinery at	Dec. 6	28.525c	(a)	28.475c	28.425c
Lead (New York) at	Dec. 6	12.500c	12.500c	12.000c	10.000c
Lead (St. Louis) at	Dec. 6	12.300c	12.200c	11.800c	9.800c
‡Zinc (delivered at)	Dec. 6	13.500c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Dec. 6	13.000c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Dec. 6	23.000c	23.000c	23.000c	22.500c
Straits tin (New York) at	Dec. 6	129.875c	130.000c	124.375c	110.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 10	88.89	88.66	88.43	89.85
Average corporate	Dec. 10	88.27	88.27	88.27	88.40
Aaa	Dec. 10	91.19	91.19	91.19	92.35
Aa	Dec. 10	89.51	89.64	89.64	90.34
A	Dec. 10	88.27	88.40	88.27	88.13
Baa	Dec. 10	84.17	84.30	84.43	83.15
Railroad Group	Dec. 10	86.51	86.51	86.38	85.07
Public Utilities Group	Dec. 10	88.95	89.23	89.51	89.92
Industrials Group	Dec. 10	89.23	89.09	89.09	90.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 10	4.01	4.04	4.06	3.74
Average corporate	Dec. 10	4.54	4.54	4.54	4.53
Aaa	Dec. 10	4.33	4.33	4.33	4.25
Aa	Dec. 10	4.45	4.44	4.44	4.39
A	Dec. 10	4.54	4.53	4.54	4.55
Baa	Dec. 10	4.85	4.84	4.83	4.93
Railroad Group	Dec. 10	4.67	4.67	4.68	4.78
Public Utilities Group	Dec. 10	4.49	4.47	4.45	4.42
Industrials Group	Dec. 10	4.47	4.48	4.48	4.39
MOODY'S COMMODITY INDEX	Dec. 10	371.1	370.9	373.5	370.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 30	321,901	335,894	383,170	344,456
Production (tons)	Nov. 30	354,825	379,084	383,961	324,169
Percentage of activity	Nov. 30	93	99	98	87
Unfilled orders (tons) at end of period	Nov. 30	545,450	567,566	616,178	452,005
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1959 AVERAGE=100	Dec. 6	99.64	99.58	99.86	98.53
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 15	3,017,580	2,687,530	3,537,650	3,379,250
Short sales	Nov. 15	574,670	409,620	691,340	768,100
Other sales	Nov. 15	2,511,400	2,286,660	2,763,990	2,599,530
Total sales	Nov. 15	3,086,070	2,690,280	3,455,330	3,367,630
Other transactions initiated off the floor—					
Total purchases	Nov. 15	607,100	620,920	947,010	835,910
Short sales	Nov. 15	47,200	66,500	96,000	100,520
Other sales	Nov. 15	646,950	541,900	760,330	673,850
Total sales	Nov. 15	694,150	608,400	856,330	774,370
Other transactions initiated on the floor—					
Total purchases	Nov. 15	1,177,196	1,005,881	1,600,205	1,300,570
Short sales	Nov. 15	179,760	162,870	232,650	223,600
Other sales	Nov. 15	1,094,844	821,330	1,254,625	1,070,219
Total sales	Nov. 15	1,274,604	984,200	1,487,275	1,293,819
Total round-lot transactions for account of members—					
Total purchases	Nov. 15	4,801,876	4,314,331	6,084,865	5,515,730
Short sales	Nov. 15	801,630	638,990	1,019,990	1,092,220
Other sales	Nov. 15	4,253,194	3,643,890	4,778,945	4,343,599
Total sales	Nov. 15	5,054,824	4,282,880	5,798,935	5,435,819
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. 15	1,623,303	1,492,197	1,668,753	1,614,777
Dollar value	Nov. 15	$98,302,940	$93,174,469	$99,136,004	$72,450,606
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Nov. 15	1,866,377	1,645,546	2,046,641	1,873,813
Customers' short sales	Nov. 15	28,796	23,230	27,558	41,217
Customers' other sales	Nov. 15	1,837,581	1,622,316	2,019,083	1,832,596
Dollar value	Nov. 15	$97,550,036	$86,135,731	$111,336,886	$83,555,086
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 15	655,240	596,110	783,740	684,880
Short sales	Nov. 15	------	------	------	------
Other sales	Nov. 15	655,240	596,110	783,740	684,880
Round-lot purchases by dealers—Number of shares	Nov. 15	411,390	404,780	426,800	418,450
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. 15	1,135,490	1,046,870	1,405,350	1,718,130
Other sales	Nov. 15	22,017,980	19,190,550	26,188,680	23,091,070
Total sales	Nov. 15	23,153,470	20,237,420	27,594,030	24,809,200
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Dec. 3	100.1	100.2	100.2	100.4
Farm products	Dec. 3	92.9	94.2	94.4	97.4
Processed foods	Dec. 3	101.0	101.1	101.7	100.7
Meats	Dec. 3	87.2	88.8	90.8	98.3
All commodities other than farm and foods	Dec. 3	100.9	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. (a) Not available.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE—			
Steel ingots and steel for castings produced (net tons)—Month of October	8,480,000	7,858,009	7,780,538
Shipments of steel products (net tons)—Month of October	5,926,644	5,455,063	5,579,309
AMERICAN TRUCKING ASSOCIATION, INC.— Month of September:			
Intercity general freight transport by 353 carriers (in tons)	7,296,717	7,538,009	6,843,377
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of Oct. (in millions):			
Total new construction	5,983	*6,179	5,748
Private construction	4,207	*4,283	3,888
Residential buildings (nonfarm)	2,448	*2,502	2,187
New housing units	1,911	*1,932	1,702
Additions and alterations	418	*452	374
Nonhousekeeping	119	118	111
Nonresidential buildings	1,085	1,084	1,021
Industrial	273	264	245
Commercial	476	484	454
Office buildings and warehouses	251	247	237
Stores, restaurants, and garages	225	237	217
Other nonresidential buildings	336	336	322
Religious	85	86	91
Educational	60	60	56
Hospital and institutional	108	105	82
Social and recreational	58	59	69
Miscellaneous	25	26	24
Farm construction	114	138	132
Public utilities	532	*528	520
Telephone and telegraph	106	*102	91
Other public utilities	426	426	429
All other private	28	31	28
Public construction	1,776	*1,896	1,860
Residential buildings	61	*62	73
Nonresidential buildings	503	*509	463
Industrial	Not avail.	*32	37
Educational	283	*278	261
Hospital and institutional	41	*42	35
Administrative and service	82	*88	63
Other nonresidential buildings	68	*69	59
Military facilities	Not avail.	Not avail.	129
Highways	Not avail.	*753	800
Sewer and water systems	187	192	156
Sewer	111	115	95
Water	76	77	61
Public service enterprises	41	*53	46
Conservation and development	Not avail.	*159	159
All other public	36	*37	34
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of October:			
New England	$55,384,205	$43,564,883	$26,120,278
Middle Atlantic	127,391,445	103,083,082	97,575,297
South Atlantic	63,865,659	69,129,979	65,267,949
East Central	153,283,191	155,576,135	119,448,671
South Central	135,952,594	130,912,072	115,308,313
West Central	50,443,909	35,078,566	50,075,051
Mountain	32,001,365	41,341,450	32,032,859
Pacific	163,757,823	127,505,864	160,092,566
Total United States	$782,080,191	$706,192,031	$665,920,984
New York City	75,826,405	56,024,033	42,198,760
Total outside New York City	$706,253,786	$650,167,998	$623,722,224
COKE (BUREAU OF MINES)—Month of Oct.:			
Production (net tons)	4,469,085	*4,232,845	3,914,800
Oven coke (net tons)	4,392,684	*4,157,972	3,850,000
Beehive coke (net tons)	76,401	*74,873	63,900
Oven coke stocks at end of month (net tons)	2,891,390	*2,800,690	4,131,283
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES— Estimated short and intermediate term credit in millions as of Oct. 31:			
Total consumer credit	$67,088	$66,343	$60,626
Intalment credit	52,257	51,627	46,722
Automobile	21,971	21,396	19,083
Other consumer credit	12,845	12,889	11,986
Repairs and modernization loans	3,400	3,404	3,289
Personal loans	14,041	13,938	12,364
Noninstalment credit	14,831	14,716	13,904
Single payment loans	5,830	5,853	5,442
Charge accounts	4,898	4,713	4,663
Service credit	4,103	4,150	3,799
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of October	829,411	662,637	823,270
In consuming establishments as of Nov. 2	1,099,041	1,023,058	1,256,361
In public storage as of Nov. 2	15,213,729	11,702,103	11,736,787
Linters—Consumed month of October	130,574	106,460	125,363
Stocks, Nov. 2	570,647	502,429	614,147
Cotton spindles active as of Nov. 2	15,753,000	15,758,000	16,495,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of October:			
Cotton Seed—			
Received at mills (tons)	1,844,200	1,127,100	1,137,100
Crushed (tons)	717,800	485,400	770,200
Stocks (tons) Oct. 31	2,140,100	1,013,700	2,276,500
Cake and Meal—			
Stocks (tons) Oct. 31	167,400	159,200	99,200
Produced (tons)	343,100	224,100	362,900
Shipped (tons)	334,900	219,700	356,600
Hulls—			
Stocks (tons) Oct. 31	65,600	*53,600	52,400
Produced (tons)	154,000	109,900	171,960
Shipped (tons)	142,800	*92,700	180,400
Linters—			
Stocks (bales) Oct. 31	145,930	127,000	177,500
Produced (bales)	213,700	154,700	222,000
Shipped (bales)	194,800	133,000	167,800
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Nov. 2	19,378,000	19,343,000	19,609,000
Spinning spindles active on Nov. 2	15,753,000	15,758,000	16,495,000
Active spindle hours (000's omitted) Nov. 2	9,903,000	7,903,000	10,134,000
Active spindle hours for spindles in place Nov. 2	396.1	395.2	405.4
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of November:			
Sales (average daily) unadjusted	117	113	118
Sales (average seasonally adjusted)	140	116	141
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of October:			
All manufacturing (production workers)	12,864,000	*12,923,000	12,753,000
Durable goods	7,197,000	*7,195,000	7,059,000
Nondurable goods	5,667,000	*5,728,000	5,694,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	122.0	*122.6	116.1
Estimated number of employees in manufacturing industries—			
All manufacturing	17,330,000	*17,394,000	17,157,000
Durable goods	9,801,000	*9,798,000	9,633,000
Nondurable goods	7,529,000	*7,596,000	7,524,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of Nov.:			
Total number of vehicles	873,640	939,529	801,317
Number of passenger cars	747,117	799,371	687,949
Number of trucks and motor coaches	126,523	140,158	113,368

