# The COMMERCIAL and FINANCIAL CHRONICLE

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

Volume 198 Number 6326 New York 7, N. Y., Thursday, December 19, 1963 Price 50 Cents a Copy

EDITORIAL

## As We See It

There are, according to the Chairman of the Board of Governors of the Federal Reserve System, two antithetical dangers in the passage of the proposed $11 billion tax reduction measure, the one that it will be too effective as it were and bring a dangerously strong inflationary situation into being, and the other that it will not be effective at all and leave us with added debt without any compensating advantages. The Chairman believes that the risks are worth taking, but this conclusion of his (with which a good many will find themselves in disagreement in the circumstances) is of less importance than an analysis of certain factors involved which is implied or at least suggested by some of his recent testimony before the Senate Finance Committee.

Most recent Washington dispatches make it clear that President Johnson means what he says about the elimination of all "fat" in the expenditures of the Federal Government, that is all waste and inefficiency. It is, however, painfully clear that at best outlays will be substantially, very substantially, larger than they are proving to be this year or than they have been in any peace year in our history. Thus it may be taken for granted that unless any tax reduction that takes place next year actually works miracles in increasing everybody's taxable income, the deficit for the fiscal year beginning next July will be larger even than this year and quite probably larger than any in our peace time history. This is another way of saying that the borrowings of the Treasury during the coming fiscal year will of necessity be large—large even for the United States Government.

Where will the Treasury get this additional money? The head of the Reserve System is, of course, right in insisting that it must come from (Continued on page 19)

## Investment Challenge Facing The Life Insurance Industry

By Richard K. Paynter, Jr.,* *Chairman of the Board, New York Life Insurance Company, New York*

**The emerging life insurance investment picture drawn by Mr. Paynter shows no shortage of either problems or opportunities. Though the major share of investments will continue to be taken up by industrial and mortgage lending, dynamic technological and science changes are bound to demand tremendous financing and to challenge investment managers to the point where, for example, scientific advisers will be more important than M.B.A.'s. Optimism is expressed about the mortgage volume and competitive outlook, and comments made about other investment outlets.**

A Frenchman once said that the more things change the more they remain the same. If we take the broadest view of life insurance investment activity in the recent past and project it into the foreseeable future, the Frenchman had a point. Basically, what we have been doing, and will continue to do, is to seek out those opportunities to invest the funds entrusted to us that show promise of the highest rate of return consistent with the maximum of safety. The point is axiomatic and obvious to all of us, and yet it seems worth repeating at the outset. The point at which highest yield meets lowest risk is, in a sense, our fixed point of reference, and in a world that is changing as fast as ours, a point of reference is a handy device.

R. K. Paynter, Jr.

During the past 15 years, the major outlets for life insurance funds have been industrial bonds and mortgage loans, and the major reason for that, as I see it, is that both these investment outlets have most closely met the high yield-low risk requirements of life insurance investments.

There have been spurts of enthusiasm for other areas of investment — common stocks and tax exempt municipal bonds, to name two. But as we look at the whole picture of life insurance investing for the past decade and a half, industrials and mortgages have been, increasingly, the magnets to which life insurance investments have been drawn. The figures are eloquent on this point.

Between 1947 and 1962, the percentage of life insurance assets invested in industrials rose from 9.6% to more than 23%. Mortgage lending by life insurance companies shows an equally dramatic increase. In 1947, 16.8% of life insurance assets were invested in mortgages; by the end of 1962, over 35% of our industry's assets were in mortgages.

But this is history. What of the future? Quite simply and undramatically, I do not foresee a major change in the composition of our industry's investment portfolio in the years ahead.

On the other hand, I sincerely hope that this is not interpreted as an invitation to complacency. For while the proportions are likely to remain unchanged, circumstances are likely to change very greatly. While the bulk of life insurance assets should continue to flow into industrials and mortgages, there will almost certainly be sweeping changes in both—changes that institutional investors will have to take into account in their forward planning. Thus, as I see it, the basic challenge to those responsible for the investment of life insurance funds in the years ahead is to be alert to these changes, to (Continued on page 18)

# The Security I Like Best . . .

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

DAVID G. GINBERG
*Vice-President, Research Department, Frank Ginberg & Co., Inc., New York City*

**Creative Playthings Inc.**

Creative Playthings Inc., traded in the Over-the-Counter Market, is in a unique position to capitalize and profit from a vast market being created by the need to prepare our children to live in a rapidly changing and complex world. Young minds must now be trained to understand many technological advances; and at an early age to be flexible, creative, inventive, and imaginative, and curious if our country is to continue to compete effectively in today's world. This climate for creativity can not be left to self-choice or chance, but must be planned: Creative Playthings is a growing force in the task of making the classroom and the home centers of such creativity.

Creative Playthings cannot be classified as an ordinary toy company, it is a catalog mail house that designs and manufactures unusual and unique objects for both indoor and outdoor use in homes, schools, and public playgrounds. These objects may take familiar forms or they may be abstract. However, each object or piece of equipment is designed to present the child with an informal learning situation. Creative is one of the largest suppliers of all types of large durable wooden toys and puzzles for kindergarten and nursery classes in the country and is now offering these items to parents of young preschool children. The company through its own research program has developed a line of three dimensional play and learning materials that stimulate and reinforce interest in academics as related to the world in which the young child lives. This line, "The Discovery of the Month" kit sent to the student each month, includes materials to aid the child discover the wonders of color, mathematics, shadows, time and distance, and other academic related subjects. The "Discovery of the Month" series has been gaining wide acceptance in many school systems and is now being hailed by educators as an excellent educational tool. (Article in Sept. 16, 1963, N. Y. *Times*, page 20.)

Creative Playthings sales have increased approximately 30% since fiscal 1961 and should exceed $3 million in fiscal 1964 ending April 30. Earnings have been erratic since 1961, but should show considerable improvement during fiscal 1965. (The company earned 37 cents per share in 1963.) The earnings during this period have fluctuated due to costs incurred by the company in connection with the public offering of its stock, increased Research and Development costs, the employment of new personnel to broaden and increase the quality of second line management, and the start-up costs incurred with the modernizing of the company's warehouse. The company is now in a position where it can do 50% more in sales without increasing its costs. Therefore, any increase in volume should result in increased earnings. Creative's financial position is strong. The company has current assets of $1.7 million (almost $900,000 in cash and marketable securities) and current liabilities of $370,000. Its capitalization consists of $220,000 debt and 481,360 shares of $1 par common stock.

Creative now sells by catalog mail order and has been experimenting with a retail outlet at its warehouse in New Jersey. This retail outlet has been so successful that the management is now considering opening units at selected locations in major cities throughout the country. These retail units should open up large and profitable markets to the company which has adequate resources and profit margins on its products to absorb the start-up costs involved.

This security which sold as high as $17 a share in 1961, at current levels presents the investor with an excellent speculation (with minimum downside risk) for long term capital appreciation.

JOSEPH T. FULLER
*Senior Partner, William A. Fuller & Co., Chicago, Illinois*

**Dorchester Gas Producing Co.**

During the past two years Dorchester Gas Producing Company, under its new aggressive management, has shown substantial growth. Since 1961 gross revenues have increased from $230,000 to $6,400,000*, an increase of 2,500%; cash flow, from $60,000 to $1,500,000* or 2,500%; "net income" from a negligible amount to a $500,000* profit; daily **net** production of liquid hydrocarbons from 200 barrels to 5,300, an increase of 2,600; proved, developed liquid hydrocarbon reserves from 200,000 barrels to over 23,000,000 barrels, an increase of 11,500%; Gas production from 250 million cubic feet per year to 30 billion feet, an increase of 12,000%; and gas reserves from 2 billion to 740 billion cubic feet. During this period of expansion the company has become probably the largest independent processor of natural gas.

The large volume of hydrocarbon reserves owned by this company or under its control certainly does not appear to be reflected in the present market value of its equity. While sales of natural gas currently constitute a nominal part of reported gross revenues because of the high percentage of such revenues flowing to production payments (the company follows an accounting policy of eliminating production payment income from its reports to stockholders), gas reserves are equal to almost 1 million cubic feet per outstanding share. Liquid hydrocarbon reserves are equal to about 30 barrels per share. Divided into the current market price of the common this figures approximately 33¢ per barrel as compared with an accepted rule-of-thumb figure of $1 per barrel.

Dorchester represents an interesting investment in the LPG business, the most rapidly growing segment of the petroleum industry. With over 90% of its current revenue from the sale of natural gas liquids, it possibly may be the only producer equity available. Most of such production represents a relatively minor activity to major natural gas and pipeline companies. The company owns eight strategically located natural gas processing plants. Three, located in the Oklahoma Panhandle, the Texas Panhandle and in far West Texas are owned 100%. Three other plants in East Texas, South Texas and at Port Arthur on the Gulf Coast are 25% owned, the remaining interest being owned by a subsidiary of Continental Oil Company. Perhaps the most important single facility is a plant in Acadia Parish, La., in which the company owns a 20% interest. The remaining interest is owned by Continental's subsidiary and the H. L. Hunt interests of Dallas. Another East Texas plant is 15% owned. These plants, combined, are currently processing 700 million feet per day of natural gas and producing some 40,000 barrels per day of natural gas liquids and therefore, are a substantial factor in the nationwide production of these materials. Of this volume, Dorchester controls the marketing of about 13,000 barrels per day or about 200 million gallons per year. Other facilities include some 1,000 miles of gas gathering systems—to which are connected about 1,000 wells, of which 241 wells are owned by the company.

Principal products produced at the plants include ethane, propane, butane, iso-butane, and other LPG fractions. The plants are among the principal sources of petrochemical feedstocks to three important Texas chemical facilities—Celanese's Pampa plant, Eastman Kodak's Longview plant and Union Carbide's Texas City plant. Each of these plants is connected by direct pipeline to a Dorchester plant. Other products are sold through wholesalers and retailers throughout the southwest and midwest. Union Carbide under the dateline Dec. 5, announced a multi-million dollar expansion of their Polyethylene Resin facilities. Under a 10-year contract, Carbide has agreed to take Dorchester's entire output of ethane from their Port Arthur plant.

In addtiion to the company's own gas, substantial gas reserves owned by others are dedicated under some 600 life-of-lease contracts to processing in these plants. The contracts generally provide that a certain percentage of liquids extracted are sold for the benefit of the gas owner. Among the largest suppliers of gas under such contracts are Shell, Northern Natural, Pure, Atlantic, Sun, Skelly, Gulf and

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*Twelve months ended July 31, 1963.

*(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**

# Current Appraisal of the Auto and Related Industries

By David Healy,* *Argus Research Corp., New York City*

**Wall Street researcher specifies by firm the outlook prospects for the auto, parts suppliers and other vehicle producing companies. Mr. Healy is convinced that the underlying long run auto industry trend shows every sign of continuing upward and, for the short run, expects continuing high auto sales next year. Probed are the pro and con aspects of the recent Studebaker decision to get out of auto production in the States with respect to bettering its overall position; the possibility of a General Motors stock split; aggressive Ford effort to regain its market share; the course of Chrysler wonder stock; and the earnings prospects of American Motors. Brief analyses are provided, too, of Eaton Manufacturing, Borg-Warner, Fruehauf Corporation, Libbey-Owens-Ford Glass, and White Motor.**

As part of my duties, I follow, on a regular basis, about ten of the largest auto, auto parts, truck and trailer manufacturers. I will try to mention each of them at least briefly — that won't necessarily mean a recommendation — I will also try to specify my opinion on each of them. Within the last week I have spoken to the man-

David Healy

agements of most of them so if the information is not exciting in every case, at least it can claim to be fresh. Naturally, the opinions and estimates are my own.

### Whither Studebaker?

First of all, Studebaker. I have had more inquiries on this company in the last few days than I ever did when it was one of the United States auto makers. Frankly, I think the company faced up to an impossible situation in making its decision to close up shop at South Bend and fundamentally, the outlook for the company is improved by the prospective elimination of the operating losses from auto production in the United States. The company's non-automotive divisions this year will have sales well above $200 million and earnings of about $12 million or 85-90 cents per share on a pretax basis. There will probably be large non-recurring write-offs connected with the auto business this year, and the reported loss for 1963 will probably be staggering, but this in itself is interesting because of the tax-loss carry-forward implications. These potential loss carry-forwards raise the possibility of further profitable acquisitions.

An earnings estimate for 1964 is difficult to make because of the uncertainties involved in the company's plan to transfer some auto production to Canada, but the stock at about six is selling at about seven times pretax non-automotive earnings. A negative factor is the uncertainty about the eventual financial condition of the company, but I think the stock could be an interesting long-term speculation because of the company's profitable non-auto activities and the prospect of their using to advantage their tax-loss position. However, it might be wise to wait until a few more of the financial details have been clarified.

Some of the larger auto stocks reacted favorably to the news from Studebaker, apparently the theory was that the splitting up of Studebaker's nine-tenths of 1% of the market would make the other companies' market penetration look better. This problem of market share is a perennial subject of discussion in and out of the auto business. It has been suggested, maybe not entirely in jest, that market share be calculated on a basis of 105% rather than 100%, making everybody's share look better.

### The Start of 1964 Auto Year

The 1964 models have been on sale for more than two months and it might be interesting to see what has happened to the market position of the various makers in October and November of this year, compared with the same period a year ago when the 1963's were initially on sale. These early comparisons are often good indications of the performance of the various makes during the rest of the model year.

**Share of Domestic New-Car Sales By Dealers, October-November 1963 vs. 1962**

| | 1963 | 1962 | % Points Change |
|---|---|---|---|
| GM | 54.1% | 53.9% | +0.2% |
| Ford | 26.8 | 27.8 | —1.0 |
| Chrysler | 12.7 | 11.6 | +1.1 |
| AMO | 5.5 | 5.6 | —0.1 |
| SK | 0.9 | 1.1 | —0.2 |

The increase in Chrysler's share and the decline in Ford's share are due in part to inventory availability. Chrysler had larger dealer stocks than a year earlier while Ford was short of some models because of strikes. How-

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Thursday, December 18, 1963

## Articles and News



## Regular Features



**The COMMERCIAL and FINANCIAL CHRONICLE**

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

WILLIAM B. DANA COMPANY, PUBLISHER

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

CLAUDE D. SEIBERT, President

WILLIAM DANA SEIBERT, Treasurer

GEORGE J. MORRISSEY, Editor

Thursday, December 19, 1963

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



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

SUBSCRIPTION RATES

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

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

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

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

# OBSERVATIONS...

BY A. WILFRED MAY

## THOSE DECEPTIVE AVERAGES

Querying the reported action of the averages in the context of the market's all-over performance, a correspondent cites the record of December 5 last, as follows:

Dear Mr. May:

In various issues of the *Chronicle* you have commented on the idiosyncrasies of the Dow Jones Averages as well as other Averages. I would greatly appreciate, and believe your other readers would also, if you explained and commented on the strange advance in the Averages on Dec. 5, 1963.

Next day the newspapers blazoned forth on the financial pages the fact that the D-J Average closed at an all-time high, up over eight points. I have examined the records of the 30 stocks which I understand are those used in the compiling of this Average. I find that only two of the 30 made new highs, even for this year; one of them, Allied Chemical, made a new high by one-eighth, and the other, American Tel. and Tel., made a new high by five-eighths of a point. Several stocks used in the "Average" closed over 10% below the year's high.

How come?

HARRY S. BROWN

*179 South Street,*
*Northampton, Mass.*

Mr. Brown calls attention to the seemingly anomalous situation wherein the Dow Jones Industrial Average closed at an all-time high while only two of the component issues reached new peaks for the year. (Actually there were three such issues including DuPont after adjustment for its distribution of General Motors stock.)

There is no correlation between the Average and its individual issues; an Average could make a new high on a day when *none* of the component issues do so.

This is so because the individual issues register their highs on scattered dates; and is demonstrable by the following example:

| | Stock "A" | Stock "B" | Average |
|---|---|---|---|
| First day | 10 | 12 | 11 |
| Second day | 12 | 10 | 11 |
| Third day | 11½ | 11½ | 11½ |

Thus we see that on the third day "the average" reached a new high, but that neither of the component stocks did.

The fallacy of attaching undue importance to the record of the Dow Average is shown in the following detailed record of its individual issues. The table shows the all-time high through Dec. 4, the year in which it was made, the Dec. 5 closing price, and the net change for each issue on that day when the Dow Jones Industrial Average advanced eight points to an all-time closing high.

| | All-Time High Thru Dec. 4 | Year Made | Dec. 5 Close | Change on Dec. 5 |
|---|---|---|---|---|
| Allied Chemical | 66¼ | 1961 | 55⅜ | + ⅝ |
| Alum. Co. of America | 31½ | 1962 | 67⅛ | +2⅝ |
| American Can | 61⅜ | 1961 | 42⅛ | + ¼ |
| American Tel. & Tel. | 140½ | 1963 | 141⅛ | + ⅞ |
| American Tobacco | 65⅞ | 1960 | 26⅝ | — ⅜ |
| Anaconda | 68⅜ | 1960 | 44¼ | — ½ |
| Bethlehem Steel | 57⅞ | 1960 | 30½ | + ¼ |
| Chrysler | 99¾ | 1963 | 90⅜ | +3¼ |
| DuPont* | 242¾ | 1963 | 248 | +3¼ |
| Eastman | 136¼ | 1960 | 18¾ | +2⅞ |
| General Electric | 99⅞ | 1960 | 83⅛ | + ¾ |
| General Foods | 107¾ | 1961 | 86½ | + ¼ |
| General Motors | 91⅜ | 1963 | 79¼ | --- |
| Goodyear | 47½ | 1960 | 41½ | + ½ |
| International Harvester | 63⅛ | 1963 | 59⅛ | + ⅜ |
| International Nickel | 87 | 1961 | 65¾ | + ⅞ |
| International Paper | 38½ | 1962 | 33 | + ⅞ |
| Johns-Manville | 74⅞ | 1961 | 49½ | +1 |
| Owens-Illinois Glass | 104 | 1962 | 86¼ | + ⅛ |
| Procter & Gamble | 92¾ | 1962 | 80 | + ⅝ |
| Sears Roebuck | 101⅞ | 1963 | 99¼ | +1¼ |
| Standard Oil, California | 69¼ | 1963 | 60 | + ⅜ |
| Standard Oil, N. J. | 73⅜ | 1963 | 72⅞ | +1¼ |
| Swift | 51⅞ | 1960 | 42⅜ | + ⅛ |
| Texaco | 74 | 1963 | 63 | — ⅜ |
| Union Carbide | 148½ | 1960 | 113¾ | + ⅝ |
| United Aircraft | 56⅞ | 1961 | 44⅛ | — ⅛ |
| U. S. Steel | 91⅞ | 1960 | 54 | — ⅛ |
| Westinghouse | 65 | 1960 | 34⅛ | + ⅛ |
| Woolworth | 93⅞ | 1961 | 81⅛ | + ⅛ |

*High price of DuPont as adjusted for distribution of General Motors stock.