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parenthesis alongside the company's name, and in the calendar, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the caption "Effective Registrations" are those issues which became effective this week and were offered publicly.

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.

• 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. **Note**—This statement was withdrawn.

American Realty Trust
Oct. 29, 1963 filed 132,300 shares of beneficial interest being 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. 18. **Price**—$9.25. **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. (12/18)
Oct. 28, 1963 filed 54,200 common. **Price**—By amendment (max. $9). **Business**—Manufacture of various types of electronic systems for national defense. **Proceeds**—For selling stockholders. **Office** — 930 Industrial Ave., Palo Alto, Calif. **Underwriter**—Mitchum, Jones & Templeton, Inc., San Francisco.

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

Balanced Income Fund, Inc.
Oct. 7, 1963 filed 2,000,000 common. **Price** — Net asset value (max. $8.72) plus 8¼%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—120 S. LaSalle St., Chicago. **Underwriter**—Supervised Investors Services, Inc. (same address).

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.

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.

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.

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.

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

Common Market Fund, Inc.
March 7, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8.5%. **Business**—A new mutual fund specializing in securities of foreign and American companies operating in the European Common Market. **Proceeds**—For investment. **Office**—9465 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kennedy, Cabot & Co. (same address). **Offering**—Indefinite.

Community Health Associations, Inc.
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

Connecticut Western Mutual Fund, Inc.
Oct. 22, 1963 filed 1,000 common. **Price**—By amendment (max. $1,004). **Business** — A new mutual fund which plans to specialize in insurance securities. **Proceeds**—For investment. **Office**—One Atlantic St., Stamford, Conn. **Underwriter**—Philo Smith & Co., Inc. (same address).

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

Consolidated Water Co. (1/6-10/64)
Nov. 26, 1963 filed 36,000 common. **Price**—By amendment (max. $20). **Business**—A holding company for five water utilities 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.

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. (12/16-20)
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 (12/17)
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.
Pompano Beach, Fla.

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.

● **Garan, Inc. (12/16-20)**
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 Southwest Corp. (12/12)**
Nov. 7, 1963 filed 275,000 common. **Price** — By amendment (max. $25). **Business**—Development of industrial real estate in Texas. **Proceeds**—For selling stockholders. **Address**—P. O. Box 191, Arlington, Tex. **Underwriter**—Glore, Forgan & Co., New York.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds**—For general corporate purposes. **Office**—811 du Pont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Health Insurance of Vermont, Inc.
Nov. 26, 1963 filed 40,000 common to be offered for subscription by common stockholders on the basis of one new share for each three held. **Price** — By amendment (max. $9). **Business**—Writing of health insurance. **Proceeds** — To increase capital funds, and meet operating expenses. **Office**—109 S. Winooski Ave., Burlington, Vt. **Underwriter**—None.

Hobam, Inc.
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. **Offering**—Temporarily postponed.

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. **Underwriter**—Boettcher & Co., Denver. **Note**—This statement will not be withdrawn as previously reported but will be amended.

Imperial '400' National Inc. (1/7/64)
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).

Intercoast Companies, Inc.
Nov. 29, 1963 filed 225,000 common. **Price**—By amendment (max. $16). **Business**—An insurance holding company. **Proceeds** — For expansion, and other corporate purposes. **Office**—3140 J St., Sacramento. **Underwriter**—Schwabacher & Co., San Francisco.

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 Milling Co., Inc. (1/13-17/64)
Nov. 29, 1963 filed 450,000 common. **Price**—By amendment (max. $35). **Business**—Operation of flour mills in U. S., and Canada and several foreign countries. **Proceeds**—For capital improvements, and loan repayment. **Office**—1200 Investors Bldg., Minneapolis. **Underwriter**—Kidder, Peabody & Co., New York.

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.

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 early January.

● **Israel Baby Food Ltd. (12/23-27)**
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

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NEW ISSUE CALENDAR

December 12 (Thursday)
Great Southwest Corp.____Common
(Glore, Forgan & Co.) 275,000 shares
Texas & Pacific Ry.____Equip. Trust Ctfs.
(Bids 12 noon CST) $2,700,000

December 13, (Friday)
Natural Gas & Oil Producing Co.____Common
(Peter Morgan & Co.) $900,000

December 16 (Monday)
Bankers Trust Co. (New York)____Notes
(Blyth & Co.) $100,000,000
Elite Theatrical Productions Ltd.____Common
(Linder, Bilotti & Co., Inc.) $2,000,000
Garan, Inc.____Common
(Bache & Co.) 100,000 shares
Life Affiliates Corp.____Common
(First Philadelphia Corp.) $275,000
Macco Realty Co.____Debentures
(Kidder, Peabody & Co., Inc., and Mitchum, Jones & Templeton Inc.) $4,000,000

December 17 (Tuesday)
First Mortgage Investors____Debentures
(Shearson, Hammill & Co.) $15,000,000
Lanvin-Charles of the Ritz, Inc.____Common
(Goldman, Sachs & Co. and White, Weld & Co.) 800,000 shares
Midwestern Gas Transmission Co.____Common
(No underwriting) 50,000 shares
Sinclair Oil Corp.____Debentures
(Merrill Lynch, Pierce, Fenner & Smith Inc.) $150,000,000
Varner-Ward Leasing Co.____Common
(Birr, Wilson & Co., Inc.) 125,000 shares

December 18 (Wednesday)
Applied Technology, Inc.____Common
(Mitchum, Jones & Templeton, Inc.) 54,200 shares
Life Insurance Co. of Kentucky____Common
(Stein Bros. & Boyce, Inc. and Dempsey-Tegeler & Co. Inc.) 72,940 shares
Opticks, Inc.____Common
(Eppler, Guerin & Turner, Inc.) 111,000 shares

December 23 (Monday)
Israel Baby Food Co., Ltd.____Debentures
(Brager & Co.) $190,000
Israel Baby Food Co., Ltd.____Ordinary Shares
(Brager & Co.) $140,000
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
Florida Citrus Industries Sunset Groves, Ltd.____Interests
(Street & Co., Inc.) $5,510,400
Ipco Hospital Supply Corp.____Common
(Bache & Co.) 200,000 shares
Livingston Oil Co.____Common
(Hayden, Stone & Co. and Shearson, Hammill & Co.) 950,000 shares
Research Capital Corp.____Common
(Hensberry & Co.) $5,000,000

January 7, 1964 (Tuesday)
Imperial '400' National Inc.____Debentures
(P. W. Brooks & Co., Inc.) $1,500,000
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
Pan American World Airways, Inc.____Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $60,000,000

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 13, 1964 (Monday)
International Milling Co., Inc.____Common
(Kidder, Peabody & Co.) 450,000 shares
Northern Plastics Corp.____Common
(Shearson, Hammill & Co. and Loewi & Co., Inc.) 120,000 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
Jade Oil & Gas Co.____Debentures
(Hannaford & Talbot) $2,500,000
Powr-Pak Industries Inc.____Common
(S. D. Fuller & Co.) 125,000 shares
Powr-Pak Industries Inc.____Debentures
(S. D. Fuller & Co.) $1,000,000

January 20, 1964 (Monday)
Musicaro Brothers, Inc.____Common
(Fleetwood Securities Corp. of America) $300,000
Planning Research Corp.____Common
(Laird & Co. Corp.) 100,000 shares

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

March 25, 1964 (Wednesday)
Florida Power & Light Co.____Bonds
(Bids to be received) $35,000,000

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invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

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).

● **"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 mid-January.

Jade Oil & Gas Co. (1/15/64)
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.
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. **Offering**—Imminent.

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.

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.

● **Kingsboro Corp.**
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. **Offering**—Expected in early 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. (12/17)**
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. (12/16-20)
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 Holding Corp.
Nov. 29, 1963 filed 75,758 common. **Price**—By amendment (max. $33). **Business**—A holding company, presently with one subsidiary, Capital Life Insurance Co. of America. **Proceeds**—For working capital, and other corporate purposes. **Office**—50 Lackawanna Plaza, Montclair, N. J. **Underwriter**—Ralph B. Leonard & Sons, Inc., New York.

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. (12/16-20)
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.

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.

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**—Expected in early 1964.

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.

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.

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.**
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. **Offering**—Indefinitely postponed.

● **Natural Gas & Oil Producing Co. (12/13)**
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.

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.

● **Northern Plastics Corp. (1/13-17/64)**
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.

Northern States Life Insurance Corp.
Dec. 3, 1963 filed 95,931 common and warrants to purchase an additional 191,862 common to be offered in units, of one share and two warrants. **Price**—$150. **Business**—Writing of life insurance in Wisconsin. **Proceeds**—For working capital, expansion and other corporate purposes. **Office** — 1840 N. Farwell Ave., Milwaukee. **Underwriter**—McMaster, Hutchinson & Co., Milwaukee.

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.

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.

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.

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.

Paramount International Coin Corp.
Nov. 27, 1963 filed 1,000 non-voting class A common. **Price**—$1,000. **Business**—Acquisition, holding, and disposition of coins, medals and other numismatic items. **Proceeds**—For working capital. **Office**—1 North Main St., Englewood, Colo. **Underwriter**—None.

● **Peerless Insurance Co.**
Oct. 18, 1963 filed 565,218 capital shares being offered for subscription by stockholders on the basis of one new share for each share held of record Oct. 3. Rights will expire Dec. 24. **Price**—$8. **Business** — Company writes various types of insurance including accident and health insurance, automobile insurance, workmen's compensation insurance and property damage insurance. **Proceeds**—For investment. **Office**—62 Maple Ave., Keene, N. H. **Underwriter**—None.

Pension Life Insurance Co. of America
Nov. 26, 1963 filed 176,000 common. **Price**—By amendment (max. $10). **Business**—Company plans to write various forms of life insurance and annuities in New

Jersey. **Proceeds**—For general corporate purposes. **Office**—23 Fulton St., Newark, N. J. **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.

Peoples Protective Life Insurance Co.
Nov. 26, 1963 filed 38,074 class A (voting) and 152,298 class B (non-voting) common to be offered in units of one class A and 4 class B shares. **Price**—$100 per unit. **Business**—Sale of industrial, ordinary and health insurance in seven southern states. **Proceeds**—For expansion, and possible acquisitions. **Office**—207 North Market St., Jackson, Tenn. **Underwriter** — Palm Beach Investment Co., Inc., Palm Beach, Fla.

Planning Research Corp. (1/20-24/64)
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**—Indefinite.

Powr-Pak Industries Inc. (1/15/64)
Dec. 2, 1963 filed $1,000,000 of 6% convertible subordinated debentures due 1974; also 125,000 common to be offered for stockholders. **Price**—By amendment (max. $8 for the common). **Business**—Manufacture, packaging and distribution of various aerosol products. **Proceeds**—For loan repayment, and working capital. **Office**—145 Howard Ave., Bridgeport, Conn. **Underwriter** — S. D. Fuller & Co., New York.

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.

Producers Finance Co. of Arizona
Nov. 22, 1963 ("Reg. A") $300,000 of 6% subordinated debentures due Nov. 1, 1973 (with warrants). **Price**—$1,000. **Business** — Operation of a general finance and small loan business in Arizona. **Proceeds**—For debt repayment and working capital. **Office**—4450 N. Central Ave., Phoenix. **Underwriter**—Resnes, Ely, Beck & Co., Phoenix.

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 mid-January.

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. (1/6-10/64)**
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. Rights will expire Jan. 27. **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.
Oct. 7, 1963 filed 125,000 common being 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**—$6.25. **Business**—Company examines and insures titles to real property. **Proceeds**—For general corporate purposes. **Office**—17 E. 45th St., New York. **Underwriter** — New York Hanseatic Corp., New York.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds**—For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

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.

● **Southwestern Electric Service Co.**
Oct. 24, 1963 filed 25,349 common being offered for subscription by stockholders on the basis of one new share for each 17 held of record Nov. 18. Rights will expire Dec. 23. **Price** — $20.50. **Proceeds** — For repayment of bank loans. **Office**—1012 Mercantile Bank Bldg., Dallas. **Underwriter**—None.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

Supreme Life Insurance Co. of America
Sept. 30, 1963 filed 42,089 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$30. **Business**—Sale of life, health and accident insurance in 12 states and the District of Columbia. **Proceeds** — For debt repayment, and working capital. **Office**—3501 S. Parkway, Chicago **Underwriter**—None.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest **Price**—$100. **Business** — A real estate investment trust **Proceeds**—For investment. **Office**—4900 Wilshire Blvd. Los Angeles. **Underwriter**—None.