We see that not only did merely three of the issues, American Telephone, Allied Chemical, and DuPont, register new highs for 1963; but ten registered their highs back in 1960, seven in 1961, and four in 1962. (Allied Chemical made its *all-time* high in 1961.)

Further showing the divergence in the market of Dec. 5 when the Dow advanced by eight points to close at a new high; 24 of the 30 Dow issues, or *80%* advanced; compared with 595 gains of the close at a new high: 24 of the 30 total 1,393, or only *43%* of the issues in the market as a whole.

(Last Monday, Dec. 16, the Dow-Jones Industrial Average *rose* by 1.47, while 566 issues showed declines with 511 advancing.)

* * *

Thus we must conclude that, as Mr. Brown states, the Dec. 5 performance again shows that the Dow Jones Industrial Average does not reliably furnish a picture of the market's daily performance.



## McCormick Expands Mun. Trading Activity

McCormick & Co., investment securities firm, Dec. 9 announced a program to expand municipal bonds trading activity in its Chicago headquarters and through new offices in New York and Dallas.


Byron J. Sayre

Darrell R. Beam was appointed manager of municipal trading in Chicago. Byron J. Sayre, a former Chicagoan, was named manager of a New York office to be opened by McCormick & Co. in the next few weeks and Edward J. Jilek was named manager of the new Dallas office. The New York office will be engaged primarily in municipal trading, and the Dallas office in municipal sales.

All three men have been specialists in the municipal field for many years.

### Bassuk Co. Branch

GREAT NECK, N. Y.—Bassuk Co. has opened a branch office at 25 Shelley Lane. Richard Bassuk will direct the operations of the office.

# FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

In the United States Congress there are two sons of illustrious families holding seats who will bear watching as they seek to follow in the footsteps of their distinguished forbears. One is Robert A. Taft Jr., member of the House, son of the late Senator from Ohio who missed the Presidential nomination by a hair's breadth in 1952 and the other is Senator Ted Kennedy, youngest brother of the late President.

Mr. Taft at the age of 47 has served two terms in the Ohio Legislature. In 1962 he ran for Congressman at large and defeated his Republican opponent by nearly 622,000 votes in a statewide contest. He is to have opposition in next year's primary from Secretary of State Ted W. Brown who announced his candidacy a month ago.

Senator Young, the Democratic incumbent, is expected to announce his candidacy for re-election. Ohio is generally looked upon as a Republican State. It has a Republican Governor today and its delegation in the House is split 18 Republicans and six Democrats, although both its Senators are Democrats. A "right to work" issue was injected into the campaign by the Republicans and is credited with having sunk Mr. Bricker. There were rumors that Mr. Bricker would enter the race for Senator again but he has said he would not.

Up in Massachusetts it is generally conceded that Senator Ted Kennedy will slide to an easy victory notwithstanding the fact that his brother, the late President, will not be heading the ticket. The Kennedy organization in the State is strong and the emotional factor growing out of the tragic death of President Kennedy are expected to carry the day for Senator Kennedy. He came to the Senate almost two years ago, virtually without earlier experience, but has given a good account of himself as Senator.

What the Republicans will do in Massachusetts about the Senate race is not yet clear although they are expected to place a candidate in nomination. Unless there should come some great change in the political situation the general view is that the Republican Senatorial nomination next year will be pretty much an empty honor. However, the G. O. P. wishes to keep the record clear and not to allow the election for Senator to go by default. Perhaps former Representative Laurence Curtis, who sought the Senatorial nomination in 1962 and almost won it against George Lodge, son of Ambassador and Senator Henry Cabot Lodge, or Elliot Richardson another prominent Republican leader in the State, will consent to make the race against Senator Kennedy.

As of today Senator Ted Kennedy is the only one of the late President's immediate family who will run for elective office next year. What the Attorney General, Robert F. Kennedy, will do is not yet determined. There has been speculation he may become a candidate for Vice-President on the ticket with President Lyndon Johnson or that he may run for a seat in the House of Representatives from the Cape Cod district now represented by Hastings Keith. This has been a strongly Republican district in the past, however, Mr. Keith having carried it in 1962 by 49,000 votes. Too, it has been suggested that the Attorney General will not seek election until 1966 when the Governor's term of office is expected to be extended to four years. It does not appear, however, that the Kennedys, having so successfully entered the field of politics, national and State, are about to relinquish their interest in high office.

Congressman Taft is the eldest son of the late Senator and is a chip off the old block in politics, except that he has more personality. He does not have the issue of isolationism tied to him as his father did. His father ran for the Presidential nomination before he had served out his first term as Senator, but was defeated by the late Wendell Willkie when he got into a deadlock with Tom Dewey. If his son succeeds in attaining anything like the stature of his father he will prove to be a great man. His record in the Ohio Legislature gave promise that he will do just this. His father was known as Mr. Republican during the time he served in the Senate.

## Borneman V.-P. of S. Rockefeller

Schroder Rockefeller & Co., Inc., 61 Broadway, New York City, announced the election of Herman F. Borneman as Vice-President of the firm.


Herman F. Borneman

Mr. Borneman joined Schroder Rockefeller & Co., Incorporated in 1959 and was elected Treasurer in 1961. Prior to that he was associated with Socony Mobil Oil Company Inc. Mr. Borneman is a director of a number of corporations and is also a Vice-President of Woodrock Business Capital Corporation, a small business investment company in New York.

## Thomson & McKinnon To Admit

Arthur F. Schlobohm, Jr., member of the New York Stock Exchange, on Jan. 1st will become a partner in the Exchange member firm of Thomson & McKinnon, 2 Broadway, New York City. Mr. Schlobohm will retire from partnership in Emanuel, Deetjen & Co.

### B. C. Christopher Branch

SEDALIA, Mo.—B. C. Christopher & Co. has opened a branch office in the Bothwell Hotel Bldg. under the management of William J. Jarrett.

# 1964, The Momentum Year

By Dr. Ira U. Cobleigh, *Economist*

**Some observations on the direction of the economy in 1964, based more on projections of existing trends than on any attempt at crystal gazing, clairvoyance or augury.**

At this time of the year it is high fashion for bankers, business men, economists and analysts to make pontifical predictions about the prospects for next year; and, for many, it's just a little uncomfortable to review what they said a year ago in light of the results now at hand. However that may be, it's our turn to take a look ahead, and what we see looks quite good.

The year 1964 will be an excellent business year, perhaps one of the very best. It will be so on the momentum built up in many sectors of the economy by one of the longest and broadest business booms in history; and because not peace, but the absence of war, makes it necessary for us to spend $50 billion a year on defense.

**The Panorama**

In the broad sweep 1964 will carry us, by the third quarter to an annual rate of $630 billion in Gross National Product. We will have a construction total of around $63 billion (up some 5% over 1963) and a consumer debt of almost identical proportions. Again, around 7½ million cars will be sold; and housing starts will exceed 1,500,000. Capital investment for business will aggregate $41½ billion, stimulated by the passage of a long heralded income tax cut. (The corporate rate will, hopefully, be 50% or less). Thrift will continue at high levels with savings and loans assets reaching $108 billion and life insurance assets past 148 billion (both, all time highs). Volume of transactions on NYSE should be about the same as 1963—a little larger if the boom climaxes this year, which it may well do.

**Dow-Jones Altitude**

About the Dow-Jones Industrial average, the market momentum seems likely to continue, and we would incline to the view that it would cross 800, possibly in the late Spring; with the year's highs recorded during the mid-summer. Investors seeking capital growth, and defense against inflation seem likely to continue to prefer the stock market and have, by now, become quite accustomed to high price/earnings multiples, and dividend yields below interest rates on savings accounts. The 70% margin will probably stick but may be increased if the bull market gets too ebullient.

**Inflation**

It is nice to think that we have licked or controlled inflation, but we haven't. The cost of living reached a new high in 1963 and is not about to descend. Moreover, there are two powerful factors constantly at work to assure us eternal inflation—the inexorable and continuous increases in the cost of government and in the price of labor. Any investment plan or business projection that does not take into account long range inflationary factors, is incomplete and probably unsound.

**Transportation**

The coming year will be a good one for transportation. The long haul airlines should do well, but 1964 should be a banner one for the regional airlines. These have not had the heavy expense of buying jet fleets, but can serve their short run traffic (100 to 350 miles) well with propeller-driven DC 3's and DC 6's.

The consolidation of rails will continue. Seaboard and Atlantic Coast line linking is now assured; and the Great Northern, Northern Pacific and Burlington Union may, after 30 years, take place. The efficiency of combined lines, some reduction in feather bedding, and steady traffic volumes in 1964 should make it a good railroad year, particularly among Western lines, although the problems of some Eastern carriers remain unsolved.

Truck lines generally are getting better control over costs and some of the 40 publicly held companies, especially those serving the South and Southwest, should show substantial gains in 1964.

**General Industry**

The steels are making progress and their improvement since 1962 should continue well into 1964. Aluminum, our second largest metal is increasing its impact in the brewing, motor and construction industries, and catching up with some of the overcapacity built up in the postwar years. 1964 should be favorable for aluminum shares. Oils, particularly those with large reserves, seem favorably positioned; and major chemicals are now being added to investment portfolios.

With the consumer still king, merchandising is likely to keep roaring in 1964. We may be going about as far as we should go in the way of retail credit, however. In the last decade, down payment requirements have been greatly reduced, and payment intervals lengthened to a point where retail credit collections could become a headache, in the event of even a mild recession.

**Utilities**

There's nothing much to say about utilities—electric and telephone—that couldn't have been said any year in the past decade. The horizon is for continued growth in gross and net earnings at a rate substantially faster than the economy as a whole. At least 15 major electric utilities will increase their cash dividends in 1964, and, of course, American Tel. and Tel. has already indicated a $2 rate on the new stock. Holders of utilities shares should continue to assay high in market serenity.

**Finance**

The world of finance can view 1964 with eagerness and buzzing, happy computers. Life insurance will continue to upsurge with average per family coverage around $12,000 by the year end, and some 780 billion in force. Fire and casualty companies will still have a tough time generating profits from underwriting but their investment portfolios will continue to earn and shine. Banks will keep growing, offering more retail credit, and increasing their time deposits. They will be aided and abetted by their new financing vehicle, the debenture, which will provide them more capital—and more leverage. Savings and Loans will increase their deposits but at a slower rate. Mutual funds, already $25 billion in assets, should add a couple of billion more as their shares are offered as variable annuities, and for pension type investment under the Keogh Act.

In all of these financial categories (except in Savings and Loan companies) we may expect a spate of mergers. In particular, as insurance companies seek to offer all types of coverage through a single agency system, you may expect life companies to seek casualty companies and vice versa. This will tend to create strong markets in the shares of smaller companies (merger bait).

**The Leaders?**

Which industries will shine in 1964? Which issues will be the "in" stocks—the Chryslers, the Xeroxes and the Syntexes of the coming year? The industries may be utilities, life insurance, pharmaceuticals and scientific companies. We would expect some resurgence in publishing, and we would guess that certain Savings and Loan and real estate shares have been sufficiently neglected to be underpriced at current levels. About the particular stocks of promise we have referred to the selections of certain respected analysts and investment trusts and we have screened, without a whisper of recommendation or endorsement, the following names as anonymous candidates for possible market virtuosity in 1964:

Sperry-Rand, Beneficial Standard Life, Transamerica, Olin-Mathieson, U. S. Shoe Machinery, Middle South Utilities, Textron, Boeing, Itek, American Crystal Sugar, Lukens Steel, Financial Federation, Carter Products, American Research and Development, Phillips Petroleum, and Perkin-Elmer.

Having spoken so boldly about 1964, it is now time for the appropriate disclaimers. The above views and opinions are those of the author and do not necessarily reflect or represent the opinions of the *Commercial and Financial Chronicle*. The projections, moreover, may prove quite erroneous and have the blessing but not the guaranty of the author.

# Spencer Trask Will Admit Two

Spencer Trask & Co., 25 Broad St., New York City, members of the New York Stock Exchange, on Jan 1st will admit Theodore H. Irwin II and R. Stuart Hume, Jr. to partnership in the firm.

# Firm Name to Be Legg & Co.

BALTIMORE, Md.—Effective Jan. 1st the firm name of John C. Legg & Company, 22 Light Street, members of the New York and Philadelphia - Baltimore - Washington Stock Exchanges, will be changed to Legg & Co. The firm's investment business was established in 1899. The firm maintains branches at 76 Beaver Street, New York City, and Pikesville, Md.

## New Bache Branch

SOUTHFIELD, Mich. — Bache & Co. has opened a branch office at Space B-7 Northland Center under the management of John P. McDonnell.

# The Light of the World

The Hanukkah candles and lighted Christmas trees have shed a glow over the world even in days that have been dark and saddened by tragic happenings. More than ever before the troubled world needs to turn to the ideals expressed in these religious observances with their emphasis upon love, peace, freedom and the brotherhood of man. More than ever before those "beneath life's crushing load, whose forms are bending low" need to "rest beside the weary road, and hear the angels sing."

It is significant that the accounts of Jesus' birth as recorded in the New Testament tell of a bright glow in the heavens heralding His coming. In the Gospel of Luke the shepherds saw a great light after which they heard the angels sing of "Peace on earth, good will to men." According to the Gospel of Matthew it was a star of unusual brilliance which guided the Wise Men from the distant East to worship at the manger in Bethlehem.

Maybe of special interest to us today are the words found in the Gospel of John. Says the writer, speaking of Jesus, His "life was the light of men. The light shines on in the dark, and the darkness has never quenched it."

The world into which Jesus came was dark in many ways. Wherever he went he brought light and joy: the blind recovered sight, the sick were made well, the lame walked again. He brought the love of God even to the sinful. All who have walked in His steps have brought gladness and light to those whose lives they have touched.

More than ever in today's dark world we need the special glow that comes with vibrant religious faith. He who said "I am the light of the world," said also "Lo, I am with you always." With the assurance of God's love surrounding us at all times, we are given strength and courage for any ordeal. We need to open our eyes, our ears and our hearts that we may feel again the radiant joy of that first Christmas. We know how true are the words of the poet,

*"The angels keep their ancient places . . .*
*'Tis we, 'tis our estranged faces*
*That miss the many splendoured thing."*

Let us remember also Jesus' words, "Let your light so shine before men that they may see your good works and give glory to your Father who is in heaven." Thus our good works can add to the radiance of this Christmastide.

—HARRIET SEIBERT

# Tax-Exempt Bond Market

*BY DONALD D. MACKEY*

The general market for state and municipal and other tax exempt bonds has shown considerable improvement during the last three or four weeks while other areas of the bond market have been faltering. *The Commercial and Financial Chronicle's* yield Index averages out at 3.093% against 3.109% a week ago and 3.133% three weeks ago. Thus the average market gain in terms of dollars has amounted to about three-quarter's of a point in the 20-year general obligation high grade bond category. During the same period some long term Treasury issues have been quoted down about half a point.

Corporate bond prices have, at best, been a little easier in the past few weeks as new issues have had to be carefully priced for broad reception. Two cases in point involve the dexterous pricing of $150,000,000 Sinclair Oil bonds as 4.60s at 100 and the $100,000,000 Bankers Trust Co. 4½% Capital Notes at 100. The offerings both met with broad investor reception.

### Living for Today

In municipals however, the tendency has recently been to press for issues as year-end investor interest has been broad enough to absorb the lately diminished supply of new issue offerings. Although December financing is usually at a lesser tempo than is the case for other months, municipal financing this December has been unusually light. The volume hasn't even been heightened by the inclusion of a sizeable negotiated issue close to the year-end which has been as regular an occurrence as Christmas Day for lo these many years.

This year-end flurry in the market has perhaps been intensified by an apparent dealer indifference, if not unconcern, about a potentially voluminous calendar of new issues for the early new year. The impact of the passage of a tax reduction law and its inflationary aspects, the inflationary trend developing in Europe and its consequent policy impact here, as well as the quickening pace of the U. S. economy are basic considerations which seemed temporarily brushed aside in the present market scramble to make a fast buck.

### Enlarged Bank Interest Seen in Tax-Exempts

Dealer bank interest appears to have more than a little to do with the rather solid business that has recently been showing in tax exempts. Indirectly the Bankers Trust Co.'s historic offering of $100,000,000 Capital Notes may have more to do with the lift in state and municipal bond prices than at first meets the eye.

This offering, the first public issue of its type, seems likely to set a pattern that will broaden bank lending and other investment activity substantially in the years immediately ahead. It is estimated that on the basis of present capitalization, national banks could issue close to $14 billion of these capital notes. Even though related but remotely, municipal bonds have been pushed up briskly on more attenuated influences many times in the past.

### Lower Prices in the Offing?

It seems plain enough to us that tax-exempt bond prices may move on to further spotty improvement as we proceed into the new year. However, as the economy moves along in the first quarter, and the various collateral influences fall into place, it seems inevitable that money market yields may shortly force even tax-exempt bond yields into higher figures.

Many experts look to a yield format 20 to 25 basis points higher in the first 6 months of 1964.

### Dollar Bonds Strong

In the past week several of the long-term revenue bond issues caught hold and proceeded more briskly to higher quotations and prices. The *Chronicle's* long-term toll road, toll bridge, public utility and authority bond yield Index averages at 3.559% as of Dec. 18. A week back the average yield was 3.587%. This half point rise is the most significant in recent weeks.

Prominent gainers include Grant County, Washington P. U. D. #2 3⅞s as well as the Wanapum Dam 3.80% and 3.85% issues. Also the Indiana Toll Road 3½s did well as the Authority's Sinking Fund bought in about $1,000,000 of its bonds. Most of the 23 issues included in the Index showed gains of one-quarter of a point or more.

### Basic Market Factors Are Favorable

The visible supply of scheduled and likely to be scheduled issues now totals about $350,000,000. This moderate amount seems likely to be expanded as large borrowers may soon announce their first quarter plans. This impact, however, poses no unusual problem in that the financial community is traditionally set for heavy first half underwriting. The record of the Federal Reserve in balancing market influences is reassuring in these respects.