Teaching Machines, Inc.
April 1, 1963 filed 150,000 common. **Price**—$5 **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For loan repayment and other corporate purposes. **Office**—221 San Pedro N. E. Albuquerque. **Underwriter**—S. D. Fuller & Co., New York. **Offering**—Expected in March, 1964.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc. (same address).

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. **Offering**—Indefinite.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Temporarily postponed.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. **Price**—By amendment (max. $15). **Business**—An insurance holding company. **Proceeds**—For expansion. **Office**—520 S. W. 6th Ave., Portland, Ore. **Underwriter**—None.

Trans World Airlines, Inc.
Nov. 22, 1963 filed $8,500,000 of 5¾% convertible subordinated debentures due Oct. 1, 1983, being 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.

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 being offered for subscription by stockholders of record Nov. 26 on an unlimited basis. Rights will expire Dec. 23. **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. (12/17)**
Nov. 15, 1963 filed 125,000 common, of which 60,000 are to be offered by company and 65,000 by stockholders.

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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.

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.

Wisconsin Real Estate Investment Fund
Nov. 29, 1963 filed 100,000 shares of beneficial interest, of which 34,000 shares to be offered to stockholders on the basis of one share for each two shares held and the remaining 65,000 shares to the public. **Price**—To stockholders, $10.25; to public $11. **Business**—A diversified real estate investment fund. **Proceeds**—For investment. **Address**—Marine Plaza, Milwaukee, Wis. **Underwriter**—Braun, Monroe & Co., Milwaukee.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutuel betting. **Proceeds**—For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

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 is operating principally as a commodity broker with memberships on the New York and Chicago mercantile exchanges. **Proceeds**—To purchase memberships on other commodity exchanges, obtain clearing house memberships, and increase working capital. **Office**—25 Broad St., New York. **Underwriter**—None.

★ Florida Citrus Industries Sunset Groves, Ltd. (1/6-10)
Dec. 2, 1963 filed 3,840 par limited partnership interests. **Price**—$1,435 per unit. **Business** — Company plans to clear land and plant trees for a commercial orange grove. **Proceeds**—For general corporate purposes. **Office**—111 N. E. Second Ave., Miami. **Underwriter**—Street & Co., Inc., New York.

★ Frantz Industries, Inc.
Dec. 9, 1963 filed 40,000 common. **Price**—$25. **Business**—Company plans to manufacture and sell office copying machines, and supplies. **Proceeds**—For working capital and other corporate purposes. **Address**—Vestal Parkway East, Vestal, N. Y. **Underwriter**—None.

★ Ipco Hospital Supply Corp. (1/6-10)
Dec. 5, 1963 filed 200,000 common. **Price**—By amendment (max. $20). **Business**—Distribution of hospital supplies and equipment. **Proceeds**—For selling stockholders. **Office** — 161 Avenue of Americas, New York. **Underwriter**—Bache & Co., New York.

★ Life Insurance Co. of Kentucky (12/18)
Dec. 4, 1963 filed 72,940 common, of which 57,540 will be offered by company and 15,400 by certain stockholders. **Price**—By amendment (max. $36). **Business**—Writing of ordinary life insurance. **Proceeds** — For general corporate purposes. **Office**—231 West Main St., Louisville, Ky. **Underwriters**—Stein Bros. & Boyce, Inc., Baltimore, and Dempsey-Tegeler & Co., Inc., St. Louis.

★ Livingston Oil Co. (1/6-10)
Dec. 6, 1963 filed 950,000 common, of which 750,000 will be sold by company and 200,000 by stockholders. **Price**—By amendment (max. $16.75). **Business**—Production and sale of oil and natural gas. **Proceeds**—For debt repayment and working capital. **Address**—Mid-Continent Bldg., Tulsa, Okla. **Underwriters**—Hayden, Stone & Co., and Shearson, Hammill & Co., New York.

★ Pan American World Airways, Inc. (1/7)
Dec. 10, 1963 filed $60,000,000 of convertible subordinated debentures due Jan. 15, 1984 to be offered for subscription by stockholders on the basis of $100 face amount for each 11 to 13 shares held of record Jan. 7. Rights will expire Jan. 22. **Price**—By amendment. **Proceeds**—For debt repayment, and purchase of additional aircraft and ground equipment. **Address**—Pan Am Bldg., New York. **Underwriter**—Lehman Brothers, New York.

★ Paralan Electronics Corp.
Dec. 3, 1963 ("Reg. A") 100,000 common. **Price**—$2.50. **Business**—Research and development of electronic devices, and manufacture of high fidelity stereo equipment, and industrial components. **Proceeds**—For equipment, advertising, debt repayment, and working capital. **Office**—54 S. Long Beach Rd., Rockville Centre, L. I., N. Y.

★ Security Reserve Life Insurance Co.
Nov. 29, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Sale of general life insurance. **Proceeds**—For capital funds and other corporate purposes. **Office**—1301 E. Colfax, Denver. **Underwriter**—None.

★ Space City U. S. A., Inc.
Nov. 29, 1963 ("Reg. A") 150,000 common. **Price** — $2. **Business**—Construction and operation of a family-type amusement park relating to the space age, at Huntsville, Ala. **Proceeds**—For construction, and other corporate purposes. **Address**—P. O. Box 1307, West Station, Blue Bldg., Highway 20 West, Huntsville, Ala. **Underwriter**—None.

★ Tilecast Corp.
Dec. 2, 1963 ("Reg. A") 43,000 common. **Price**—$4. **Business**—Production of terrazzo tiles. **Proceeds**—For equipment, advertising, and other corporate purposes. **Office**—Suite 1616, 2 Penn Center, Philadelphia. **Underwriter**—Sheldon Securities Corp., N. Y.

★ Tubos de Acero de Mexico, S. A.
Dec. 11, 1963 filed $7,500,000 of convertible debentures due 1979; also 125,000 Series A American Depositary shares, and 125,000 Series B American Depositary shares, to be sold in units of one Series A and one Series B share by stockholders. **Price**—By amendment (max. $16 per unit). **Business**—Company is a leading producer of seamless steel tubular products and steel ingots in Mexico. **Proceeds**—For debt repayment, and expansion. **Office**—Calle Paris 15, Mexico, D. F. Mexico. **Underwriter**—Kidder, Peabody & Co., Inc., New York. **Offering**—Expected in late January.

★ Underwriters National Assurance Co.
Dec. 6, 1963 filed 235,722 capital shares to be offered for subscription by stockholders on the basis of two new shares for each share held. **Price**—By amendment (max. $14). **Business** — Writing of health insurance in Indiana. **Proceeds**—For expansion into other states, and the addition of several direct agencies. **Office** — 1935 North Meridian St., Indianapolis. **Underwriter**—Paul D. Sheeline & Co., Boston.

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."

Allen Electric & Equipment Co.
$1,200,000 of 6% convertible subordinated debentures due Jan. 15, 1976, offered at par and accrued interest by Dempsey-Tegeler & Co., Inc., St. Louis.

Allright Auto Parks, Inc.
$2,000,000 of 6% sinking fund subordinated debentures due Dec. 1, 1978; 240,000 common, and warrants to purchase 80,000 additional common, offered in units of $100 of debentures, 12 common, and one warrant to purchase four shares, at $217 per unit by Equitable Securities Corp., Nashville.

Bergen Drug Co., Inc.
$1,250,000 of 5½% convertible subordinated debentures due 1978 offered at par and accrued interest; also 125,000 class A capital shares offered at $8.50 per share by F. Eberstadt & Co., New York.

Brewer (C.) & Co., Ltd.
8,500 common offered at $68 per share by Blyth & Co., Inc., New York, and Butcher & Sherrerd, Philadelphia.