The inventory situation appears little changed from a week back. The new issue schedule has been light and most of the larger issues have been very well placed. Many large secondary market blocks have been absorbed and several of the old new issue accounts have been closed.

The *Blue List* offerings have been recently averaging less than $500,000,000 of state and municipal bonds. The total on Dec. 18 was $489,583,000.

### Recent Awards

The new issue calendar for the past week totaled $99,039,000 of bonds and it included the last important new issues selling in 1963. Bidding among banks and dealers was very competitive and at levels higher than the previous week. However, this bullish sentiment for the time being at least seems justified as most of the loans were off to an excellent start with investors.

Last Thursday was an active day, with three issues of note up for public bidding. The Iowa State Board of Regents (State University of Iowa) awarded $16,500,000 Dormitory revenue (1966-2003) bonds to the syndicate headed by *White Weld & Co.* at a 3.6482% net interest cost. The runner-up bid, a 3.67% net interest cost, was submitted by John Nuveen & Co. and associates. There were two additional accounts which submitted bids for this college issue.

Other major members of the winning syndicate include Merrill Lynch, Pierce, Fenner & Smith Inc., Smith, Barney & Co., Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co., Drexel & Co., R. W. Pressprich & Co., Dean Witter & Co., Salomon Brothers & Hutzler, Equitable Securities Corp., Weeden & Co., Shearson, Hammill & Co., Reynolds & Co., Hemphill, Noyes & Co., Lee Higginson Corp., Stone & Youngberg and Schwabacher & Co.

Scaled to yield from 2.40% in 1966 to 3.70% in 2002 with the 2003 maturity bearing a 3% coupon at a 3.85% yield, demand was good with all of the bonds sold within 48 hours of offering and the account marked closed.

Henrico County (Richmond), Va. sold $5,000,000 Public Improvement (1965-1984) bonds to *The First Boston Corp., Mellon National Bank & Trust Co.* and *National Bank of Detroit* at a net interest cost of 2.9801%. The second bid, a 3.00% net interest cost, was made by the Chase Manhattan Bank and associates. There were eight additional bids ranging in interest cost from 3.008% to 3.03% made for this popular issue.

Reoffered to yield from 2.00% to 3.10% for 2¾s, 3s and 3.10s, the unsold balance in group totals $2,035,000.

Thursday's final sale involved $5,000,000 State of South Carolina School (1965-1984) bonds which were bought by the *First National City Bank* and the *Citizens and Southern National Bank* at a dollar price of 100.449% for a 2.90% coupon. The second bid, 100.36 also for a 2.90% coupon, came from the Wachovia Bank and Trust Co. There were 11 groups which bid for this "AAA" rated loan.

Scaled to yield from 2.00% to 2.95%, commercial bank buying

*Continued on page 31*

**MARKET ON REPRESENTATIVE SERIAL ISSUES**

| | Rate | Maturity | Bid | Asked |
|---|---|---|---|---|
| California, State | 3½% | 1982 | 3.30% | 3.15% |
| Connecticut, State | 3¾% | 1981–1982 | 3.20% | 3.05% |
| New Jersey Hwy. Auth., Gtd. | 3% | 1981–1982 | 3.15% | 3.00% |
| 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% | 3.20% |
| New York City | 3% | 1980 | 3.19% | 3.12% |

December 18, 1963 Index=3.093%

* 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 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. |
| **December 23 (Monday)** | | | |
| Santa Cruz S. D., Calif. | 1,692,000 | 1965-1989 | -------- |
| **December 30 (Monday)** | | | |
| Redlands Unif. S. D., Calif. | 2,000,000 | 1966-1985 | 11:00 a.m. |
| **December 31 (Tuesday)** | | | |
| Palomar Jr. College Dist., Calif. | 1,600,000 | 1966-1989 | -------- |
| **January 6 (Monday)** | | | |
| Sheboygan, Wis. | 1,050,000 | 1965-1984 | -------- |
| **January 7 (Tuesday)** | | | |
| Citrus Jr. College Dist., Calif. | 2,500,000 | 1965-1985 | -------- |
| Crookston Ind. S. D. No. 593, Minn. | 1,210,000 | 1974-1989 | 4:00 p.m. |
| El Rancho Un. S. D., Calif. | 2,315,000 | 1966-1984 | -------- |
| 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)** | | | |
| Alabama Highway Authority, Ala. | 15,000,000 | 1970-1984 | 10:00 a.m. |
| 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. |
| Los Angeles Co. San. D. 29, Calif. | 1,000,000 | 1965-2004 | 2:00 p.m. |
| Milton & Milton Junction, etc., S. D. No. 1, Wis. | 1,650,000 | 1965-1983 | 2:00 p.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. |
| Jefferson Par. Sew. Dist. 8-9, La. | 1,655,000 | 1965-1974 | -------- |
| New Orleans, La. | 1,000,000 | 1966-1988 | 10:00 a.m. |
| Rye S. D., N. Y. | 1,175,000 | 1964-1983 | 11:00 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 | -------- |
| **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. |
| Housing Authorities | 140,255,000 | 1965-2004 | -------- |
| Minnetonka S. D. 276, Minn. | 1,900,000 | -------- | -------- |
| New Orleans, La. | 2,500,000 | 1965-1993 | 10:00 a.m. |
| **January 16 (Thursday)** | | | |
| Greater Johnstown Water Authority, Pa. | 11,750,000 | -------- | -------- |
| Livonia S. D., Mich. | 5,000,000 | 1967-1989 | -------- |
| **January 20 (Monday)** | | | |
| Dallas, Texas | 12,000,000 | -------- | 1:45 p.m. |
| Saginaw, Mich. | 1,000,000 | -------- | -------- |
| **January 21 (Tuesday)** | | | |
| Ebensburg Mun. Auth., Pa. | 1,024,000 | 1964-2003 | 8:00 p.m. |
| Joplin School District, Mo. | 1,000,000 | 1965-1984 | 7:30 p.m. |
| Liberty Tp. Local S. D., Ohio | 1,200,000 | -------- | -------- |
| **January 22 (Wednesday)** | | | |
| Mound S. D. 277, Minn. | 1,100,000 | 1966-1978 | -------- |
| Northfield S. D. 659, Minn. R | 2,475,000 | -------- | -------- |
| St. Bernard Parish S. D. No. 1, La. | 1,200,000 | 1966-1989 | 11:00 a.m. |
| Shakopee S. D. 720, Minn. | 1,475,000 | -------- | -------- |
| **January 27 (Monday)** | | | |
| Northfield S. D. 659, Minn. | 2,475,000 | -------- | -------- |
| **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 | -------- |
| **February 27 (Thursday)** | | | |
| Alabama State Docks Dept., Ala. | 10,000,000 | -------- | -------- |

# Monetary Policy for Growth, Curing Payments Deficit

*By William McC. Martin, Jr.,* Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.*

**Superb review of the policies presently, and should be, employed to foster simultaneously domestic economic growth and a balance in our world payments is presented by the head of our central bank. Mr. Martin notes the mid-December one-year anniversary of the Federal Open Market Committee's shift to tightened member bank excess reserves leading to higher short-term yields without endangering long-term yields' structure necessary for internal growth purposes; points out by way of a credit-warning that the definition of money ought to include time as well as savings deposits in addition to the customary currency and demand deposit components; and indicates what still has to be done in the non-monetary area—beyond the scope of the Federal Reserve if we are to succeed in our twin goals.**

In a world as dangerous and uncertain as ours, we are fortunate to live in a country whose people and institutions consistently rise to their greatest heights in times of greatest strain.

William McC. Martin

Just as 22 years ago this nation withstood the shock of a savage bombing attack at Pearl Harbor and then moved forward with strength of purpose, so two weeks ago it withstood the shock of an assassin's fire and now—in determination as well as in anguish—is moving forward once again.

The continuity of this movement, as a new President has taken over from the old and pledged himself to carry onward the national course, attests the solidity of our constitutional foundations and the continuing vitality of the institutions we have built upon them.

It is a matter of some pride to me that the Federal Reserve System, which I have the honor to represent, is one of those institutions. And on this date so near the 50th anniversary of the signing of the Federal Reserve Act on Dec. 23, 1913, it is also a matter of some pride to all of us in the Federal Reserve that the System was able to be of some service to its country in this most recent moment of crisis, as in other crises over half a century.

Within minutes after the first news flashes out of Dallas, the Federal Reserve moved into the foreign exchange markets in defense of the dollar, and began offering foreign currencies at prior prevailing exchange rates. With that offer, and the market's knowledge of the magnitude of the resources available, the immediate crisis was safely passed.

That is good, so far as it goes. But it does not, of course, go very far. The problem of out international balance of payments did not spring into being overnight, and it cannot be resolved overnight by any single stroke, however dramatic. It is a serious, a complex problem, and it continues.

### Kennedy on the Dollar as Good As Gold

Four months and four days before his life was tragically ended, President Kennedy—whose programs President Johnson has vowed to continue—sent a special message to the Congress on the international payments problem and the steps to be taken to meet it. In that message, he declared:

". . . continued confidence at home and cooperation abroad require further administrative and legislative inroads into the hard core of our continuing payments deficit—augmenting our long-range efforts to improve our economic performance over a period of years in order to achieve both external balance and internal expansion—stepping up our shorter-run efforts to reduce our balance of payments deficits while the long-range forces are at work—and adding to our stockpile of arrangements designed to finance our deficits during our return to equilibrium in a way that assures the continued smooth functioning of the world's monetary and trade systems."

In that same message, President Kennedy also said:

". . . this nation will continue to adhere to its historic advocacy of freer trade and capital movements, and . . . will continue to honor its obligation to carry a fair share of the defense and development of the free world. At the same time, we shall continue policies designed to reduce unemployment and stimulate growth here at home—for the well-being of all free peoples is inextricably entwined with the progress achieved by our own people. I want to make it equally clear that this nation will maintain the dollar as good as gold, freely interchangeable with gold at $35 an ounce, the foundation stone of the free world's trade and payments system."

No one could miss the firmness of that commitment to "maintain the dollar as good as gold." Neither could anyone who heard or read President Johnson's message to the Congress on Nov. 27 miss the equal firmness of his "rededication of this government" to "the defense of the strength and stability of the dollar."

Likewise, no one could miss the emphasis upon such principles as "freer trade and capital movements," nor the stress upon the need to pursue simultaneously the interrelated policy objectives of internal expansion and external balance without assignment of priority.

The Federal Reserve, for its part, is deeply engaged in the simultaneous pursuit of those interrelated policy objectives, and it is to that engagement I should like to turn now.

As many are aware, basic Federal Reserve policies, both domestically and internationally, are reviewed and determined every three weeks in the nation's capital by the Federal Open Market Committee, a statutory body representing the entire Federal Reserve System.

### Anniversary of Credit Tightening

At a meeting 12 months ago—on Dec. 18, 1962, to be exact—the Committee came to the conclusion that it would be dangerously inappropriate to continue further the extensive degree of credit ease that had been long prevalent—since at least the beginning of the 1960's. Accordingly, it redirected its policy toward lessening that degree of ease and toward "accommodating moderate further increases in bank credit and money supply, while aiming at money market conditions that would minimize capital outflows internationally."

Over the past 12 months, the wording of the Committee's overall policy directive has been changed a number of times but only, and always, to advance policy goals that have, themselves, remained fundamentally the same.

Some thoughtful people would contend that there is an incompatibility between monetary and credit conditions that will help promote sustainable domestic economic expansion and those that will foster balance in our international payments, and that it is not possible for monetary policy at one and the same time to aim at both successfully. But it would be unavailing for a central bank, or for government in general, to do less than attempt to accomplish both. Monetary and credit conditions that are inconsistent with long-run payments balance could hardly serve to promote sustainable economic expansion domestically. And monetary and credit conditions that are inconsistent with sustainable domestic economic growth could hardly serve to promote long-run balance in international payments.

### Pursuing Twin Policies

Policies designed to combine orderly economic growth with external equilibrium are appropriate for every country, large or small. They are vital, however, for a country such as the United States, the currency of which is extensively used by the traders, bankers, and investors of many other countries as well as of its own in settlement of international transactions.

Any country suffering from persistent erosion of its monetary reserves faces a threat that confidence may decline in the value of its currency internationally. But whenever any country's currency lacks acceptability and circulation in world markets, its residents can avoid some of the consequences of currency instability by using a more stable currency as their unit of account. The dollar, for instance, is so used in many countries whose currencies are suffering loss of purchasing power at home and depreciation in value abroad. In such cases, the currency depreciation will scarcely affect nonresidents at all because their commercial and financial transactions with that country will generally be denominated and settled in one of the two main international currencies, the dollar or the pound sterling.

In the case of our country, however, neither U. S. nor even foreign traders, bankers, and investors can easily switch from their use of the dollar to another currency. Moreover, the predominant position of the dollar in international trade and finance means that uncertainty about the dollar generates uncertainty about all other currencies of the free world. In 1931, the troubles of sterling led, either immediately or within a few years, to troubles for every other currency.

### Dollar Succeeds Sterling

Today, the dollar is more widely used in international economic relations than sterling was 32 years ago, and any trouble of the dollar would under present conditions generate trouble for all other currencies—and in turn more trouble for the dollar itself.

Thus, uncertainties about the dollar affect not only the U. S. economy but the world economy as a whole. Therefore, the Federal Reserve cannot look at the dollar solely from the point of view of its function as a domestic currency. It must also consider the role of the dollar as the main international currency of the free world.

The basic strength of the dollar, of course, lies in the health of the U. S. economy, in the stability of the dollar's purchasing power, in the variety and competitiveness of U. S. goods and services available in international markets, in the size of U. S. markets for foreign short- and long-term capital—and in the fact that, adhering to a commitment involving the faith and credit of the United States, we stand ready to sell gold on demand at the fixed rate of $35 an ounce to foreign monetary authorities for legitimate monetary purposes. This gold convertibility permits foreign central banks to treat dollars as the equivalent of gold and therefore to keep sizable working balances and reserves in dollars. These foreign dollar holdings have become an essential part of our own

*Continued on page 20*

# DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

**Aluminum Industry**—Review—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

**Bank Debenture Financing**—Discussion — New York Hanseatic Corporation, 60 Broad Street, New York, N. Y. 10004.

**Bank Stock Quarterly**—Detailed review—M. A. Schapiro & Co., Inc., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

**Canadian Common Stocks**—Comparative figures as of Dec. 2, 1963 —Equitable Brokers Limited, 60 Yonge St., Toronto 1, Ont., Canada.

**Chemical Stocks** — Comments—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall St., New York, N. Y. 10005. Also available are comments on the **Rail Industry, Dover Corp., A. O. Smith, North American Car,** and **Distillers Corp.-Seagrams.**

**Combination Companies**—Discussion of predominantly electric utility operating companies which are also engaged in the distribution of natural gas — Salomon Brothers & Hutzler, 60 Wall St., New York, N. Y. 10005.

**Discount Merchandising**—Review with particular reference to **E. J. Korvette** and **Interstate Department Stores** — Hertz, Neumark & Warner, 2 Broadway, New York, N. Y. 10004.

**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.

**Lead & Zinc Industries**—Analysis with particular reference to **St. Joseph Lead** and **American Zinc, Lead & Smelting Co.**—Schwabacher & Co., 100 Montgomery St., San Francisco, Calif. 94104.

**Over-the-Counter Index — Folder** showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

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

**Recommended Stocks** — Suggestions for various investment objectives—Orvis Brothers & Co., 30 Broad St., New York, N. Y. 10004. Also available are reports on **Standard Oil of New Jersey, Texas Industries, Convertible Securities, American Home Products, Motorola** and **Maytag Co.**

**Selected Stocks** — Comparative figures on issues which appear interesting, arranged by industry—Hirsch & Co., 25 Broad St., New York, N. Y. 10004.

**Silver** — Discussion — Canadian Forecaster, 238 Adelaide Street, West, Toronto, Canada.

**Stocks for Long Term Growth**—Bulletin—Watling, Lerchen & Co., Ford Bldg., Detroit, Mich. 48226.

**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.

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**Abbey Rents**—Analysis—Walston & Co., Inc., 265 Montgomery St., San Francisco, Calif. 94104.

**American Electronic Laboratories, Inc.**—Analysis—Golkin, Bomback & Co., Inc., 67 Broad St., New York, N. Y. 10004.

**Bausch & Lomb**—Comments—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y. Also available are comments on **Pennsalt Chemicals** and **Textron.**

**Cap & Gown**—Analysis—Sincere & Co., 208 So. La Salle St., Chicago, Ill. 60604.

**Carborundum Company** — Report —The Marshall Co., 111 East Wisconsin Ave., Milwaukee, Wis. 53202. Also available are comments on **Falk Corp., Hamilton Manufacturing** and **National Lead Company.**

**Coastal States Gas Producing Co.** —Analysis — Brand, Grumet & Seigel, Inc., 67 Broad Street, New York, N. Y. 10004.

**Combustion Engineering** — Analysis—Van Alstyne, Noel & Co., 40 Wall Street, New York, N. Y. 10005. Also available are reports on **Mack Trucks** and **Merck & Co.**

**Combustion Engineering** — Analysis—Colby & Co., Inc., 85 State Street, Boston, Mass. 02109. (Firm requests stamped addressed envelope when writing for copies.) Also available is an analysis of **FMC Corp.**

**Corning Glass** — Analysis—Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available is an analysis of **Greyhound Corp.**

**Dracket Company** — Analysis—Walston & Co., Inc., 74 Wall St., New York, N. Y. 10005.

**Dura Corporation** — Analysis—Shearson, Hammill & Co., 14 Wall Street, New York, N. Y. 10005.

**Eon Corporation**—Report—L. H. Rothchild & Co., 52 Wall Street, New York, N. Y. 10005.

**Gallo Electronics Corp.**—Analysis —G. K. Scott & Co., Inc., 54 Wall St., New York, N. Y. 10005.

**General Electric Company**—Analysis—Courts & Co., 11 Marietta St., N. W., Atlanta, Ga. 30301.

**General Tire and Rubber Co.**—Report—Purcell, Graham & Co., 20 Exchange Place, New York, N. Y. 10005. Also available are reports on **Johns Manville Corp.** and **National Cash Register Co.**

**Haveg Industries Inc.**—Analysis —Gruntal & Co., 50 Broadway, New York, N. Y. 10004.

**Husky Oil Canada Ltd.**—Report —Gairdner & Co., Ltd., 320 Bay St., Toronto 1, Ont., Canada.

**Inter County Telephone & Telegraph Co.** — Analysis—Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available are comments on **C. R. Bard Inc.,** and an appraisal of the **Oil Industry.**

**Interstate Hosts, Inc.**—Analysis—Mitchum, Jones & Templeton, Inc., 510 South Spring Street, Los Angeles, Calif. 90013.