Consolidated Edison Co. of New York, Inc.
$75,000,000 of 4⅝% first and refunding mortgage bonds due Dec. 1, 1993, offered at 102.046% and accrued interest, to yield 4.50%, by Halsey, Stuart & Co., Inc., New York.

Florida Jai Alai, Inc.
300,000 common offered at $4 per share by Consolidated Securities Corp., Pompano Beach, Fla.

Great Lakes Homes, Inc.
93,000 common offered at $8 per share by The Milwaukee Co., Milwaukee, Wis., and Paine, Webber, Jackson & Curtis, Boston.

Hardeman (Paul), Inc.
$7,000,000 of 5½% convertible subordinated debentures due Dec. 1, 1978, offered at par and accrued interest by Hemphill, Noyes & Co., New York.

Illinois Tool Works Inc.
157,306 common offered at $36 per share by White, Weld & Co., Inc., New York.

Israel Investors Corp.
100,000 common offered at $104 per share without underwriting.

Middlesex Water Co.
35,000 common offered at $35 per share by Kidder, Peabody & Co., Inc., New York.

Okliana Corp.
500,000 common and 500,000 preferred shares being offered in units of 5 common and 5 preferred at $35 per unit by Equity Underwriters, Inc., Oklahoma City.

Peerless Insurance Co.
565,218 capital shares being offered for subscription by stockholders at $8 per share, on the basis of one new share for each share held of record Dec. 3. Rights will expire Dec. 24. No underwriting is involved.

Reliance Life Insurance Co. of Illinois
75,000 common offered at $4 per share by McCormick & Co., Chicago.

Southwestern Electric Service Co.
25,349 common being offered for subscription by stockholders at $20.50 per share, on the basis of one new share for each 17 held of record Nov. 18. Rights will expire Dec. 23. No underwriting is involved.

Trans World Life Insurance Co.
465,000 common offered at $5 per share by Alex. Brown & Sons, Baltimore.

United Investors Corp.
$500,000 of 6% convertible debentures being offered for subscription by stockholders of record Nov. 26, at par, on an unlimited basis. Rights will expire Dec. 23. No underwriting is involved.

Virginia Electric Power Co.
$30,000,000 of 4½% first and refunding mortgage bonds, series S, due Dec. 1, 1993, offered at 100.50% and accrued interest to yield 4.47% by Stone & Webster Securities Corp., New York.

Prospective Offerings

American Telephone & Telegraph Co.
Nov. 20, 1963 the company announced that it will offer stockholders the right to subscribe for 12,250,000 additional common shares on the basis of one new share for each 20 held of record Feb. 18. Rights will expire in early April. **Proceeds** — For expansion. **Office** — 195 Broadway, New York. **Underwriter**—None. **Offering**—Expected in early March.

Associated Truck Lines, Inc.
Sept. 18, 1963 it was reported that 110,000 common shares of Associated will be sold publicly, of which 40,000 will be sold for the company and 70,000 for certain stockholders. **Business** — Company is a short haul motor 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.

★ Bankers Trust Co. (New York) (12/16)
Dec. 4, 1963 it was reported that the bank plans to issue $100,000,000 of sinking fund notes due 1988. **Proceeds**—To increase capital funds. **Office** — 16 Wall St., New York. **Underwriter**—Blyth & Co., New York.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

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.

★ **Florida Power & Light Co. (3/25)**
Dec. 11, 1963 it was reported that the company plans to sell $35,000,000 of first mortgage bonds due 1994. **Address**—25 S. E. 2nd Ave., Miami, Fla. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co., (jointly); White, Weld & Co.-Blyth & Co.-Lehman Brothers (jointly). **Bids**—Expected March 25 at Ebasco Services, Inc., 2 Rector St., New York.

Florida Telephone Corp.
Dec. 3, 1963 it was reported that the company plans to file a registration statement in early March, 1964, covering 206,338 common shares, to be offered to stockholders on the basis of one new share for each five held. **Address**—Ocala, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., Inc., New York. **Offering**—Expected in early April.

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.

★ **Ilica Co.**
Dec. 11, 1963 it was reported that the company plans to file a registration statement shortly covering 200,000 common. **Price**—$10. **Business**—A holding company for a bank and an insurance concern. **Proceeds**—For general corporate purposes. **Address**—Cleveland, O. **Underwriter**—S. D. Fuller & Co., New York.

Interpublic Inc.
Oct. 30, 1963 it was reported that this company is planning its first public stock offering. **Business**—A holding company for advertising agencies, public relations firms and other communications media. **Office**—750 Third Ave., New York. **Underwriter**—To be named.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sel $10,000,000 of bonds in the last half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,810,000 of 6% convertible debentures due 1975 to be offered for subscription by stockholders. **Business**—Manufacture of seat belts, business machine parts and parachutes. **Proceeds**—For expansion, loan repayment and working capital. **Office** — 1315 Versailles Rd., Lexington, Ky. **Underwriter**—S. D. Fuller Co., New York.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964 It is expected that the majority would be sold by Dec 31, 1963. **Underwriter**—First Boston Corp., New York.

Kansas City Power & Light Co.
Oct. 16, 1963 it was reported that the company plans to sell $18-$20,000,000 of first mortgage bonds in January 1965. **Address** — 1330 Baltimore Ave., Kansas City, Mo. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.-Shields & Co. (jointly).

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).

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 State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive) Probable bidders: Kidder, Peabody & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

New York Telephone Co. (1/7/64)
Oct. 28, 1963 it was reported that this A. T. & T. subsidiary plans to sell $130,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans, refund $75,000,000 of outstanding 3% bonds maturing Oct. 15, 1964, and finance construction. **Office** — 140 West St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected Jan. 7, 1964.

Northern 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.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,-300,000 of maturing bonds. **Office**—9th and Hamilton St., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
Sept. 18, 1963 it was reported that the company is considering the sale of $50,000,000 of first mortgage bonds in mid-1964. **Office** — 1000 Chestnut St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.

Potomac Edison Co. (3/10/64)
Oct. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12-$15,000,000 of first mortgage bonds due 1994. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—March 10, 1964 (10 a.m. EST) at 320 Park Ave., New York.

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds**—For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

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 In-

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vestment 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.

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.

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Texas & Pacific Ry. (12/12)
Oct. 28, 1963 it was reported that this road plans to sell $2,700,000 of 1-15 year equipment trust certificates. **Address**—916 Fidelity Union Tower, Dallas. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; First National Bank in Dallas; Mercantile National Bank, Dallas. **Bids**—Expected Dec. 12 (12 noon CST) at above address.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

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.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds); Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

Valley Gas Co.
Nov. 13, 1963 it was reported that the SEC is studying a plan under which Blackstone Valley Gas & Electric Co., would sell its entire 400,000 shares holdings of Valley Gas to stockholders of Blackstone and Eastern Utilities Associates, the latter's parent **Price**—At book value ($11.15 per share on April 30, 1963). **Business**—Company was formed by Blackstone to take over its gas properties. **Proceeds** — To the selling stockholder, Blackstone Valley Gas. **Address** — Pawtucket, R. I. **Underwriters**—(Competitive). Probable bidders: Kidder Peabody & Co.; Stone & Webster Securities Corp.

Vornado, Inc.
Nov. 20, 1963 it was reported that a registration statement is being prepared covering the secondary offering of up to 186,000 common shares held by Sidney Hubschman who recently resigned as President and Director. **Business**—Manufacture of home appliances, and the operation of discount stores. **Office** — 174 Passaic St., Garfield, N. J. **Underwriter**—To be named. The initial public offering of Two Guys from Harrison, a predecessor company, in August 1957 was underwritten by Bache & Co., New York.

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).

Rising Industrial Obsolescence May Have Been Halted in 1963

The American Economic Foundation's survey of capital expenditure studies shows that the long postwar rise in plant/equipment obsolescence came to a halt this year. In view of the past 18 years steady rise in obsolescence, a formidable investment sum will be required to reverse the postwar trend.

American industry may have halted a steady 18-year postwar rise in obsolescence of plant and equipment because of record-breaking capital expenditures this year, The American Economic Foundation said recently.

But having been undercut $35 billion in depreciation allowances from 1944 through 1958, there is little likelihood that this deleterious trend has been reversed, the Foundation added.

The views were expressed in a statement commenting on the latest reports on capital expenditures for 1963 and the preliminary outlook for 1964. The American Economic Foundation is located in New York City and has been engaged for more than five years in an education program on the drag on the economy of obsolescent plant and equipment, which was estimated at more than $95 billion in 1959 and increasing at the rate of $8 to $10 billion a year.

Following is the text of the statement:

"The march of the nation's once-supreme industrial complex to the junk heap, which had gone uninterrupted since the end of World War II, may have been halted at last in 1963 through record-breaking capital expenditures for modernization, new plant and equipment.

American Machinist's Findings

"In 1945 when the war ended, a survey by the American Machinist showed 38% of metalworking equipment was at least 10 years old. The 1963 survey revealed that the number of machines now at least 10 years old had risen to a staggering 64% — almost two out of every three machines.

"This alarming rise of 26 percentage points in 18 years is hardly surprising considering that a staff study by The American Economic Foundation early this year revealed that American industry had been undercut $35 billion in depreciation allowances needed to replace wornout overage machinery and equipment. On the basis of a McGraw-Hill study, it was estimated as recently as 1959 that $95 billion worth of plant and equipment was obsolete and the amount was increasing at the rate of $8 to $10 billion a year.

"So the nation still faces an enormous burden of overage and marginally - efficient equipment which is costing jobs and is adversely affecting the competitive position of American-made goods in world markets. The problem is enormous.

"The hope that the aging trend in industry has been halted is based on the rise in outlays for plant and equipment reported thus far this year and expected to set a new record. It is bolstered by the first reports of estimated expenditures for 1964 which show an increase of as much as 4%, the most significant estimated year-to-year rise in some years.

"More time will be required to see whether the higher capital outlays this year and those contemplated for 1964 have succeeded, in fact, in halting the trend to obsolescence. Far more capital spending will be necessary to reverse that trend, to improve our nation's competitive position and to create jobs for our growing work force.

"We note, in passing, that the new tool investment this year has helped the nation's economy—that machine tool orders are up, that new employment records were established, and that tax collections set a world's mark.

National City Bank Letter

"The widespread effects of capital spending are noted in The First National City Bank Monthly Economic Letter for October 1963:

"'Some persons tend to equate capital investment with machinery purchases, but in actuality this type of demand also covers construction of plants and a broad spectrum of electrical apparatus, professional and scientific instruments, tools and vehicles as well —everything from jet planes to office desks, from huge earth-moving equipment to intricate computers. Business is planning to spend $39.1 billion this year on new plant and equipment, a 5% increase over 1962's record outlays. . . . the brisk rise in manufacturing activity has increased the proportion of capacity being utilized . . . another major factor stimulating increased capital investment programs is the favorable trend in corporate profits. . . . the generally good level of business has also been felt in record high levels of employment.'

"Commenting on the latest McGraw-Hill capital spending survey, showing what companies are planning to spend in 1964, Business Week said it 'is sobering news for business forecasters' and added:

"'It indicates that business is presently planning to increase its investments in new plant and equipment by 4% next year. This is a very modest rise indeed—especially since capital spending is already running at a quarterly rate slightly above the planned 1964 level.'

"Considering the need for modernization by American industry and the demonstrated benefits to the national economy this year, it would seem that the nation would demand an acceleration of those policies which would enable us to halt the rush to the scrap heap for our superior productive industrial complex."

Virginia Electric & Power Co. Bonds Offered

Stone & Webster Securities Corp., New York as manager of a group of underwriters,has announced the public offering of $30,000,000 Virginia Electric & Power Co. 4½%, first and refunding mortgage bonds, series S, due Dec. 1, 1993.

The bonds are priced at 100.50% and accrued interest to yield 4.47% to maturity. The group was awarded the issue at competitive sale Dec. 10 on a bid of 99.851% which named the 4½% coupon.

Proceeds from the sale of the new bonds will be used to provide for construction purposes or to reimburse the treasury therefor, including the retirement of notes for that purpose.

The new bonds are redeemable at the option of the company, in whole or part at any time, at regular redemption prices to range from 105% to the principal amount. Special redemption price will range from 100.50% to the principal amount.

Virginia Electric & Power, with headquarters in Richmond, is an electric utility operating in most of Virginia, and in parts of North Carolina and West Virginia. It also supplies the Norfolk and Newport News area with natural gas obtained from an independent transmission company.

Common, Dann Co. To Admit Weber

BUFFALO, N. Y.—On January 1, Common, Dann & Co., Ellicott Square Building, members of the New York Stock Exchange, will admit Gerald V. Weber to partnership.

With F. I. du Pont & Co.

PITTSBURGH, Pa. — James T. Fortiner is with Francis I. du Pont & Co., Union Trust Bldg. He was formerly with Reed, Lear & Co.

E. I. du Pont de Nemours & Co. Secondary Sold

On Dec. 11, Morgan Stanley & Co., New York, reported that it had completed a secondary offering of 130,000 common shares of E. I. du Pont de Nemours & Co., at $240 per share. Proceeds will go to the selling stockholders.

Headquartered in Wilmington, Del., E. I. du Pont is a leading producer of chemical products in the United States.

Wertheim & Co. To Admit Hanes

Wertheim & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, on Jan. 1 will admit John W. Hanes, Jr. to partnership.

Stern, Lauer Co. Will Admit Two

Stern, Lauer & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Charles A. Bernheim and Leonard H. Bernheim, Jr. to partnership.

Stanley Heller & Co. Will Admit Two

Stanley Heller & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1, will admit David Stilly and Arthur Tepper to partnership.

Uhlmann Branch

LUBBOCK, Texas—Uhlmann & Co., Inc. has opened a branch office at 13th Street and Avenue K, under the management of Marion Lee Meads.

TAX-EXEMPT BOND MARKET

Continued from page 6

3.50%, initial demand has been good with the present balance in group only $1,265,000.

Also on Thursday, Pueblo, Colorado awarded $4,000,000 Waterworks Extension (1965 - 1989) bonds to the syndicate jointly managed by *John Nuveen & Co.* and *United California Bank* at a net interest cost of 3.298%. The second bid, a 3.35% net interest cost, was made by the Halsey, Stuart & Co., Inc. account.

Other major members of the successful syndicate are First National Bank, St. Louis, L. F. Rothschild & Co., Schwabacher & Co., American Fletcher National Bank and Trust Co., Indianapolis, George K. Baum & Co., Mid-Continent Securities Co., Ranson & Co. and Stockyards National Bank, Wichita.

Reoffered to yield from 2.20% to 3.40% for various coupons, press time balance in syndicate was $575,000.

Not Too Good

John Nuveen & Co. and associates purchased two issues of Melbourne, Florida bonds totaling $10,555,000, through negotiation. For $5,400,000 Water and Sewer revenue (1964-1995) bonds the group bid 100 setting an annual net interest cost of 3.9025%. These bonds are being offered to yield from 2.25% to 3.90%. For $5,155,000 Utility Improvement revenue (1964-1991) bonds the group also bid 100 setting an annual net interest cost of 4.106%. These bonds are being offered to yield from 2.50% to 4.00%.

Associated with John Nuveen & Co. are Barcus, Kindred & Co., Francis I. duPont & Co., Leedy, Wheeler & Alleman and Palm Beach Investment Co. The unsold balance is a disappointing $6,115,000.