**Johnson Service Co.**—Analysis—Robert W. Baird & Co., 731 North Water St., Milwaukee, Wis. 53201. Also available is an analysis of **Puget Sound Power & Light.**

**Kentucky Central Life Insurance Company** — Analysis—Universal Securities Corporation, Brown Marx Building, Birmingham, Ala. 35203.

**Litton Industries** — Comments—Irving Weis & Co., 505 Park Ave., New York, N. Y. 10022. Also available are comments on **SCM Corp.**

**Magnavox** — Report — Bruns, Nordeman & Co., 115 Broadway, New York, N. Y. 10006.

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

**J. W. Mays Inc.** — Analysis—Bioren & Co., 120 Broadway, New York, N. Y. 10005.

**Olin Mathieson Chemical Corp.**—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

**Owens Illinois Glass**—Analysis—Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

**Pacific Southwest Airlines**—Analysis—Hill Richards & Co., Inc., 621 South Spring Street, Los Angeles, Calif. 90014. Also available is an analysis of **Tektronix Inc.**

**Parke Davis**—Analysis—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005. Also available are analyses of **Miles Laboratories** and **American Hospital Supply Co.**

**G. D. Searle & Company**—Analysis—D. H. Blair & Co., 5 Hanover Square, New York, N. Y. 10004. Also availabel are comments on **Andy Gard.**

**South Coast Life Insurance Co.**—Analysis—Gordon, Kulman Co., 50 Broad St., New York, N. Y. 10004.

**Standard Oil Co. of California**—Report—Hardy & Co., 25 Broad St., New York, N. Y. 1004.

**Union Carbide Corp.**—Analysis—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005. Also available are reports on **Bestwall Gypsum, Central Illinois Public Service, Eastman Kodak,** and **St. Joseph Lead.**

**Van Raalte Co., Inc.**—Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004. Also available is an analysis of **Parker Hannifin Corp.**

**Walnut Grove Products Co., Inc.** —Analysis—Scherck, Richter Co., 408 Olive St., St. Louis, Mo. 63102.



# NSTA NOTES

**BALTIMORE SECURITY TRADERS ASSOCIATION**

The Baltimore Security Traders Association will hold their 29th Annual Mid-Winter Dinner, January 24, 1964 at the Lord Baltimore Hotel. Guests are welcome.

**BOSTON SECURITIES TRADERS ASSOCIATION**

The Boston Securities Traders Association will hold their 40th Annual Mid-Winter Dinner February 7 at the Statler-Hilton Hotel.

**INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA**

The Investment Traders Association of Philadelphia will hold their annual winter dinner Feb. 28 at the Bellevue Stratford Hotel. Norman Wilde, Janney Battles & E. W. Clark, is Chairman of the Committee on Arrangements.

**SECURITIES DEALERS OF THE CAROLINAS**

The Securities Dealers of the Carolinas at their annual meeting have elected the following new officers:

President—Parks H. Dalton, Jr., Interstate Securities Corporation, Charlotte, N. C.

Vice-President—James F. Gallivan, Alester G. Furman Co., Greenville, S. C.

Secretary—J. Lewis Bibb, R. S. Dickson & Company, Inc. Charlotte, N. C.

Treasurer—William K. Stephenson, V. M. Manning & Co., Inc., Greenville, S. C.

**SECURITY TRADERS ASSOCIATION OF LOS ANGELES**

For the year 1964 the following were elected as officers and governors of the Security Traders Association of Los Angeles at the annual meeting:

*President:* W. W. Webster, R. J. Henderson & Co.

*Vice-President:* Stephen C. Turner, Jr., Turner-Poindexter & Company.

*Secretary:* Arthur L. Claude, Fairman & Co.

*Treasurer:* Kenneth J. Griffin, Hayden, Stone & Co.

*Governors:* Delbert E. Bakerink, Paine, Webber, Jackson & Curtis; Patrick H. Sheedy, Fairman & Co.; and Homer W. Wessendorf, Jr., Mitchum, Jones & Templeton.

# Russia's Grain Imports and U. S. Balance of Payments

*By* Paul Einzig

**Basic difficulties confronting the USSR are seen making probable an arms reduction in the next few years providing the free world members resist the temptation of extending long-term credits. Dr. Einzig throws considerable light on the imponderables gripping the Russian economy and spots here a chance for the USA to redress its payments imbalance—providing short, and not long term, credits are used for grain and capital exports to the USSR. The well-known British economist advises us not to fritter away our strength through balance of payments deficits and hopes that a real reduction in East-West arms tension—resulting from USSR internal economic troubles—will permit us to reduce foreign military and economic aid. He estimates that 500 million sterling pounds of USSR gold bars have been sold so far this year in the London market.**

*LONDON, England*—Russian gold bars reappeared once more in the London bullion market early in December, and this latest consignment brought the estimated total of Soviet gold exports to $500 million this year. By far the greater part of it was sold since August, and its sale can be linked with the balance of payments deficit of the U. S. S. R. resulting from the bad harvest. In a recent speech Mr. Khrushchev suggested that the failure of this year's crop was due to non-recurrent fortuitous circumstance such as might happen any time anywhere. The fact, however, that he announced plans for a spectacular increase of chemical fertilizer production seems to indicate that in reality the crop shortage is of a chronic character calling for drastic measures.

Beyond doubt, bad weather during 1963 went a long way towards bringing the chronic trouble to a crisis. The fact that crops in the Communist bloc suffered more through the weather this year than crops in the free world has disposed of fantastic speculations about the possibility that, through their progress in the outer space, the Soviet authorities have acquired the means of influencing the weather and are therefore in a position to defeat their opponent by ruining their crops. It is characteristic of mentality that has developed as a result of the cold war that such nonsense found ready believers whenever countries of the free world were having a spell of bad weather.

### An Unanticipated U. S. S. R. Imbalancing Factor

The crop shortage in the Soviet Union is due to much more deeply-rooted causes than the accident of unfavorable weather conditions. To a very large extent it is inherent in the Communist system. So long as the standard of living was on a bare subsistance level, workers on collective farms were only too glad to stay away from the towns, because in the country they were at any rate ensured of tolerable food supplies. But now that conditions in towns have improved, the younger generation of agriculture laborers is drawn into the towns. The result is a chronic shortage of labor in the country. In any case most workers on the collective farms are much more interested in cultivating their small individual plots which they are permitted to cultivate than in contributing their best effort to the collective farms.

In the old days such problems were dealt with by totalitarian means — through maintaining a ban on the free movement of labor from one employment to another, or from one district to another. Such a drastic device would be very difficult to enforce, however, these days. The remedy of the chronic shortages of land products resulting from shortage of labor lies in importing them pending an increase in the productivity of collective farms. It has become a matter of considerable importance to make further progress in the use of mechanical devices.

*Within, let all fit implements abound*
*Lest with refused intreaty wandering round*
*Thy wants still press, the season glide away,*
*And thou will scanted labor mourn the day.*

These lines, written by Hesiod some 2,700 years ago (*Works and Days*, II, 31 Transl. C. A. Elton), are as true in present-day Russia as they were in Ancient Greece, even though the implements have changed. To solve the crop problem Soviet industry has to increase its production of tractors. It also has to increase considerably its production of fertilizers. To that end much of its productive capacity has to be diverted from other purposes. Industrialization in spheres unconnected with agriculture may have to slow down. Above all, less productive capacity will have to be devoted to arms production. The choice is between guns and butter—or, to be more exact, between guided missiles and wheat.

### Favors Short, Not Long Term, Credit

Although the War Party in Moscow is doing its utmost to prevent Mr. Khrushchev from giving high priority to food production it seems probable that the next few years will witness a reduction of Soviet expenditure on arms for the sake of being able to ensure adequate crops. This would enable the United States and other countries of the free world to reduce their own expenditure on arms.

Such a satisfactory result can only be obtained, however, if the countries of the free world resist Russian demand for long-term credits. While there is no harm in granting short-term credits to facilitate the financing of Soviet purchases of grain and of capital equipment for agricultural requirements, long-term credits only enable the Kremlin to secure butter without having to reduce its supply of guns.

Limitation of armaments is of course to the interest of both sides. It should go a long way towards helping the United States to solve the balance of payments problem. Above all, relaxation of East-West tension would enable the United States to make very drastic reduction in foreign military and economic aid—much as the idea of such a reduction is disliked outside the United States. This is due to the prevailing short-sighted conception of what constitutes the vital interests of the free world.

It is of the utmost importance that the United States should not fritter away their financial strength through a series of balance of payments deficits. In this respect, as in so many other respects, the lessons taught by history seem to have been forgotten. In the 16th Century the Spain of Philip II had a financial, military and economic superiority comparable to that of the United States in the 20th Century. It was frittered away as a result of the permanent maintenance of large armies in Flanders, Italy etc. No country, however rich and powerful, can afford in the long run to carry the burden of such expenditure. It had bankrupted 16th Century Spain. We can only hope that history will not be allowed to repeat itself.

# Paine, Webber To Admit Two

Robert B. Johnson, director of research, and Joseph M. Luby, manager of the municipal bond department, have been proposed

R. B. Johnson

Joseph M. Luby

as partners of Paine, Webber, Jackson & Curtis, 25 Broad St., New York City, to be effective Jan. 1, it has been announced by Lloyd W. Mason, managing partner of the coast-to-coast Stock Exchange member firm.

Mr. Johnson joined Paine, Webber as director of research in June 1962, having formerly been director of research of Schwabacher & Company, San Francisco member firm.

Mr. Luby joined Paine, Webber as manager of the national municipal bond department in July of 1960. Mr. Luby had previously been vice-president and manager of the bond department of the Commerce Trust Company of Kansas City, Missouri.

At the same time, Mr. Mason announced that Harry D. Comer and John M. Valleau, of New York; Irving Colby, of Chicago, and Lee P. Stack, of Boston, all general partners, will become limited partners on Jan. 1.

# Fried to Admit Stoutenburgh

Albert Fried & Company, 52 Wall Street, New York City, members of the New York Stock Exchange on Jan. 1st will admit William J. Stoutenburgh, Jr., member of the Exchange, to partnership. Mr. Stoutenburgh will withdraw from Hayden, Stone & Co. Incorporated of which he is a vice-president.

# Tri-Continental Economist Sees Good Year for Business in 1964

**Sanguine business prospects for 1964 are charted by economist Harriman of Tri-Continental who does not foresee a boom and, in fact, expects the over-all expansion to be at a somewhat lower rate than in 1963.**

The economist for Tri-Continental Corporation, the nation's largest diversified closed-end investment company, and the Broad Street Group of Mutual Funds, believes that "1964 should be a good year for business."

John W. Harriman

"New highs should be reached by the sales and production figures of many industries and of very many individual corporations," he said. "There will be increases in personal consumption expenditures, in business spending for both capital goods and inventories, in construction and in government spending.

"Among these," he declared, "the possibility of substantial gain lies with business spending for capital equipment. This is favored by excellent earnings, high cash flow, closer approach to capacity operations, obsolescence of facilities in the face of rapid technological change and opportunities for cost reduction through automation."

The economist maintained that "expected tax reduction would favor capital investment both directly by increasing corporate earnings and indirectly by stimulating increases in sales." He also declared that "if there is a strong expansion in capital spending in 1964, it should continue to 1965."

These comments were made in *The Business Situation*, a quarterly report prepared for the management and directors of Tri-Continental and the Broad Street Group by Dr. John W. Harriman, economist.

In Dr. Harriman's view, the change in the presidency, although under tragic circumstances, will not effect the outlook materially. "Basic economic forces have not changed and economic prospects should be essentially the same," he said.

### Slowed Expansion Rates in 1964

*The Business Situation* made it clear that a forecast of good business for the coming year was not a prediction of "boom conditions" for 1964. In fact, Dr. Harriman said: "over-all expansion is likely to be at a somewhat slower rate than in 1963. Frequently, it seems as if the excellent performance of the economy in 1963 has not been appreciated," he declared. "Estimates for the full year show that it will turn out to have been more than good. This also will be true of business profits which will stand at a new high despite the heavier charge-offs for depreciation."

Dr. Harriman pointed out that the economy "has now been in the expansion phase of the business cycle since February, 1961, making December the 34th month. It is noteworthy that this expansion has been accomplished without creating serious maladjustments except in the stock markets of late 1961 and early 1962. The economy weathered that speculative storm and to date nothing appears to be of a similarly dangerous magnitude."

"Two areas," the economist said, however, "bear careful watching: credit expansion—particularly in consumer and mortgage loans and in the construction industry—and the balance of payments problem," which he said is considered to be a different type of maladjustment, one due to developments over the entire postwar period and not to those of the present cycle.

*The Business Situation* also included a detailed study of unemployment, "a distressingly serious domestic problem," and methods currently being used to measure the number of unemployed.

# Andresen to Admit Six

BIRMINGHAM, Ala.—Andresen & Co., members of the New York Stock Exchange, on Jan. 1st will admit Lyndon L. Pearson, Thomas K. Yardley, Carl P. Heartburg, D. Bruce MacClary, Samuel F. Malone and James A. Head, Jr. to general partnership, and Benjamin A. Javits to limited partnership.

# PUBLIC UTILITY SECURITIES

BY OWEN ELY

## Michigan Gas Utilities Company

Michigan Gas Utilities, with annual revenues of about $13 million, supplies natural gas in two areas of southern Michigan, serving a population of about 288,000. Residential sales contribute 58% of revenues, commercial 16% and industrial 26%; gas is used for space heating by 68% of residential and 73% of commercial customers. Natural gas for the southern division is obtained from Panhandle Eastern Pipe Line and Trunkline Gas, which supply maximum deliveries of 39,000 Mcf daily. The Western division receives its supply of 49,202 Mcf daily from Michigan-Wisconsin Pipe Line. New agreements with suppliers in 1962 provided for increased maximum deliveries of 8,200 Mcf daily. The company has a standby propane air-gas plant of 4,300 Mcf daily capacity.

As indicated in the table below, the company has enoyed unusually rapid growth with revenues quadrupling in the past decade and share earnings and dividends more than doubling. The stock has advanced from a low around 3 to the present level around 20. Aggressive selling plus extensions into new areas seem to account for the rapid growth in sales; cold weather and a rate increase helped account for the 20% revenue gain in 1962. The average annual use of gas by residential customers increased about 10% and the average number of customers was up 9%. 1962 earnings per share advanced to 96c vs. 62c in 1961. In the 12 months ended June 30, 1963 they rose to $1.08 compared with 91c in the previous 12 months.

Revenue gains from new heating customers, together with newly-connected customers, have resulted from an intensive drive to secure maximum customer saturation on existing mains. This reduced the company's investment per dollar of revenue in 1962 by nearly 14%, and the investment per customer by over 4%. The company has also reorganized its sales department and added additional salesmen. It is now actively selling quality gas appliances (with the greatest effect on year-round or high-load factor uses) such as cooking, water heating, clothes drying, and air-conditioning. The sales program is an "al employee" activity and is being aided by a comprehensive advertising program.

A systematic program was also initiated last year to sell industrial and large commercial customers interruptible gas, at times when firm heating customers did not take the company's allocation, which is expected to lower the overall cost of gas. The company now has 37 customers using this off-peak service. A rental program for residential water-heaters has been set up on a self-liquidating basis, resulting in the rental of nearly 1,000 heaters using some 30 million cf of gas per annum in 1962.

The company has also been studying methods to improve efficiency. Following a careful study of each office and operating unit, a normal complement of employees required has been established, in order to achieve maximum results. A supervisor's training program was also started in 1962 designed to sharpen managerial skills; excellent results have been achieved in the past from a similar program.

Construction expenditures were $7.6 million in 1960, $4 million in 1961, $1.3 million in 1962 and an estimated $1.6 million in 1963. No additional financing was required in 1962-63. Capitalization at the end of 1962 was as follows:

| | |
|---|---|
| Mortgage Bonds | 49% |
| Long-Term Notes | 12 |
| Preferred Stock | 4 |
| Common Stock Equity | 35 |
| Total | 100% |

The company's bookkeeping is conservative, with tax savings from the use of accelerated depreciation and the 3% investment credit normalized.

The Michigan Public Service Commission in October, 1961, granted an increase in rates amounting to $840,000 but due to a protest by the City of Monroe and decreased cost of gas from suppliers, they were later decreased $149,000. The net increase would be equivalent to an increase of about 30 cents a share on the common stock.

The company in 1962 also obtained refunds from the pipelines (under FPC proceedings) of $644,000 of which it retained about $501,000. However, this apparently did not affect 1962 earnings. Reductions in the current cost of gas from suppliers were largely passed on to the company's own customers.

The stock has been quoted recently in the over-counter market around 20 to yield 4%, based on the increased dividend payable December 15. The price-earnings ratio based on latest interim earnings of $1.08 is 18.5.

| Year | Revenues (Millions) | Common Stock Record‡ Earns per Share | Dividends | Approx. Price Range |
|---|---|---|---|---|
| 1963 Est. | $13 | *$1.08 | †$0.80 | 21 - 15 |
| 1962 | 12 | 0.96 | 0.48 | 15 - 11 |
| 1961 | 10 | 0.62 | 0.48 | 15 - 11 |
| 1960 | 8 | 0.78 | 0.48 | 13 - 9 |
| 1959 | 7 | 0.65 | 0.40 | 11 - 9 |
| 1958 | 6 | 0.48 | 0.40 | 9 - 7 |
| 1957 | 5 | 0.49 | 0.40 | 9 - 7 |
| 1956 | 4 | 0.58 | 0.42 | 8 - 7 |

*12 months ended June 30.

†Indicated current rate; increased from 60 cents with December 15 payment. A total of 62 cents is being paid in 1963.

‡Adjusted for 2-for-1 split in 1960 and a 25% stock dividend in 1963.

# Goldsmith To Be Rothschild Partner

Bertram M. Goldsmith on Jan. 1 will become a partner in L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges.

B. M. Goldsmith

Mr. Goldsmith who has been in the investment business for many years has recently been with Salomon Brothers & Hutzler.

# NYSE Rules on "Next Day" Contracts

In order to facilitate the handling of transactions which are usually effected on a "cash" basis toward the end of each year, the Board of Governors of the New York Stock Exchange, has determined that, with the exception of the last business day of each year, "next day" contracts be permitted in stocks and in bonds, other than U. S. Government obligations, on those business days of each year on which contracts effected "regular way" would not be settled within the calendar year.

The effect of this decision, insofar as the year 1963 is concerned, is that transactions in such securities may be effected on the Floor, and printed on the tape, on Thursday, Dec. 26; Friday, Dec. 27; and Monday, Dec. 30 on a "next day" basis, i. e., for delivery on the business day following the day of the transaction. Of course, transactions in such securities may still be made on these days "regular way," for "cash" and "seller's option" as provided in Rules 64, 67 and 68.

Orders for the purchase or sale of securities on a "next day" basis should be properly marked, and members must specify "next day" when making bids or offers on the Floor.

"Next day" transactions will be designated on the tape with the letters "ND" immediately following the stock or bond symbol.

Transactions made "next day" in a stock concerning which a record for a dividend is to be taken shall be ex-dividend on the record date. Thus, if the record date for a dividend in a particular stock falls on Thursday, Dec. 26, "next day" transactions made on that day in such stock would be ex-dividend. The same principle would apply to "next day" transactions in stocks concerning which a record date falls on either Dec. 27 or Dec. 30.

Before an order is accepted from a customer on a "next day" basis, the customer must be advised that delivery of and payment for the securities are to be made on the next business day and must also be advised of the facts with respect to any dividends which may be involved.

# SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

## Types of Customers

*Article II.*

**There are people who are naturally suspicious.** They are often very well informed and cynical individuals who have lived long enough not to believe in fairy tales. Possibly this is why they haven't thrown their money away on hair brained schemes, or entrusted their investments to uninformed or mercenary advisors. If you do business along ethical lines you will have no difficulty in handling their account.

Some years ago a very able salesman whom I have known for many years received a call from a lady who told him that she had been referred to him by one of his most important accounts. They had a preliminary conversation over the telephone and several weeks later the lady telephoned this salesman and asked him what he thought of a speculative stock. He told her that since she had been referred by his friend of many years standing that he wouldn't recommend anything as speculative as that particular stock. Then he told her that he couldn't recommend any purchases or sales to her until they had a conference and he was familiar with her entire portfolio. The lady was very pleased. She then told him, "I am so glad you have passed the test. I would not have done business with you despite the recommendation I have about your integrity and ability if you had tried to do business with me over the telephone at this time."

They arranged an interview and this salesman opened an account that ran into seven figures. They have been doing business ever since. Have principles that you can live by and you won't have to worry about proving your ability or conscientious application to your business. Suspicious people, when they believe in you, often make the most desirable customers. If they are neurotics in this respect however, don't waste your time. There are logical people who think rationally about chosing a doctor, lawyer, or investment man, and they may be correctly suspicious of most of the recommendations they receive, even from well informed friends. These are the ones to which I refer here.

**Those who "know it all."** Most people who talk loudly and often about their investment success, their knowledge of securities, markets, skuttlebut information, connections, and general prowess as investors usually have a great sense of insecurity. They want an audience. However, they sometimes make good customers.

For example: I have an account that is one of the most successful investors I have ever known. He is very wealthy. He has a great amount of experience going back to 1920 so you can see he is now a very mature investor who is advanced in years. His sense of timing is uncanny. Last year his profits ran into the millions. I only obtain a minute portion of his business. His contacts with people in industry, finance, and the investment business are so well entrenched that his sources of information are unexcelled. He works at investing about eight hours a day even though he is now in his seventies. He is not interested in making more money. As such he can't spend his income. He has no OTHER INTEREST. He would be lost without his books, papers, records, telephone calls from brokers, and friends.

I have spent a whole afternoon with him and he couldn't talk about anything else but business and investing. He told me he regretted this. He has nothing else in his life to which he THINKS HE CAN POINT WITH PRIDE. Yet I happen to know that he has been a loving father, a great humanitarian, a kind person to all, and a man of trust and honor. He has the mistaken idea that the only thing that makes him important is that he is one heck of a shrewd investor . . . and that he is. I ask him for advice, opinions, and suggestions. Then he gives me some orders. I would not try to offer him a suggestion any more than I would attempt to tell God how to run the universe. That's all there is to that. I am his order clerk—that's why I get a little business from him—but that little is a lot more than I would get if I didn't know that he wants someone who is a GOOD LISTENER.

**There are those who have an exalted opinion of their own importance.** Several weeks ago one of our salesmen came to me and asked me if I could suggest a tax exempt bond that would provide a 4% return. He then told me that he wanted to buy a $1,000 bond for this customer. I explained to him that the bother, expense and time wasted in finding a $1,000 bond that would fit those requirements were far out of proportion to the profit involved.

Then I asked him, "How much other business does this so-called customer give you a year?" He replied, "Not very much. He calls for quotes and possibly trades a few hundred shares of listed stocks during the year. You see, he wants to give this bond to his wife for Christmas and he has been giving her a bond a year for several years."

I recommended that he tell this customer to go to the bank and buy a U. S. Savings bond for her. He replied, "That's a good idea. I don't think his account justifies the effort it involves. He is always calling me and telling me about what other brokers tell him and his opinion of the market, of individual stocks, and he takes quite a bit of my time. If I don't listen he is the kind of a fellow who will be insulted."

I suggested that he add up the plus and the minus involved in this account and, if the potential business warranted extra service, then give it to the customer—if not politely tell him that he is always welcome to the best possible service . . . but no extras. Time is valuable . . . it is a salesman's most important asset. Don't waste it.

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

# The Market . . . And You

*BY WALLACE STREETE*

Industrials made it to the pinnacle this week when enough spirited buying, concentrating among others on the year's favorites, the auto stocks, showed up in the usual welter of year-end tax cleaning up.

And the rails were able to lend important support to push to the best levels seen for this average in seven years. Unlike the industrial average, distorted over the years by stock splits, spin-offs and substitutions, the rail one has never returned to the lofty levels posted in 1929.

Criticism of the action of the averages against the fate of selected specific issues was loud. It is so usually when the quirks of the average tends to give the impression that the "market" is pushing to record peaks.

### Plus and Minus

Actually, the progress of the general market was far from any runaway performance. The break through to a new high for the industrial average was achieved on a day when 555 advances were nearly matched by 503 declines and followed a day when the average was jockeying into position for the assault on the peak but there were actually more declines than advances.

The rail average was making its bid for fame a bit back at a time when a week's work produced 724 declines against only 607 advances. And the declines included 110 that were posting new lows for the year which is hardly a picture of a market marching upward unanimously.

### No Pessimism

Despite a few doubts around, the economic picture is a comforting one as the year draws to a close and with good dividend action, stock splits and cheering annual reports ahead there is little in the way of pessimistic feeling in Wall Street.

Encouraging year-end forecasts abound. The market's extreme selectivity is explained away as the logical consequence of tax loss selling in the issues that haven't participated in the advance, and overall there are few clouds.

The only problem is to try to cull out the issues that will benefit from the rotating demand when the handful of issues that have done so well for so long start to look tired.

### A Good Record

Greyhound, for instance, has languished for long as the public appetite for transportation stocks was at a low ebb. Yet the company is assured of at least temporary good business next year when it handles the visitors within the World's Fair and its business seems guaranteed to perk up with the extra load of visitors traveling to and from the Fair.

The records belie the notion that Greyhound is a stagnant operation when it comes to growth. The company had doubled earnings in the last five years while trimming its debt to a third of the level that prevailed five years ago. In addition, the company is planning to set up a holding company type of operation to foster diversification outside the transportation field.

Greyhound has been busy replacing its fleet with larger, more economical and faster units to accent the hunt for efficiency. The emphasis on economy has enabled the company to increase passenger revenues significantly while trimming the fleet from 6,400 units 10 years ago to 5,300 at the last tally.

Greyhound is optimistic over the Fair prospects, in fact plans early next year to add 475 new units in anticipation of the increased travel expected. Its only important recent acquisition was Boothe Leasing Corp. last year and currently it is considering formation of an insurance subsidiary to provide in the bus field similar travel policies to those sold to airline passengers.

### A Utility Not Over-Valued

Some favoritism for utility issues was apparent, probably due in some part to the fact that this section has been the neglected one in recent months. In fact, to some students some of the better-known utility issues have no real incentive for any better price action since they are considered fairly high-priced.

There were others that statistically were far from overvalued, including Central Illinois Public Service Co. which has been available at less than 20-times the anticipated earnings for this year. The company is a medium-size operation, still largely serving electricity but definitely increasing its natural gas service. Since the gas use is still low, it offers a natural area for growth and company projections are that its gas revenues in five years will double. Gas service now accounts for only around 15% of revenues.

Central Illinois once was tied up importantly with the coal industry which made for some unpopularity among investors although its dependence on the coal industry has shrunk sharply and it now accounts for only 6% of revenues.

Meanwhile, its gas service has been spreading out, the communities so served jumping from 27 to 72 in two years. Some 14 of these communities were previously served by Illinois Electric & Gas Co. which it acquired a year ago.

The steady increase in earnings over the last decade — increases were posted in all but one year — has made the issue a candidate for dividend improvement next year. In the past the company hasn't been reluctant to improve its dividend payout periodically as earnings warranted.

### The Studebaker Case

The unknown factor in the auto section was Studebaker which is dropping automobile production in the United States but is reassuring the would-be buyers of Studebaker cars that it fully intends to stay in auto production at its more efficient, less costly, plant in Hamilton, Ont.

The initial reaction was demand for the stock since its auto dilemma was the one that consistently dragged the company's other lines into a red ink status. It is rated mostly as a speculative item because of the uncertainties and the unknown in its refrigeration and plastic work.

Also something of an unknown factor, largely because of its soaring price action in recent months, is Radio Corp. Much of the demand was attributed to the profit gains in its color television work and the fact that the rest of the industry was finally moving into the color picture.

Actually, Radio is a giant in the electronic field generally and although its dividend yield, even at the increased rate, was less than 2%, it is hardly an income issue. Nevertheless, because of its healthy earnings picture, it was generally rated as an issue with favorable prospects.

*[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.]*

# Sinclair Oil Co. Debentures Sold

Public offering of $150,000,000 Sinclair Oil Corp. 4.60% sinking fund debentures, due Dec. 15, 1988, is being made by an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith Inc., New York. The debentures are priced at 100%, plus accrued interest.

Net proceeds from the sale will be used in part to retire $40,000,000 principal amount of term notes payable to banks; to defray the cost of the proposed acquisition of Texas Gulf Producing Co.'s oil and gas properties, estimated at approximately $89,650,000, excluding expenses; and to reimburse treasury funds for the acquisition of oil and gas properties of Drilling & Exploration Co., Inc., and Western Natural Gas Co., estimated at approximately $17,315,000, excluding expenses and excluding $8,437,500 principal amount of long-term notes assumed by Sinclair.

The debentures are optionally redeemable at redemption prices ranging from 104.60% in 1964 to 100% in 1986. Commencing in 1968 the debentures are entitled to a sinking fund calculated to retire a minimum of 83% of the issue prior to maturity. However, the company may not redeem any of these debentures prior to Dec. 15, 1968, directly or indirectly, from money borrowed at an interest cost of less than 4.60%.

Application has been made to list the debentures on the New York Stock Exchange.

Headquartered at 600 Fifth Ave., New York, Sinclair Oil and its subsidiaries constitute one of the large integrated enterprises in the petroleum industry. It is engaged in explorations and production of crude oil and natural gas; refining, transportation and marketing of petroleum and its products, including petrochemicals; and research. Operations are conducted principally in the United States and to a lesser extent in Venezuela and other foreign countries.

Total revenues of the company for the nine months ended Sept. 30, 1963, unaudited, amounted to $910,880,000, and net income, also unaudited, was $45,233,000. Upon completion of this financing, the company's capitalization will consist of $439,837,000 in long-term debt; a minority interest of $2,052,000 in Sinclair Venezuelan Oil Co.; and $976,941,000 of common stock and surplus.

# BANK AND INSURANCE STOCKS

**This Week — Bank Stocks**

*OUTLOOK FOR INTEREST RATES*

In Federal Reserve Board Chairman Martin's recent testimony before the Senate Finance Committee he issued a warning to the effect that interest rates would rise should the proposed tax cut go through. It seems reasonably certain at this juncture that this legislation will pass and inflationary implications, with a deficit of approximately $11 billion, will naturally force rates higher even if Mr. Martin does not act.

At the present time the bill rate for 90-day paper exceeds 3½% by a small margin. Once again this is above the rediscount rate and often when this occurs there is an adjustment in the latter. Most bankers have tended to anticipate some action by the Federal Reserve Board and their feelings prevailed prior to Mr. Martin's statement.

In the first week in December, total bank loans of all reporting member banks were up in excess of 10% as compared to the same period in 1962. New York City banks showed a loan increase of slightly less than 5% for this period. This increased loan demand is reflected in the ratios of loans to deposits which are now exceeding 60% for most of the large major commercial banks. In addition to the loan figures reported by the Federal Reserve Board, the current level of free reserves at slightly over $100 million is hovering towards the low point of the year. With a high loan ratio and the possibility of an increase in the rediscount rate, it is not out of the question to consider an increase in the prime rate at some juncture in the not-to-distant future.

Much has been said about excess cash corporations are generating and the proposed tax bill will provide more of these funds for the economy. The question arises as to whether the demand for these surplus funds will be sufficient to absorb them and do so at higher rates than at present. Obviously, the Federal deficit will have to be funded which means larger debt in this category. Although it is early to prognosticate as to the demand for long-term corporate money, through the debt route, it appears that financing will continue at the rate of this year. Also, the introduction of senior bank paper could readily absorb any surplus money. Estimates over the next year or more for financing of this sort run as high as $1½ billion.

Another segment of the supply side of the bond market is the tax-exempt field. The year 1963 will show a record of $10 billion plus in this category. It does not seem likely that this could fall off in 1964. Recent litigation in California regarding the water project has cleared and the first of this costly long-term project will be marketed soon.

The following table showing the trend of various money rates merely points up the fact that, even though low rates are politically desirable, we have been able to support higher rates without undue criticism or unfavorable effects on those seeking public office who are not advocates of cheap money. It seems likely that rates will trend higher due to the internal factors discussed above. In addition, there is the long-term problem of gold which in itself should keep rates from falling to lower levels. Naturally, these factors all point to higher bank earnings throughout the year 1964 and should carry favorable earnings well over into 1965.

**Trend of Interest Rates**

| | Bank Rate on Business Loans New York City | Rediscount Rate | Average 3 Month Bill Rate |
|---|---|---|---|
| 1950 | 2.37% | 1¾% | 1.22% |
| 1951 | 2.83 | 1¾ | 1.55 |
| 1952 | 3.28 | 1¾ | 1.77 |
| 1953 | 3.47 | 2.00 | 1.93 |
| 1954 | 3.36 | 1½ | .95 |
| 1955 | 3.48 | 2½ | 1.75 |
| 1956 | 4.04 | 3.00 | 2.66 |
| 1957 | 4.47 | 3.00 | 3.27 |
| 1958 | 4.12 | 2.50 | 1.84 |
| 1959 | 4.83 | 4.00 | 3.41 |
| 1960 | 4.97 | 3.00 | 2.93 |
| 1961 | 4.77 | 3.00 | 2.38 |
| 1962 | 4.85 | 3.00 | 2.80 |
| 1963 Dec. | 4.85 | 3.50 | 3.50 |

# The Vast Institutional Market for Mutual Funds

By David A. Gracer, *The David Gracer Co., New York City*

**Mutual funds have overlooked the large, untapped market of institutional funds in busily garnering small, individual investor accounts. Similarly, institutions have neglected making mutual funds their investment department. Mr. Gracer sees here a golden opportunity for the mutual advantage of both parties. He contends that institutions could effectuate considerable cost savings and achieve superior investment results by shifting the problem of investment management to a suitable fund which, he adds, banks and/or investment advisors can not match. He particularly commends this step to institutions that spend more than 0.75 per cent of the value of their portfolio on investment management costs; cities numerous advantages mutual funds can offer ranging from acquisition fees to liquidation; and advises funds to change their aura from merchandisers to investment advisors.**

More and more institutions today are turning to mutual funds for a solution to their investment problems and the next 10 years may witness a major shift to the funds by these large investors.

David A. Gracer

Schools and colleges, foundations, hospitals, unions, religious organizations, fraternal groups, pension and profit-sharing plans, cemetery associations and other institutions are switching to the funds in increasing numbers and this trend should accelerate.

The mutual fund industry itself has become increasingly alert to the potential of this vast, relatively untapped institutional market and at no time in the past did a significant breakthrough in this area seem nearer at hand.

The industry has come to realize it has something to offer institutional investors as well as the individual of modest means and it intends to prove the point. It was not always so.

### Institutions Hold Only 3% of Mutual Funds Assets

Busily and successfully wooing the small investor over the years the industry largely overlooked the institutions, a fact amply demonstrated by statistics which put institutional holdings of mutual funds, excluding fiduciaries, at only about 3% of total fund assets of $25 billion.

The industry so thoroughly merchandised the advantages of mutual fund investment for the small investor it is not too surprising that many institutions apparently concluded that the funds were not suitable for them.

It is not to be expected that the mutual funds will shift the main thrust of their sales dirve away from the small investor in the years ahead but more and more of their merchandising efforts should be channeled toward the institutions.

Obviously there is a long way to go, but the stage seems set for a long upswing in institutional investment in the funds. These organizations are finding themselves increasingly involved in the world of finance and though still quite conservative in approach they are beginning to branch out a little more.

For example, one recent study of college endowment investments showed that educational institutions in recent years have increasingly forsaken the traditional real estate mortgage and triple-A corporate bond for common shares.

A listing of 50 educational institutions with a total of about $4 billion invested disclosed that common stocks now account for about 56% of the total, bonds are next with about 33%, and real estate mortgages, 7.8%.

This changing investment pattern and others like it have spurred new interest in convenient methods of common stock investing — the kind of convenience of ownership mutual funds provide through their services.

There are other favorable portents. The growing popularity of pension and profit-sharing plans, particularly among the smaller business firms, is opening a new market for the funds. Special departments have already been set up by some management companies to help corporations establish these plans.

Moreover, there are now mutual fund specialists who are qualified by broad investment experience to assist the more sophisticated investors. One factor that tended to hold down institutional investment in the funds has been the reluctance of institutions to deal with retail-oriented sales organizations on the grounds that they are merchandisers, not investment advisors.

### Institutions Are Not Successful Self-Investors

Institutional investing currently takes a variety of forms: Some institutions are do-it-yourself investors; others turn their money over to banks and investment advisors who handle it for them.