Week's Major Sales

There were no important new issues awarded Monday but Tuesday was a banner day with the week's two largest issues awarded in close bidding. The State of Minnesota sold two general obligation issues totaling $53,400,000 of bonds after very close bidding. The merged group led by the *Bankers Trust Co.*, *First National City Bank* and *The First Boston Corp.* submitted the best bid, a 2.987% net interest cost for $40,600,000 Refunding (1965-1983) bonds. The runner-up bid, a 2.99% net interest cost, was submitted by the Harris Trust and Savings Bank and associates. The third and only other bid, a 3.00% net interest cost, was made by the group jointly led by Halsey, Stuart & Co., Inc. and the Morgan Guaranty Trust Co.

On the Bankers Trust Co. side, the major members include Harriman Ripley & Co., The Northern Trust Co., Smith, Barney & Co., Continental Illinois National Bank and Trust Co., Drexel & Co., Ladenburg, Thalmann & Co., Eastman Dillon, Union Securities & Co. and Dean Witter & Co. The First Boston Corp. group was composed of Bank of America N. T. & S. A., Mellon National Bank and Trust Co., National Bank of Detroit, First National Bank in Dallas, The First National Bank, Memphis, The National Shawmut Bank, Boston, Commerce Trust Company, Kansas City, America Fletcher National Bank & Trust Co., Indianapolis and Marine National Exchange Bank.

Reoffered to yield from 2.10% to 3.10% for 2.90%, 3.00% and 3.10% coupons, initial commercial bank buying was excellent with the present balance $11,885,000.

For $12,800,000 State of Minnesota School loan (1973-1983) bonds, the account managed by the *Harris Trust and Savings Bank* and the *Chase Manhattan Bank* was the successful bidder at a 3.0625% net interest cost. The runner-up bid, a 3.065% net interest cost, was made by the Bankers Trust Co. and associates.

The major members of the winning account include Chemical Bank New York Trust Co., the First National Bank of Chicago, Salomon Brothers & Hutzler, Blyth & Co., Lazard Freres & Co., Mercantile Trust Co., St. Louis, United California Bank, Carl M. Loeb, Rhoades & Co., A. G. Becker & Co., Weeden & Co., L. F. Rothschild & Co. and Dominick & Dominick.

Reoffered to yield from 2.80% to 3.10% for various coupons, all but $1,845,000 of the bonds has been sold.

First of Many Issues

The syndicate led by *Halsey, Stuart & Co., Inc., First National Bank of Chicago, Morgan Guaranty Trust Co., Crocker Citizens National Bank, Wells Fargo National Bank* and *Kidder, Peabody & Co.* submitted the better of two bids for $50,000,000 San Francisco Bay Area Rapid Transit District, California general obligation (1972-1999) bonds. The winning syndicate specified a 3.3699% net interest cost and the second bid, a 3.389% net interest cost, came from the Bank of America N. T. & S. A. and associates.

The major underwriters of the winning syndicate include Glore, Forgan & Co., Salomon Brothers & Hutzler, John Nuveen & Co., B. J. Van Ingen & Co., Mercantile Trust Co., St. Louis, Francis I. duPont & Co., Bache & Co., W. H. Morton & Co., and L. F. Rothschild & Co. Reoffered to yield from 2.75% in 1972 to 3.50% in 1998, initial investor demand has been fair, with the present balance in syndicate totaling $22,800,000. The 1999 maturity carried a 2% coupon and was sold pre-sale.

A brief paragraph of explanation about this project would seem in order as we will see many millions of these bonds over the next few years. The San Francisco Bay Area Rapid Transit District has authorized $792,000,000 tax supported bonds to construct a rapid transit system connecting San Francisco City and County on the west side of San Francisco Bay with Alameda and Contra Costa Counties on the east side. It is planned that the connecting underwater tube will be financed by the California Toll Bridge Authority and the equipment through District revenue bonds.

The Board of Directors of the District has power and is obligated to levy *ad valorem* taxes for the payment of said bonds and the interest thereon upon all property within said District subject to taxation by said District without limitation of rate or amount. 37.1% of assessed valuation is in San Francisco and 46.1% in 25 other cities in Alameda and Contra Costa Counties including Oakland, Berkeley, Alameda, San Leandro, Hayward, Fremont, El Cerrito, Richmond, Walnut Creek and Concord.

Housing Sale Scheduled

As we close this weekly report it is announced that the Public Housing Administration will receive bids on Jan. 15, 1964 for 29 local housing authority issues totaling $140,255,000. These various issues will mature in from one to 40 years. This announcement involves the first king-sized offering for public sale next year.

N.Y. Inv. Assn. Elects Officers

Members of the Investment Association of New York at their annual meeting elected Charles H. Symington, Jr., as President. Mr. Symington is a Vice-President of G. H. Walker & Co., Inc., corporate underwriting affiliate of the investment banking firm of G. H. Walker & Co., members of the New York Stock Exchange. He succeeds J. Scott Crabtree of Equitable Securities Corp.

C. H. Symington, Jr.

Other officers elected last night were: Edward Jedd Roe, Jr., of Eastman Dillon, Union Securities & Co., vice-president; William B. Chappell, Jr., of Lazard Freres & Co., secretary; and Arthur K. Salomon, of Salomon Bros. & Hutzler, treasurer.

The Investment Association of New York was organized in 1947 by 27 younger members of the investment banking fraternity to "promote a spirit of cooperation and understanding among the members and to aid in the further education of the members in the field of investment banking and security brokerage."

Today the Association has approximately 600 members representing about 200 investment banking firms. It sponsors a wide range of educational as well as entertainment functions. In the former category the Association organizes a series of luncheons, addressed by prominent individuals; it conducts a members education program including both a Fall lecture series and advanced seminars on specialized topics; and it works on several special activities such as a continuous study of the Government securities markets.

The two principal events on the entertainment calendar are the annual outing in June and the annual dinner in November. The dinner this year was addressed by Thomas Gates, former Secretary of Defense.

To Be V.-Ps. of Rutner, Jackson

LOS ANGELES, Calif. — Fred S. Funakoshi and Rex M. Burback on Dec. 19 will become Vice-Presidents of Rutner, Jackson & Gray, Inc., 811 West Seventh St., members of the New York and Pacific Coast Stock Exchanges.

Consol. Edison Co. of New York Bonds Offered

Public offering of $75,000,000 Consolidated Edison Co. of New York, Inc. 4$\frac{5}{8}$% first and refunding mortgage bonds due Dec. 1, 1993 is being made by an underwriting group managed by Halsey, Stuart & Co., Inc., New York. The bonds are priced at 102.046% plus accrued interest, to yield 4.50%.

The group won award of the issue at competitive sale Dec. 11 on its bid of 101.47%.

All of the bonds will be in registered form without coupons.

Net proceeds from the sale of the bonds will be used to retire short-term bank loans incurred in connection with the company's construction program and to finance in part the additional cost of the program.

The bonds will be optionally redeemable at any time at prices ranging from 107.05% to 100%, except that prior to Dec. 1, 1968 they may not be redeemed through a refunding operation involving issuance of debt bearing an interest cost to the company of less than the 4$\frac{5}{8}$% interest rate on the bonds redeemed.

Operating revenues of Consolidated Edison in the twelve months ended Sept. 30 totaled $747,084,000 and net income was $92,312,000.

Transfer Agents Meet in Chicago

CHICAGO — The Stock Transfer Association held its Annual Meeting at the Palmer House, Chicago, on Dec. 7, and re-elected as members of the governing body George N. Armstrong of American Telephone & Telegraph Co., John C. Bancroft of The Bank of New York and Kenneth G. Morton of the First National Bank of Chicago.