Many institutions do not invest any money in equities. All of their long-term funds are in government bonds and savings accounts and by taking refuge in fixed-dollar investments they stand to lose the long-term purchasing power of both their income and endowment capital.

Officials and trustees of institutions with endowment capital are obligated to know something about investing their funds. Though amply qualified to run a fund-raising campaign they often recoil at fiduciary responsibilities and tend to be ultra-conservative when it comes to putting money to work.

If mutual funds needed a selling point there is no more pertinent one than the fact that many institutions simply do not have people qualified by training and experience to manage an investment account successfully. Even if they do, the cost and inconvenience of do-it-yourself investing are not minor considerations.

Some very large institutions can afford top-grade investment departments staffed with skilled analysts. And their operating expenses may even be in line with the mutual funds. But what of the institution with a one- or two-man investment department? At worst it may come close to dealing as relative amateurs in a professional's stock market. In any case, it has taken on a costly, time-consuming and burdensome task.

Mutual funds can be the answer to a high-cost or poorly staffed investment department. In effect they can serve as the institution's investment department, eliminating much of the cost of handling investments and boosting profits.

### Resultant Efficiencies

The proposition that many institutions eliminate their securities investment departments and invest only in mutual funds may sound somewhat radical, but consider the efficiencies that can be gained.

Mutual fund investment could reduce or eliminate the cost of operating the department: officers' salaries and those of secretaries and analysts; bank custodian charges, and travel, bookkeeping and auditing, legal, telephone and other expenses.

If these add up to more than 0.75% of the value of an institution's portfolio, they are higher than those of nearly every large mutual fund. For an institution with $5 million in securities, 0.75% would be $37,500 a year, enough to provide for only one skilled analyst, his secretary and some of the expenses of the department.

And is a small investment staff likely to match the performance of a huge mutual fund, with powerful personal contacts, dozens of analysts, periodic interviewing of managements and their competitors and suppliers? In fact, isn't a small staff really forced to rely on the advice of a few brokers?

Perhaps the principal officer or trustee of an institution makes investment decisions himself. Even if he has investment knowledge and flair he can devote only part of his time to managing investments. It is not unreasonable to conclude that full-time professional management generally will excel over part-time management if any field requiring research and experience.

Of course an institution can delegate this responsibility to the trust department of a bank or an investment advisor. However, each of these organizations handles thousands of accounts and is it possible for them to give full-time attention to each account?

### Contrasts Funds With Banks and Investment Advisors

Moreover, banks and investment advisors do not give the investor a long-term record of performance. Mutual funds, on the other hand, provide an audited, year-by-year record of dividends, capital gains, changes in net asset value and expenses, all on a per-share basis. This is not given for one or two selected accounts, but for every investor's dollar under their management.

The mutual fund management generally has only one account to watch. In some management companies there is a "family" of a few funds but there is a much stronger focus of attention than there could possibly be in a trust department.

To any institution, the convenience of owning shares in one or a few mutual funds, as contrasted with a lengthy list of individual securities, is an important factor.

For example, an institution holding 75 different stocks receives about 300 dividend checks over a year, plus valuable rights and stock dividends. Bookkeeping chores and accountants' fees are eliminated when these investments are turned over to a mutual fund. Record-keeping would be infinitely simplified. There would be only 4 or 5 dividend checks a year, 4 quarterly reports and 1 proxy.

The services mutual funds provide are compelling advantages but their past record of performance is a key factor. Over the years most funds have done well enough to satisfy the highest investment standards. The investor has an objective measure of investment performance and can judge for himself whether or not the results were favorable.

Related to this factor is the availability of complete and full information in regard to objectives, policies and investment holdings. Mutual funds provide not only a wide variety of objectives and policies but clear descriptions of what these objectives and policies are, and how fund management companies have gone about effecting them.

Most funds invest exclusively in a broad, diversified list of high quality common stocks. There also are corporate bond funds, tax-exempt bond funds and preferred stock funds. Among common stock funds, some specialize in growth companies, others in particular industries, such as electronics and chemicals.

### Redemption Value

An important point is that any part or the whole of a mutual fund account can be liquidated without delay or the possibility of disrupting the market in a particular stock or bond.

Mutual funds stand ready to redeem any number of shares at the published net asset value. To execute an order to sell a large block of shares of individual securities requires careful handling by the broker and might take several days to obtain an orderly distribution.

The institutional investor might consider these additional factors:

**Acquisition fees:** On investments of $1 million or more acquisition fees are generally about 1% (for $100,000, the fee is 3% to 3½%). Usually there is no commission to redeem shares.

**Putting money to work:** Mutual funds generally keep their money fully invested. There is little idle cash. An institution managing its own investments usually has a certain amount of money which is kept idle awaiting investment opportunities. This practice of keeping cash balances tends to reduce overall profitability.

**The switch privilege:** A unique feature of mutual funds is the privilege of redeeming one fund and switching into another in the same "family" of funds. There generally is no commission. This "family" is created when more than one fund employs the same investment management.

**The withdrawal privilege:** In some funds an investor may liquidate up to 90% of his investment and re-invest later without an additional sales charge. This privilege may be exercised any number of times for 20 years or more.

**Diversifying among managements:** An institution can further diversify by holding the shares of several mutual funds under different managements. For example, an institution with $10 million in equities might choose to put $2 million in each of five different funds.

We all know the significant effect on income that a small increase in investment yield can make. If the cost of managing an institution's portfolio is much in excess of 1% per year an immediate reduction in cost of operation and increase in net investment yield may be brought about by making a suitable mutual fund the institution's "investment department."

After all, an institution with a $20 million investment portfolio can increase its income by $200,000 by boosting its annual yield 1%.

Only general concepts have been discussed in this article. A careful analysis of an institution's situation will determine if a mutual fund should be considered and if so which funds might be suitable.

# Bank of Montreal Appoints Two

Two senior executive appointments in the Bank of Montreal's international organization have been announced by G. Arnold Hart,

Edward R. Ernst

S. T. Strathy

president and chief executive officer.

Edward R. Ernst, who has been assistant general manager in charge of the bank's international division at the head office since 1958, is appointed a deputy general manager and will continue in charge of the same division; while Stewart T. Strathy becomes assistant general manager of the division. Mr. Strathy recently returned to Canada after a tour of duty in Nassau as general manager of the Bank of London and Montreal, the Caribbean and Latin American affiliate of the Bank of Montreal.

# N. Y. Hanseatic Appointments

New York Hanseatic Corporation, 60 Broad Street, New York City, has announced the appointment of William S. Mason, Jr. as Vice-President and Comptroller of the firm.

Other appointments announced were Ernest M. Grunebaum, Peter K. Grunebaum and James A. Harmon, Assistant Vice-Presidents; and Robert M. Leopold, Assistant Treasurer.

# N. Y. S. E. Reports Payments to Haupt Creditors

The New York Stock Exchange has announced that cash credit balances of over $5,400,000 have been paid to securities customers of Ira Haupt & Co. under a liquidation plan announced by the Exchange on Nov. 25.

In addition the Exchange said, Ira Haupt & Co. in liquidation has been making delivery to the firm's customers of fully-paid securities and arranging for the transfer of margin accounts to other broker-dealers. To facilitate the orderly liquidation of Ira Haupt & Co., James P. Mahony, as Liquidator, has sent notices to the firm's customers requesting instructions concerning delivery of their accounts.

The Exchange's report on the progress of the liquidation of Ira Haupt & Co. was the second since announcement of the plan. The first statement on Dec. 3 reported payment of cash credit balances of over $1,750,000.

Problems which arose in connection with the transfer of securities out of the name of Ira Haupt & Co. are in the process of resolution, the Exchange reported. At the same time, the Exchange noted, the physical task of transferring securities into customers' names, where required, is very large and time-consuming. The Liquidator and his staff have worked day and night, including Saturdays and Sundays, since the liquidation plan was announced.

Noting that the size and complexity of the liquidation process is most unusual, the Exchange said customary procedures designed for the delivery out of customers' accounts during the normal course of business have had to be revised to cope with the problems created by the necessity to deliver hundreds of accounts to other broker-dealers. To expedite delivery of accounts, the Stock Clearing Corporation, a subsidiary of the Exchange, conducted three seminars this week for representatives of some 118 member firms to which Haupt customers have instructed or may want to instruct delivery of their securities accounts. These representatives were briefed on the special procedures to be followed.

Under the liquidation plan, so long as no proceeding for receivership, bankruptcy, etc. is instituted, the Exchange has agreed to make available initially up to $7.5 million in cash to help securities customers of Ira Haupt & Co., and, if necessary, an overall maximum of $12 million. The initial amount has been set aside in an Exchange escrow account from which the $5,400,000 has been paid to securities customers by the Liquidator. The liquidation plan, worked out by the Exchange and a group of creditor banks, also provides that for each dollar in cash paid out of the funds by the Exchange, these bank creditors of Ira Haupt & Co. will defer collection of two dollars of their loans to the firm, up to $15 million initially, and an overall maximum of $24 million, if necessary. Subject to the conditions in this agreement, collection of $10,800,000 in loans made to the firm by the banking group have been deferred.

The difficulties of Ira Haupt & Co. arose when a customer proved unable to meet its commitments in commodities.

On Nov. 29, the Exchange announced the appointment by Henry M. Watts Jr., Chairman of the Board of Governors, of two special top-level committees to deal with the long-range policy problems raised by the difficulties of Ira Haupt & Co.

One of the special committees will study the broad question of whether or not the Exchange should change any of its rules and regulations in order to give a greater measure of protection to the securities customers of member firms which also carry commodity accounts. This committee is scheduled to report back to the Exchange's Board of Governors by Feb. 1, 1964, with their recommendations.

The other special committee has the task of suggesting to the Board a method by which the Exchange could recover any expenses it incurs in the liquidation. This committee also will consider the possibility of devising a plan to deal with this particular type of situation should it ever occur again.

# Bache Forms Dept. For Municipal Underwriting

The New York Stock Exchange firm of Bache & Co., 36 Wall St., New York City, announces the formation of a municipal revenue bond underwriting department under the management of Edward F. Wrightsman, former partner of Ira Haupt & Co.

All the associates in this new venture by Bache & Co. have had previous experience in the municipal field with the Ira Haupt firm, now in process of liquidation. They are: Leonard G. Hanauer, registered representative and former Haupt partner; Ernest C. Duben, senior research analyst and legal specialist of the Haupt municipal bond department; and Thomas A. Reilly, research analyst for special revenue bond underwriting projects.

The new Bache department will specialize in underwriting revenues and special tax bonds of municipalities, states, public authorities and other governmental units. The department will also serve as financial consultants to governmental units requiring assistance in financing revenue bond projects.

# Boston Inv. Club Elects Officers

BOSTON, Mass.—The Boston Investment Club held its annual meeting at the Harvard Club of Boston, Dec. 12, at which officers were elected for the year 1964. The Club's new President is Loren L. Reeder of Blyth & Co., Inc.; Vice-President is Lincoln B. Hansel of Townsend, Dabney & Tyson; Richard A. Kimball of White, Weld & Co. is Treasurer. Secretary is John H. Bartlett of Chace, Whiteside & Winslow, Inc. and Norton H. Reamer of May & Gannon, Inc. is Publicity Chairman.

## Hornblower & Weeks Add

WINSTON-SALEM, N. C.—Archer P. Brown has been added to the staff of Hornblower & Weeks, O'Hanlon Building.

# MUTUAL FUNDS

*BY JOSEPH C. POTTER*

## To the Shareholders

This is the season of the year when the men in the Executive Suite are thinking seriously about the annual-report chore. Some years it can be approached with zest while in other years it can be even more painful than a session with the dentist.

In their annual reports to the shareholders this time, fundmen can look back on an unusually good 12 months. The rebound in equity values from the sickening slump of 1962 was most welcome.

Since several mutual funds are on an Oct. 31 fiscal year, the investment community is getting a foretaste of 1963 annual reports. Thus there is the report of 59-year-old Colonial Fund, which calls itself "America's oldest investment company now operating as a mutual fund."

Colonial's report, with a message to 16,000 stockholders from President James H. Orr, was dated Nov. 21. The next day came the grim news that President Kennedy had been assassinated. Mr. Orr dashed off an additional brief message and had the printer insert this in the annual report. Said he: "Your management believes that there should not be any marked change in the business climate under the new Administration and that the economy of the country is sufficiently resilient to absorb the impact of this tragic event."

Of course, those funds that are on a calendar year will be dealing at greater length with the impact and meaning of a new Administration. It seems safe to say, however, that other investment leaders generally will express the sentiments of Mr. Orr. From all indications, President Lyndon B. Johnson troubles only the Republicans.

As for old Colonial, if the year ahead is going to be as kind as the year past, there will be little cause for complaint, either from management or shareholders. This Yankeeland fund ended the latest year with total net assets of $115.3 million. Net asset value per share was at $11.31, compared with $9.58 at the close of the preceding year. The figure for the latest year-end is topped only by the $11.80 at the end of 1961.

This is a fund which, in its own words, "seeks to obtain income for its shareholders and; depending on business and economic conditions, capital appreciation or preservation." In a field where fledglings predominate, Colonial has a rich old heritage. Founded at Boston in 1904 as Railway & Light Securities Co., it has weathered the money panic of 1907, the closing of the stock market during World War I, the Great Crash that began in 1929 and the subsequent Great Depression.

In its early days, the company's portfolio was dotted with such names as Dallas Electric, Seattle Electric, Savannah Electric and Puget Sound Electric Railway and Whatcom County Railway & Light.

Modern-day Colonial has not lost its appetite for utilities. Tucked into the portfolio are $15.2 million of electric utilities and nearly $6 million of gas utilities. In addition, it owns about $1 million of American Telephone & Telegraph stock and another $1.5 million of General Telephone. Colonial also owns some $4.5 million of public utility bonds.

Its enthusiasm for railroads is less marked. Colonial owns 25,000 shares of Nickel Plate, 20,000 Seaboard Air Line and 15,000 Southern Pacific. Add to this $5.5 million of rail bonds.

What have the staid old Yankees of Colonial been buying in the stock market of late?

Well, they've been adding to their holdings of A. V. C. Corp., Armco Steel, Creole Petroleum, General Motors, General Public Utilities, General Telephone, Halliburton, North American Aviation and Tennessee Gas Transmission. New investments include Virginia Carolina Chemical, N. E. Electric System and Consolidated Edison of New York.

**Meanwhile they've eliminated Dayton Power & Light, Gillette, National Steel, Otis Elevator and Richfield Oil.** And they've pared their holdings of Ford, Northern Indiana Public Service and Socony Mobil.

If the year which already has begun for Colonial makes a vogue of values, then the next annual report should be a labor of love.

# The Funds Report

**Affiliated Fund** net assets at the close of the fiscal year on Oct. 31 totaled $921,162,990, or $8.43 a share. This compares with assets of $687,731,985, or $6.92 a share, at the end of the preceding year.

* * *

**American Mutual Fund** reports net assets at the end of the Oct. 31 fiscal year were $221,109,572, equal to $9.56 per share, against $158,272,252 and $7.78 per share a year earlier.

* * *

**Composite Fund** announces that at the end of the fiscal year on Oct. 31 net assets amounted to $17,683,610, or $8.54 a share, compared mith $14,050,383 and $7.38 a share a year earlier.

* * *

**Incorporated Income Fund** announces it ended the fiscal year to Oct. 31 with net assets of $151,814,653, or $9.67 per share, against $121,625,051 and $8.69 a share a year earlier.

* * *

Charles Devens, President of **Incorporated Investors** and **Incorporated Income Fund**, announces that the **Parker Corp.**, manager of the **Incorporated Funds**, proposes to merge with the **Putnam Management Co.**, manager and sponsor of the **Putnam Funds.** Subject to necessary approvals of shareholders of the **Incorporated Funds**, the combined management organization would serve as investment advisor for the two **Incorporated Funds** and continue as investment advisor for the **Putnam Funds.**

* * *

**Putnam Growth Fund** reports that it ended the Oct. 31 fiscal year with net assets of $281,146,800, equal to $8.83 per share, against $217,999,300 and $7.11 a share a year earlier.

* * *

**Revere Fund** reports that at the end of the fiscal year on Oct. 31, net resources totaled $3,505,349, or $13.02 a share, against $2,439,520 and $8.87 per share a year earlier.

* * *

Net asset value of each share of the **Windsor Fund** was $14.38 on Oct. 31, close of the fiscal year, up from $11.41 a year earlier, Walter L. Morgan, President, reports. Total assets rose to $79.2 million, an increase of $14.2 million for the year.

# J. S. Strauss Opens N. Y. Office

J. S. Strauss & Co., San Francisco, securities dealer, has announced completion of a coast to coast network of its own offices with the establishment of an office in New York City.

The new office is at 40 Wall Street, New York City. Its personnel was announced as Leslie J. Howard, Jr., manager, Richard Thayne and Frank E. Baxter.

The San Francisco firm, which specializes in trading blocks of bank, utility and industrial common stocks, now has its own offices in Los Angeles, Chicago, Boston and New York. Its offices are linked by open telephone lines, and it has direct private wires to correspondents' offices in Dallas and Seattle.

Founded in 1935, the Strauss company has had a national business for many years, but has expanded the network of its own offices only during the last two years. It opened its Chicago office in 1962 and its Boston and Los Angeles offices and now New York office this year. Its headquarters in San Francisco is at 155 Montgomery Street.

# Gude, Winmill Co. To Admit Two

Theodore C. Romaine, Jr. and Peter E. V. Paris on Jan. 1st will become partners in Gude, Winmill & Co., 1 Wall Street, New York City, members of the New York Stock Exchange.

# NEWS ABOUT BANKS AND BANKERS

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

**The Chase Manhattan Bank, New York,** on Dec 17, announced the election to its Board of Directors of C. W. (Tex) Cook.

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**The Chase Manhattan Bank, New York,** Dec. 18 opened a branch office in Santiago de los Caballeros, Dominican Republic.

The branch, at Calle de Sol No. 75, is the Bank's second in that country. The other is in Santo Domingo.

The Manager of the Santiago branch is Juan S. Cobo, who has been Assistant Manager of the Chase Manhattan branch in Christiansted, St. Croix, Virgin Islands. Carlos E. Dutari, a cattle expert, will direct a special program at the branch, designed to assist farmers in improving methods of breeding and raising cattle.

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**The First National City Bank, New York** appointed John B. Arnold, James F. Jaffray, Joseph P. Shaw and John C. Slagle, Senior Vice-Presidents.

* * *

The **First National City Bank, New York,** Dec. 12, opened its 120th metropolitan branch at Madison Avenue and 65th Street.

Heading the new branch is LeRoy D. MacDonald, Manager, who has been with the bank's New York branch system since 1937. He will be assisted by John H. Judge, Assistant Manager, who joined First National City in 1956.

* * *

The **Chemical Bank New York Trust Company, New York,** has elected John J. Douglas to its Grand Central Advisory Board, according to announcement Dec. 11 by Harold H. Helm, Chairman. He succeeds Thomas A. Boyd who recently retired.

* * *

The **Commercial Bank of North America, New York,** advanced Sydney L. Hammer and Irving A. Levine to Senior Vice-Presidents.

* * *

**The Bowery Savings Bank, New York,** announced the appointment of Theodore C. Jackson and Donald W. Radel as Assistant Vice-Presidents.

Edward K. Smith, Jr., was elevated to the post of Senior Deputy Controller. Arthur E. Hutt was named Deputy Controller and Agnes A. Meyer was promoted to Assistant Secretary. Richard J. Mount and Francis A. Durkin were appointed principal Executive Assistants.

* * *

Mr. Richard C. Bain has been elected Executive Vice-President of **Excelsior Savings Bank, New York.**

* * *

Edgar C. Egerton, Senior Vice-President of the **Seamen's Bank for Savings, New York,** died Dec. 11 at the age of 62.

* * *

The **Lafayette National Bank, Brooklyn, N. Y.** elected A. Joseph Ferolie and John P. McGrath, Directors.

* * *

The **Lincoln Savings Bank, Brooklyn, N. Y.,** newest office—located at 46th Street and Greenpoint Avenue in Sunnyside, Queens County, opened for business Dec. 18, 1963.

* * *

Mendon W. Smith of Bethpage has been elected a Trust Officer of **Long Island Trust Company, Garden City, N. Y.**

Mr. Smith comes from the **First National Bank and Trust Company of Ithaca, New York.**

* * *

The **Patchogue Bank, Patchogue, N. Y.,** has changed its title to **Island State Bank.**

* * *

The **County Trust Company, White Plains, N. Y.** advanced Irving G. Harring, Jr., and E. J. O'Neill to Vice-Presidents.

* * *

The **National Commercial Bank & Trust Co., Albany, N. Y.** elected Lester W. Herzog, Jr., President, and Prentice J. Rodgers, Chairman of the Executive Committee, effective Dec. 31. Frank Wells McCabe continues as Chairman and Chief Executive Officer.

* * *

The **City Trust Co., Bridgeport, Conn.** made Kenneth M. Park a Vice-President and Trust Officer.

* * *

The **Hackensack Trust Co., Hackensack, N. J.** promoted Frank Kozlik, C. Fred Semken and Michael J. Coronato to Vice-Presidents; and J. J. Generelli to Assistant Treasurer.

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The appointment of Peter Appel as a Vice-President and Lending Officer of the **National State Bank of Newark, N. J.,** was announced.

* * *

The **National Newark & Essex Bank, Newark, N. J.** elected George Davidson, James Hermiston, Louis Stern and John L. Strong Vice-Presidents and Richard E. Harris Vice-President and Trust Officer.

* * *

**The Philadelphia National Bank, Philadelphia, Pa.** elected Joseph L. Castle, Richard S. Cornwall, Charles W. Yust, Vice-Presidents.

* * *

The shareholders of **Girard Trust Corn Exchange Bank, Philadelphia, Pa.** and **The First National Bank of Riegelsville, Pa.** approved Dec. 16 a Joint Plan and Agreement of Merger.

The merger is subject to approval by the Federal and State regulatory authorities.

The Boards of Directors of both Banks had approved the Plan in September. Girard has deposits of about $772,000,000 and the First National approximately $6,300,000.

The Plan calls for the shareholders of The First National Bank of Riegelsville to receive 3¼ shares of Girard Trust Corn Exchange Bank stock and a cash payment of $20 for each share of The First National Bank of Riegelsville stock.

The Directors of The First National Bank of Riegelsville will serve as an Advisory Board with Howard Good, present First National President, as Chairman.

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The Board of Governors of the Federal Reserve System Dec. 13 announced its approval of the merger of **Liberty Real Estate Bank and Trust Company, Philadelphia, Pa.,** into **Fidelity-Philadelphia Trust Company, Philadelphia, Pa.**

* * *

The **Western Pennsylvania National Bank, Hazelwood, Pa.,** announced that G. E. Hastie, former Hazelwood Bank President and Chairman of the Board will retire Jan. 1. He has served as Chief Executive Officer since 1953.

* * *

The **Society National Bank, Cleveland, Ohio,** announced that Spencer A. West, former Assistant Manager at Society's Memphis-Fulton office has been elected an Assistant Cashier and promoted to Manager there. He succeeds Alfred G. Vallen, Assistant Cashier and Former Manager of that branch, who will manage Society's newest office, Westgate Branch, when it opens in January.

* * *

**The First National Bank, Cincinnati, Ohio** elected Gerald V. Weigle, Vernon E. Curran and Albert T. Lord, Vice-Presidents.

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The **National City Bank of Cleveland, Ohio,** announced it will transfer $5,000,000 from undivided profits to surplus.

* * *

**The First National Bank of Chicago, Ill.,** announced the promotion of Rudolph E. Palluck, to Vice-President and Comptroller, effective Dec. 31. He succeeds Richard B. Keck, Comptroller, who will retire.

Also promoted to Vice-President were: John M. Ducar, Philip Sparling, Joseph C. Fenner, H. James Douglass, Joseph A. Smole, Clarke C. Stayman, and Richard L. Thomas.

* * *

Six officers will retire Dec. 31, from **Harris Trust and Savings Bank, Chicago, Ill.** They are Burton A. Brannen, Executive Vice-President, who began his banking career in 1922 as a teller, and was elected Assistant Auditor in 1935, Auditor in 1938, Vice-President and Auditor in 1947, Vice-President and Secretary of the Board of Directors in 1950, Senior Vice-President in 1956, Director in 1958 and Executive Vice-President in 1960. He will remain a Director of the bank.

Donald P. Welles, Executive Vice-President, joined the Harris Bank in 1923, was elected Assistant Cashier in 1925, Assistant Vice-President in 1930, Vice-President in 1939, Senior Vice-President in 1956, Director in 1958 and Executive Vice-President in 1960.

Victor E. Fay, Vice-President, Roy A. Johnson, Vice-President, Joseph W. Wescott, Assistant Vice-President and Howard B. Koch, Assistant Cashier.

* * *

**The Manufacturers National Bank, Detroit, Mich.** elected Charles H. Webber Senior Vice-President, Allen E. Buchinger, Jay P. Bunker and Robert C. Wandel II, Vice-Presidents.

* * *

The **Union Savings Bank, Sioux Falls, So. Dak.,** has changed its title to **Union Bank & Trust.**

* * *

William E. Feld and T. Barton French have been elected Assistant Vice-Presidents, and Vernon P. Schmidt and Arthur W. Spellmeyer have been elected Assistant Cashiers of the **First National Bank in St. Louis, Mo.**

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The **St. Louis Union Trust Co., St. Louis, Mo.,** elected Richard K. Weill and George K. Conant, Jr., Directors.

* * *

The **Boatmen's National Bank of St. Louis, Mo.,** transferred $1,750,000 from undivided profit to surplus, increasing total surplus to $10,000,000.

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The **First National Bank in Palm Beach, Fla.,** announced that J. Kenneth Williamson was elected Honorary Chairman of the Board in recognition of his long devotion to the affairs of the bank.

* * *

The Comptroller of the Currency James J. Saxon, Dec. 10, announced preliminary approval of an application to organize a new National Bank in **Alabama**—At Butler, with the title, **First National Bank of Butler,** with an initial capitalization of $500,000.

* * *

Plans for issuance of a stock dividend of 83,717 shares to shareholders of the **Republic National Bank of Dallas, Texas** were announced.

Proposals were approved by the Bank's Board of Directors and will be submitted for ratification by shareholders Jan. 28.

Major factors in proposals adopted by the Directors for accomplishing the increase are as follows:

(1) Additional shares of the Bank's $12 par value stock, aggregating 83,717 shares, will be issued to shareholders of record as of Jan. 28, ratably, and at no cost to them. The present market value of the new shares is approximately $4,900,000.

(2) The above will increase capital stock of the Bank $1,004,604, to $51,234,972, and increase total shares outstanding to 4,269,581.

(3) No fractional shares will be issued, but arrangements will be made to provide those to whom fractional shares would otherwise be issued an opportunity to realize a fair price through its sale or the purchase of the additional fraction required for a full share.

(4) On the effective date of the proposed stock dividend, the surplus account will be increased $995,396, to $64,764,028.

(5) Completion of the above proposals will result in a combined capital and surplus of $116,000,000, an increase of $2,000,000.

The increase in capital stock and the issuance of the stock dividend will be effective upon formal approval by the Comptroller of the Currency.

* * *

The **Republic National Bank of Dallas, Texas,** elected James D. Berry Executive Vice-President and James W. Keay, Executive Vice-President.

James H. Jones, was also elected a Senior Vice-President and a member of the Bank's Executive Committee.

Phil R. Allen and George T. McGuffey, Cornelius A. Koch and James E. Montgomery were advanced to Vice-Presidents.

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**The National Bank of Fort Worth, Texas** elected Murray Kyger, formerly President and Chief Executive officer, Chairman and Chief Executive Officer. Paul Mason, was elected President. Harris H. Bass, A. V. Lewis, Haynes Morris and Charles Pistor were elected Senior Vice-Presidents. John H. Brooks was made Senior Vice-President and Trust Officer.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 10 announced preliminary approval of an application to organize a new National Bank in **New Mexico**—At Farmington, with the title, **Farmington National Bank,** with an initial capitalization of $500,000.

* * *

**The Bank of California, N. A., San Francisco, Calif.,** made the following changes in the official staff:

Appointed Vice-President and Trust Officer at San Francisco Head office were Fred D. Bennett, William E. Whisten and James E. Wynn.

Advanced to Vice-Presidents were Francis G. Stradcutter, David A. Bryant (San Francisco Head office) and Glen N. Neuman (Seattle office).

Named Vice-President and Manager of their respective offices were Charles R. Boyle (Burlingame office); Hal W. Sconyers (Modesto office); and P. L. Peterson (Turlock office).

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The **Bank of America, San Francisco, Calif.,** made Walter E. Fulton a Vice-President.

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George R. Aceves, has been named Manager of **Bank of America, San Francisco, Calif.** Buenos Aires Branch in Argentina, it was announced by R. A. Peterson, President.

* * *

The **Crocker-Citizens National Bank, San Francisco, Calif.** named William E. Clipp, George A. Gray and John F. Klein, Vice-Presidents.

* * *

The **Seattle-First National Bank, Seattle, Wash.,** elected Arthur L. Becher, Robert E. Coleman, Brian J. Ducey, Robert W. Rose and Alwyn L. Nelson to Assistant Vice-Presidents.

David L. Servies, Metropolitan office, was elected Trust Officer.

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Two senior executive appointments in the **Bank of Montreal's** international organization have been announced by G. Arnold Hart, President and Chief Executive Officer.

Edward R. Ernst, who has been Assistant General Manager in charge of the bank's international division at the head office since 1958, is appointed a Deputy General Manager and will continue in charge of the same division; while Stewart T. Strathy becomes Assistant General Manager of the division.

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**The Mercantile Bank of Canada, Montreal, Canada** elected Joseph L. Black, President.

## To Be Partners of Middendorf Co.

Effective Jan. 1, S. Gordon Bellis and Thomas K. Meakin will become partners in the New York Stock Exchange member firm of Middendorf, Colgate & Co., 51 Broad Street, New York City. Mr. Bellis is a security analyst with the firm. Mr. Meakin is an associate manager in the Boston office, 19 Congress Street.

## Jesup & Lamont To Admit Dunphy

Jesup & Lamont, 26 Broadway, New York City, members of the New York Stock Exchange on Jan. 1st will admit John J. Dunphy to partnership.

# Our Reporter on GOVERNMENTS

*BY JOHN T. CHIPPENDALE, JR.*

The money market is showing very little in the way of fluctuations, but it continues to remain competitive with the near-term rates in other free world money centers. The demand for short-term liquid Government issues is as large as ever and the very sizable amount of money available for investment in these securities, along with the debt management policies of the Treasury, is keeping the yield on Treasury bills within free world money market limits.

The refunding obligations which were issued not so long ago by the Treasury, namely, the 4s of 1973, and the 4⅛s of 1989-1994, continue to attract the attention of investors, with pension funds reportedly the important buyers of the most distant Government bond. Considerable in the way of switch or exchnage funds are reportedly being put to work in the 10 year 4% bond. It is indicated that part of this money is coming from the sale of other investments, some of which is supposed to be from common stocks.

**Business Outlook**

The business pattern for the balance of the year and the early part of 1964 is expected to follow pretty much the design which has been in vogue for most of 1963. This seems to mean it will still be a rather sluggish economy with some progress being made, but no real break out from this pattern into a more forceful kind of economy which would take us into new high ground. It had been hoped that there would be a more moving business pattern so that the unemployment problem would be lessened and the capital expansion by industry would have been more dynamic than it has been up to now.

Nonetheless, monetary policy is not considered to have been a deterrent so far as the sluggish action of the economy is concerned by most money and capital market specialists. It is evident that the balance of payments problem has been so severe that it has been necessary for the powers that be to take action to cut down some of the pressure on the dollar and our gold holdings. This has been done through higher short-term rates with the discount rate going up to 3½% so that near-term rates here would become competitive with similar rates in other free world money centers. So far this action has accomplished its purpose, but the international monetary situation is still pretty much in a state of flux so that there may have to be rapid changes in our monetary policies at any time in order to meet the new conditions which may develop.

**Dollar's Integrity Determines Monetary Policy**

It can be seen from the above that our overall policy on monetary matters is still dependent upon what develops in the international situation and not so much in domestic matters as it has been in the past. Even though the pattern of business is very important to our economy, it no longer is the determining force as to what takes place in our monetary policy. Since the dollar and our gold holdings must be protected, it seems as though money rates here have to be high enough to keep them competitive with those in other money centers in the free world. Competitive short-term rates appear to indicate that this trend will have to be upward to some extent unless there is a general decline in such rates in other free world money centers.

Since some of the free world countries are being bothered by inflationary development, it does not at this time seem as though there will be reductions in interest rates in these countries. It is through the use of higher interest rates and the curtailment of credit that the forces of inflation have been combatted in the past.

**Long Rates to Remain Static**

With short-term rates quite likely to remain firm, with some indications that they may go up a bit from time to time in order to meet our pressing balance of payment problem, this brings up the question as to whether or not this would have an effect on long-term interest rates. Even though there is a relationship between near-term and long-term interest rates, it is not expected that the most distant rates will show too much of a change in the foreseeable future because of the very large amount of money that is available for investment on long Government and other long-term bonds.

# Lehman Reports To U. S. Smelting Directors

BOSTON, Mass.—Herman H. Kaveler, Chairman of the Board of United States Smelting Refining and Mining Company announced that the New York investment banking firm of Lehman Brothers presented an analytical report of the company to all of the company's directors at the regular board meeting.

This report was the result of a study made by Lehman Brothers, and a group of independent mining and oil experts, under an authorization made this summer by the company's board. The report covered an evaluation of the company's assets as of June 30, 1963 following a physical examination of substantially all the company's properties and comments concerning the future course of action which might be pursued most advantageously from the viewpoint of the company's stockholders.

Mr. Kaveler summarized the principal conclusions of the report in the following statement which was approved by Lehman Brothers: "The report of Lehman Brothers indicated that, while recognizing the difficulties inherent in such a study, it was their opinion that as of June 30, 1963 the value of the net assets of the company (represented by both the preferred and common stock) was approximately $78,000,000.

This was represented by net working capital and by the values of the company's oil and gas properties, and mining properties.

The report also indicated that it was Lehman Brothers' opinion that the most advantageous course of action for the company's board of directors to examine was emphasis on activity in the mining business. This direction was cited in the report in contrast to other alternatives such as emphasis on the oil and gas business, emphasis on a business unrelated to the company's present business, or liquidation. The report stated that concentration of the company's financial, personnel, and physical assets on the mining business probably presented the best opportunity for creating the most values for the company and its stockholders."

Mr. Kaveler said that no specific action with reference to the report was taken at the meeting today, other than acknowledging the receipt of the report with thanks.

# Pace Award to Roger Blough

Roger M. Blough, Chairman of the Board of United States Steel Corporation, has been selected by the Advisory Council of Pace College to receive its Man in Management Award for 1963.

Roger M. Blough

The industrialist was designated for the honor by the 43-member Advisory Council, a group of prominent leaders in business and in industry who, by sponsoring the award, hope to give public recognition "to a business leader who fully shares in the social, cultural and economic life of the metropolitan community and of the nation."

Presentation of the award to the Chief Executive Officer of United States Steel will be made during the Man in Management Award dinner on Tuesday evening, Jan. 21, 1964, in the Grand Ballroom of the Waldorf-Astoria Hotel.

An announcement was also made by Dr. Edward J. Mortola, President of Pace College, that during the dinner the liberal arts - business administration college will bestow on Mr. Blough the Honorary Degree of Doctor of Humane Letters.

Co-chairman of the dinner are: Lee S. Bickmore, President of the National Biscuit Company, and a Pace trustee; and Howard S. Cullman, President of Cullman Brothers, Inc. and Beckman-Downtown Hospital. Both men are members of the Pace College Advisory Council.

Henry C. Alexander, Chairman of the Board of Morgan Guaranty Trust Company, will be the toastmaster. He was the first "man in management" to receive the award. Last January more than 1170 guests, representing a "who's who" of business, government and the professions, attended the dinner in his honor.

# Connecticut Brevities

**Colt's Fire Arms Manufacturing** Co. of Hartford announced that it will relocate its manufacturing operations at a substantially larger facility in West Hartford. A division of Fairbanks Whitney Corp., Colt's was a recent recipient of a $13,000,000 order from the U. S. Army for its M-16 Armalite rifle. Currently in use with combat forces in Southeast Asia, the M-16 is a low recoil, lightweight rifle which has been gaining increasing favor among military experts. At present, orders for 129,000 rifles have been received from the military, prompting the expansion of Colt's production facilities. It is anticipated that employment will eventually be increased by several hundred over the next two years.