Edward S. Travers, Vice-President, Manufacturers Hanover Trust Company and Chairman of the governing body of the Association presided and greeted over 230 members from throughout the United States and Canada. The highlight of the Meeting was an address by William H. Smith, Assistant Commissioner, Internal Revenue Service, whose subject was "The Significance of Information Documents in Federal Tax Administration." The Commissioner outlined the problems which must be mutually resolved by the Treasury Department and the paying corporations.

Reports were given by William J. Reiber, The Chase Manhattan Bank, Chairman of the Standardization Committee, William J. Neil of Morgan Guaranty Trust Co. of New York, Chairman of the Legislation and Tax Committee and Fred W. Gundersdorf, United States Trust Co. of New York, Chairman of the Membership Publicity Committee.

Elliot G. Kelley, Old Colony Trust Co., Boston, Massachusetts, addressed the group on the subject of Article 8 of the Uniform Commercial Code.

Kenneth G. Morton, Vice-President, The First National Bank of Chicago and a member of the Association's governing body, was responsible for the on the scene arrangements for the Meeting. He was assisted by officers of several other Chicago banks and corporations.

Following the Meeting, the Executive Committee at its organization meeting elected officers for the ensuing year. Travers was returned as Chairman. Messrs. John C. Bancroft and George E. Wasko were re-elected Treasurer and Secretary, respectively. Mr. Bancroft is Assistant Vice-President, The Bank of New York and Mr. Wasko is Transfer Agent for the Atchison, Topeka and Santa Fe Railway Co.

New Roney Branch

OAK PARK, Mich. — Wm. C. Roney & Co. has opened a branch office at 21500 Greenfield under the direction of William Benjamin.

WASHINGTON AND YOU

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

WASHINGTON, D. C.—President Lyndon B. Johnson has set about at a feverish pace to build his own Presidential image. For this reason there will be much travel and participation in various functions and numerous statements on how he stands on issues and questions of the day.

During the next 10 months the White House in Washington is going to vibrate with great activity. The staff will work long hours to keep pace with the new President.

Most of the staff of the late President John F. Kennedy will remain, and will work toward Mr. Johnson's election. As an example Lawrence F. O'Brien, special assistant to the late President, is going to move over to the Democratic National Committee early next year to assist Chairman John M. Bailey of Connecticut in directing the 1964 Presidential race for the Democrats.

Mr. O'Brien, a native of Springfield, Mass., had a substantial part in directing the Presidential campaign of John Fitzgerald Kennedy, and he will be a valuable man to help the Johnson Administration keep support of the New Frontier in Northern regions.

More Liberal Than J. F. K.?

Thus far the new President is being described, and perhaps correctly so, as a middle-of-the-roader on both domestic and foreign affairs, but there is much speculation in Washington on just how long this description will continue.

Some of the old professional politicians in Washington are saying privately, and probably with some foundation, that before the 1964 Presidential election he will be dubbed as a "liberal." There is sincere belief among some so-called liberal members of the Senate that Mr. Johnson, in the eyes of Wall Street and Main Street, will be more liberal than our late Chief Executive.

Realizing he is the first man to occupy the White House from the South, in a century, President Johnson is going to set about to try and overcome some of the handicaps facing him. His present term, of course, does not expire until January, 1965. His nomination at Atlantic City, N. J. next August seems assured, unless his present good health should fail him.

Political Facts of Life

President Johnson realizes, as do many astute politicians in Washington, that he must attract the Negro vote, and labor, the big city vote and various other groups, if he is to win next year.

Therefore, Mr. Johnson is going to court these groups to the best of his ability. "Make no mistake about it," said one of his close friends, "Lyndon is going all out in behalf of the civil rights legislation. He will probably bruise the feelings of some of his former colleagues in Congress along the way, but that is going to be his course."

The paramount issues before Congress are the civil rights legislation and the big tax cut proposal. The feeling is in Washington that once these proposals are passed, as it seems they will be passed in some amended form and signed into law, the Johnson Administration will have much smoother sailing. The same would have applied, of course, to the Administration of the late President Kennedy.

Byrd Insists on Reduction in Spending

The economy of the country is moving along at a favorable rate, with some soft spots. However, many people — and presumably this includes Wall Street — are confident that the economy will perk up more with a substantial Federal income tax cut.

It appears that Senator Harry F. Byrd, chairman of the Senate Finance Committee, who watches over the U. S. Treasury, and is a great symbol of frugality in government—local, state and national —will bring a tax cut bill to the floor.

The Virginian has told the President that he favors a tax cut as much as anyone, but he believes it must be tied in with less spending. As a result President Johnson has promised the economy-minded Senator and others that he will strive to hold the next budget down.

Perhaps if all the facts were known it could be said that President Johnson today does not know who will be his running mate. He might not know until August.

Northern Running Mate

Nevertheless, President Johnson will have the ultimate decision in choosing his running mate. Much will depend at the time the Democrats gather at Atlantic City on just what his needs are at the time. It could mean that he needs some one of the Catholic faith, and some one who was very close to the late President.

About the only thing that is certain at this time is that the running mate will be a Northerner.

There is marked prejudice among Northerners against a Southerner occupying the White House. The number might run into untold millions. No one will ever know. It stems primarily of course from the days of slavery and subsequent events caused by a small percentage of radicals.

It is because of this prejudice that the professional Democratic politicians are not as certain they can win with Mr. Johnson as they could have with the late President. The prejudice is not right or just. It certainly should not be that way.

Of course a similar prejudice existed for a long time against the election of a Catholic, but that prejudice was overcome by President Kennedy. President Johnson could serve his country well if he can aid in overcoming the prejudice against a Southerner.

Opposing President Johnson on the merits is all right for all Americans. It is their right and their privilege, but it is wrong to oppose him because he hails from a particular region, and he had two grandfathers that were on the side of the Confederate States in the Civil War.

South's Contributions to the Nation

Millions of Southern boys have fought on the side of our country in every war. Many have given their lives. Some of our ablest leaders have been Southerners, and some of our top industrialists and professional men, writers and artists have been Southerners and have contributed substantially to a better way of life.

However, any appeal along this line should be borne in mind there are still some dark and ugly things ahead in the South over the integration-segregation situation, and will be for years and years ahead until there is a greater distribution of the races in other parts of the country.

As attention of our country continues on Washington to a great extent following the national tragedy, the Democrats are full of speculation about their prospective rivals next year.

The name of former Vice-President Richard M. Nixon of New York, formerly of California, crops up more and more in Washington where politicians are made and sometimes ditched. But there will be numerous other names advanced, like that of Henry Cabot Lodge of Massachusetts, before the honeysuckle and dogwood trees bloom again.

As the Christmas holidays approached, they put up a huge Christmas tree not far from the White House. At the proper time President Johnson will light it and make an address to the Nation. It is part of our custom.

In the meantime, President Johnson will be carrying out to the best of his ability the policies of the Kennedy Administration, and at the same time trying to build a national and international image for himself.

[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.]

"You can put your props away, Cackles, I'm no longer with the Internal Revenue Service."

COMING EVENTS

IN INVESTMENT FIELD

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.

Jan. 30, 1964 (Philadelphia, Pa.)
Philadelphia Securities Association annual meeting and dinner at the Barclay Hotel.

Feb. 28, 1964 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia winter dinner at the Bellevue Stratford.

Lyons V.-P. of No. Central Fin.

James F. Lyons has been appointed vice-president and director of the North Central Financial Planning Corporation, a subsidiary of the North Central Company, and Wall Street Planning Corporation, which is operated by North Central Company and is the exclusive international distributor of the Wall Street Fund, Inc.

Formerly an assistant to the president, Mr. Lyons in his new position will be responsible for administrative operation of both corporations. The announcement was made by Theodore Sanborn, president of North Central Company.