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**Raycon Inc.**, a new Connecticut firm, will build a $1 million nuclear radiation service center on a 52-acre site in South Windsor. Using a 3 million volt electron accelerator which will be operated on standard electric current, the company will provide various radiation processing and analytical services to the electronics, packaging, food processing and aerospace industries. It is expected that a number of other companies will be established on the site, in order to utilize the proposed radiation facility.

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**Warner Brothers Co.** of Bridgeport and **Puritan Sportswear Corp.** announced plans to merge, subject to final stockholder approval. Warner, a leading manufacturer of Slimwear, lingerie and other apparel, indicated that the addition of Puritan's facilities and strong market position in knitted and woven sportswear would contribute importantly to its product line. Under the terms of the proposed merger which is to be affected through an exchange of stock, Puritan would become a Warner subsidiary, operating under its present management.

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**A. C. Gilbert Co.**, one of the nation's leading toymakers, announced plans to construct a $5 million facility in New Haven to replace its existing headquarters. the proposed plant will be built on the 26-acre site presently occupied by Sargent & Co., which is also building a new headquarters. Plans call for a substantial increase in the company's work force upon completion of the plant in the fall of 1965.

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**United Aircraft Corp.** plans to acquire the assets and business of the **Vector Manufacturing Co.**, which designs and fabricates electronic measuring equipment. Vector, which specializes in the manufacture of telemetric devices, is expected to complement UAC's capabilities in stellar inertial guidance systems. Subject to the approval of the directors of both companies and the stockholders of Vector, the acquisition will be accomplished through an exchange of stock.

* * *

**Pall Corp. of Glen Cove New York** intends to establish a branch plant in Putnam for the manufacture of a specialized line of pumps. Plans call for the purchase of the 33,000 sq. ft. Hindle Transformer plant an an adjoining 10-acre site upon completion of financing arrangements. The proposed plant is expected to acquire a work force of 200.

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**Chas. Pfizer & Co.** has begun construction of a four-story addition to its production and research plant at Groton. When completed, the additional facilities will be utilized in the production of ascorbic acid and caffeine. The Groton plant, which is a world center in the production of antibiotics and organic acids, currently employs 1,800 and will require an additional 200 workers upon completion of the new structure.

* * *

**Torrington Manufacturing Co.** has commenced production of wire and strip forming machinery at its new Machine Division plant in Torrington. Built at a cost of $1 million, the 71,000 sq. ft. building affords the company substantially larger and more flexible production facilities than did its previous plant. The division manufactures a wide variety of spring coilers, torsion winders, wire and bar mills and four slide machines.

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**Fafnir Bearing Co. of New Britain** and **Barden Corp. of Danbury** which in September had disclosed plans to merge, announced that negotiations had been terminated due to legal and technical difficulties.

# Hardy & Co. Will Admit Partner

Hardy & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Jan. 1st will admit Cyrus S. Fisher to partnership.

## With Spingarn, Heine

Harry B. Leslie, Maurice Manasse and Martin Fendel have been added to the staff of Spingarn, Heine & Co., 37 Wall St., New York City, members of the New York Stock Exchange.

# The State of TRADE and INDUSTRY

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

Industrial production and construction activity changed little in November while retail sales declined slightly and the unemployment rate increased somewhat. The money supply and time and savings deposits at commercial banks continued to expand. These and other findings were made in the Federal Reserve Board of Governors' mid-December *National Summary of Business Conditions.*

**Industrial Production Unchanged From Last Month**

Industrial production in November was 127% of the 1957-59 average, unchanged from October and 6% above a year ago. Production of business equipment continued to advance in November while output of consumer goods and materials changed little.

Auto assemblies rose somewhat further and were more than a tenth above a year earlier; assembly plant operations are scheduled to be maintained in December. Production of most other consumer goods was about unchanged in November. Among business equipment, output of industrial machinery and freight and passenger equipment increased further while production of commercial machinery and farm equipment was maintained at advanced rates.

Output of nondurable materials advanced further. Although output of iron and steel increased somewhat, production of durable materials was unchanged. In early December steel ingot production continued to rise.

**Construction**

New construction put in place in November, at a seasonally adjusted annual rate of $65½ billion, was little changed from October and 9% above a year earlier. Residential construction rose further in November, most other types of private construction changed little, and public activity declined.

**Distribution**

Although sharply curtailed on Nov. 23 and 25, retail sales for the month as a whole were only 1% below the record level reached in October. Sales at department stores increased from the reduced October rate. Dealer deliveries of new autos declined about 5%, to the rate prevailing through most of the 1963 model-year. In early December the rate of deliveries increased appreciably.

**Commodity Prices**

The wholesale price index for industrial commodities remained stable in November and early December, although prices of lead, zinc and tin rose further and prices of some fabricated industrial products increased. Among foodstuffs, prices of livestock and meats declined further and remained substantially below a year earlier.

**Bank Credit, Money Supply, and Reserves**

Seasonally adjusted commercial bank credit increased $3 billion in November following moderate growth over the three previous months. Expansion in loans was large, reflecting substantial increases in most major categories, particularly business and security loans. Holdings of U. S. Government securities increased somewhat while those of other securities declined slightly. The money supply and time and savings deposits at commercial banks rose substantially further.

Required and total reserves of member banks rose by more than the usual amounts in November. Member bank borrowings from the Federal Reserve, which averaged $375 million, were $65 million higher than in October while excess reserves, which averaged $420 million, were $10 million higher. Reserves were supplied principally by an increase in float and by Federal Reserve purchases of U. S. Government securities and were absorbed by a $575 million outflow of currency.

**Security Markets**

From mid-November to mid-December, yields on U. S. Government securities and on seasoned corporate bonds changed little while those on high quality state and local government bonds declined somewhat. The three-month Treasury bill rate remained close to 3½%.

Common stock prices increased on balance and were within 1% of the record high reached in late October.

**Adjusted Bank Clearings Jump 9.4% Above Year-Ago Week**

Bank clearings, compiled and published by the *Chronicle*, in the latest statement week ending Dec. 14, rose 9.4% in dollar volume above the year-ago week. They were $36,621,070,098 in the week ending Dec. 14 compared to $33,482,242,584 in the 1962 week.

Our preliminary totals for the latest week-to-week change reveal a healthy Christmas season rise of 24.6%. Clearings were $36,621,070,098 for the week ending Dec. 14, against $29,394,252,185 for the prior week.

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

| Week End. Dec. 14— | 1963 | 1962 | % |
|---|---|---|---|
| | (000s Omitted) | | |
| New York | $21,065,266 | $19,540,362 | + 7.8 |
| Chicago | 1,392,186 | 1,355,067 | + 2.7 |
| Philadelphia | 1,197,000 | 1,130,000 | + 5.9 |
| Boston | 873,203 | 839,098 | + 4.1 |
| Kansas City | 544,865 | 525,845 | + 3.6 |

**Steel Output Dips Slightly Below Last Week's After Rising Seven Weeks in a Row Leaving Year's Cumulative Output 11.1% Above 1962 Period's And 11.2% Above the Year-Ago Week**

According to data compiled by the American Iron and Steel Institute, production for the week ended Dec. 14 was 2,037,000 tons (*109.3%) as against 2,042,000 tons (*109.6%) in the Dec. 7 ending week. It marked the first decline after seven weekly increases in a row.

This almost infinitestimal turnabout in output followed on the heels of 15 non-spectacular weekly advances in a 16 week period 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 to 105,013,000 in the past 50 weeks.

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. 15, 1962 period production came to 94,555,000 net tons.

The 1963 low of 1,742,000 tons occurred in the week ended Aug. 17 and the high of 2,626,000 tons in the week ended May 25, which was unequalled in the past two years and last equalled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline from May 25 through the week ending Aug. 17. Then followed 15 weekly advances in output out of the next succeeding 16 past weeks until last week's fractional decline marking —— rise for the immediate past 17 weeks or a hair's width less 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 9.3 percentage points above the 1957-59 base period's average weekly output and was approximately 15.6% larger than that for the year's lowest output week (1,761,000 tons) ending Aug. 24. The latest statement week's output was 11.2% 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 105,013,000 net tons (*112.7%) which is 11.1% above the Jan. 1-Dec. 15, 1962 production of 94,555,000 net tons. The latest week's index for the cumulative total faltered at one-tenth of 1% below the index of 112.8 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. 14 | Dec. 7 |
|---|---|---|
| North East Coast | 101 | 104 |
| Buffalo | 107 | 107 |
| Pittsburgh | 96 | 99 |
| Youngstown | 90 | 89 |
| Cleveland | 120 | 108 |
| Detroit | 164 | 161 |
| Chicago | 118 | 119 |
| Cincinnati | 118 | 121 |
| St. Louis | 109 | 115 |
| Southern | 108 | 107 |
| Western | 115 | 108 |
| Total industry | 109.3 | 109.6 |

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

**Steel Production Continues Rising to Keep Pace With Demand**

The nation's steel production is expected to rise this week as mills pour more than the 2,037,000 tons made last week, *Steel* magazine said.

Operations are close to 67.5% of unofficial capacity as steelmaking operations climb slowly to meet demand.

Order backlogs are about 5% higher than they were a month ago, but there's no danger of extended deliveries. Most mills have surplus rolling capacity and ample stocks of semifinished or ready-to-ship material.

Steelmakers may book more business this month than they did in November.

Orders are trending upward because demand for sheets is accelerating more than enough to offset seasonal setbacks for other products.

Sheets are pacing the market because automakers, appliance manufacturers, and other producers of light durables are buying heavily. Good demand for bars, plates, and standard structurals reflects their consumption by makers of machine tools, heavy industrial equipment, farm machinery, and railroad cars.

A 10% gain in January shipments won't be surprising, *Steel* said. Reasons: (1) By Jan. 1, automakers will have completed inventory cutbacks. (2) Can companies will start issuing more releases for tin plate. (3) Other users will take tonnage they wouldn't accept in December because of year-end taxes on inventories.

Steel service center officials report a seasonal easing in demand, but many distributors anticipate a pickup in activity after the turn of the year. Prices are being hiked slightly in Eastern service centers. In the Houston area, some distributors are issuing two sheet prices—one for domestic material and one for imports.

**Upward Metal Price Trend**

The price trend in metals is generally upward, *Steel* reported, although price reductions on stainless strip and sheets were made last week by a Canadian producer and on stainless plates by a U. S. maker.

*Steel's* price composite on No. 1 heavy melting grade of scrap used in steelmaking was up 33 cents to $27 a gross ton last week after holding for five weeks.

Prices of metal containers will be increased Feb. 1 by one major can maker.

Aluminum prices will move up during 1964. Some mill product quotations will be officially raised. In some cases, selling prices will be brought up to list.

More price hikes may be in the wind for lead and zinc, for which demand continues heavy with stocks still falling.

As the outlook for sales and profits in 1964 brightens, it also appears that employment in metalworking will continue to gain, *Steel* said. Percentage growth this year was 1.8% vs. 1.4% for the employment level in general.

Nearly half the gain in metalworking jobs occurred in the transportation equipment industry, but significant gains were also made in fabricated metal products, machinery, and the primary metals industries. Only electrical equipment suffered a loss in jobs.

**Year-end Steel Demand Stronger Than Expected**

Steel mills apparently underestimated the strength of December user demand, *Iron Age* reported.

Instead of expected cutbacks in production this month, output continues to gain to meet the continued improvement in orders.

The national metalworking weekly said that although no one was caught short, some mills had to strain their facilities to keep up with December and January demand. Weekly tonnage increases reflect this strength at a time when production was expected to sag briefly.

*Iron Age* cautioned this in no way implies a runaway market. But December usually brings a drop in production. Instead, increases were the largest since September, and some weekly gains matched the best in the recovery period.

Still, the steel industry continues to maintain a cautious attitude. While demand continues to increase across a wider industrial base, too much is concentrated in the auto industry for complete assurance.

There are no signs yet of any weakening of auto sales and an accompanying slack of automotive steel demand. But auto production is also subject to uncertainties and it leaves a shadow of doubt over the steel outlook.

From Detroit the sentiment is anything but uncertain. Weekly auto production records fell in December and high production is scheduled for January. Tonnage booked for January by automakers will be up from December.

Steel sales executives have huddled with auto executives and have been assured of no slowdown in January or February. At this point, February demand for steel looks to be at the December level.

**Record December Auto Output Predicted**

A record in December output by the U. S. auto industry will include peak weekly production of 1963 this week, according to *Ward's Automotive Reports.*

The statistical service said assembly schedules for the period ending Dec. 14 called for 190,161 passenger cars, compared with 187,337 units counted in the prior week. The industry set its all-time weekly high last month, when 189,048 cars were made in such a period.

*Ward's* forecast December output at close to 765,000 units, rising 18% from the 648,323 cars made in the month a year ago, and easily best volume for the month on record. Last week's output was expected to top 176,106 asemblies in the corresponding period of a week ago by 8.0%.

For the entire fourth quarter, *Ward's* said, assemblies will number near 2,300,000—most for any quarter in history. The intensity of December output, however, will diminish in the final weeks of the year, with some overtime operations in cutback next week.

Two Ford Motor Co. plants rejoined production last week, as strikes arising from "production standards" at Metuchen (N. J.) and Wayne (Mich.) were apparently settled. A third Ford plant, at Kansas City (Mo.), remained idle over like issues; it has been on strike since Nov. 9. Last Saturday, 14 Ford plants went on overtime.

General Motors Corp., a week-ago yesterday, was hit by a walkout at its newest plant, at Fremont (Calif.) — surrounding differences over a local contract in negotiation since a relocation from nearby Oakland last June. GM, however, slated another record week despite the 900-plus cars and trucks a day cancelled out at Fremont. GM, last week, programmed Saturday work at 14 plants, eight in Chevrolet division and six in its combination B-O-P assembly group.

Chrysler Corp., maintaining output at its highest level since 1957, set overtime tasks for Newark (Dela.) and St. Louis assembly units.

American Motors last week reverted to five-day operations, but continued to operate two shifts at its single Kenosha (Wis.) plant.

Studebaker Corp., cleaning up assemblies at South Bend before it quits the U. S. industry for all time, slated highest output since early November, but its assembly is on an irregular basis.

Of this week's expected 190,161 cars, GM Corp. scheduled 55.9%; Ford 24.1%; Chrysler, 13.8%; AM Corp., 5.5% and Studebaker 0.7%.

**Freight Carloading and Ton-Miles Up From Year-Ago**

Loading of revenue freight in the week ended Dec. 7, totaled 558,180 cars, the Association of American Railroads announced. This was an increase of 91,416 cars or 19.6% above the preceding holiday week.

The loadings represent an increase of 20,839 cars or 3.9% above the corresponding week in 1962, but a decrease of 4,851 cars or nine-tenths of 1% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Dec. 7, 1963, are estimated at approximately 12.2 billion, an increase of 8.1% above the corresponding week of 1962 and 9.4% above 1961.

The 62 class I U. S. railroad systems originating piggyback traffic reported loading 12,989 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Nov. 30, 1963 (which were included in that week's over-all total). This was a decrease of 1,326 cars or 9.3% below the corresponding week of 1962 but an increase of 435 cars or 3.5% above the 1961 week. The Thanksgiving Day Holiday fell in the 1963 week but not in the 1962 or 1961 weeks.

Cumulative piggyback loadings for the first 48 weeks of 1963 totaled 739,756 cars for an increase of 84,090 cars or 12.8% above the corresponding period of 1962, and 193,285 cars or 35.4% above the corresponding period in 1961.

**Truck Tonnage Gains 2.8% Over Last Year's Week**

Intercity truck tonnage in the week ended Dec. 7 was 2.8% ahead of the volume in the corresponding week of 1962 the American Trucking Associations announced. Truck tonnage was 26.4% above that of the previous week of this year.

The week-to-week increase is attributable to the Thanksgiving Day holiday, and to the National Day of Mourning for the late President Kennedy preceding the week reported.

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

The terminal survey for last week showed increased tonnage from a year ago at 21 localities, with 13 points reflecting decreases from the 1962 level. Truck terminals at Cleveland showed the largest year-to-year gain — up 28.4%. Five other trucking centers registered increases of more than 10%, while only one point, Kansas City, showed a decline in excess of this amount.

Compared with the immediately preceding week, 33 metropolitan areas registered increased tonnage, while only one area, Los Angeles, reported a decrease.

**Lumber Output Drops 1.1% Below Year-Ago Week**

Lumber production in the country totaled 226,005,000 board feet in the week ended Dec. 7 according to reports received from regional lumber associations. Output increased a sizable 21.9% due to the earlier week's Thanksgiving Holiday and day of mourning for President Kennedy in the current week-to-week change.

Compared with 1962 levels, production fell 1.1%, shipments dropped 7.9% and new orders rose 1.2%.

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

| | Dec. 7 1963 | Nov. 30 1963 | Dec. 8 1962 |
|---|---|---|---|
| Production | 226,005 | 185,391 | 228,738 |
| Shipments | 209,866 | 191,181 | 228,100 |
| New orders | 222,446 | 176,038 | 219,686 |

**Electric Output Advances 5.5% Over 1962 Week and Reaches A New High for This Year**

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 14, was estimated at 18,993,000,000 kwh. according to the Edison Electric Institute. Output was 566,000,000 kwh. more than the previous week's total of 18,427,000,000 kwh. and 984,000,000 kwh. above the total output of 18,009,000,000 kwh. or a year-to-year gain of 5.5% and a week-to-week gain of 3.1%. Last week's total output achieved a new high for this year.

**Slight Dip in Business Failures But Above Year-Ago**

Commercial and industrial failures ebbed to 257 in the week ended Dec. 12 from 265 in the preceding week, reported Dun & Bradstreet, Inc. Despite this dip, casualties inched ahead of the comparable year-ago level of 252. They fell short, however, of the 1961 toll of 306 and the pre-war toll of 270 in 1939.

While failures involving liabilities of $100,000 or more slipped to 37 from 41 in the prior week, they exceeded considerably the 26 of this size occurring last year. Among smaller casualties with losses under $100,000, the toll edged down to 220 from 224 a week earlier and 226 in the similar week of 1962.

Fractional dips took place in retailing failures, off to 112 from 114, and in manufacturing, off to 49 from 53 whereas construction casualties dropped more sharply, to 45 from 55. Contrasting but slight increases lifted wholesaling to 28 from 24 and commercial service to 23 from 19. In all lines except construction, failing businesses ran even or ahead of last year's levels.

**Wholesale Commodity Price Index Eases in Latest Week**

Increased marketing and slowing demand for steers and hogs pushed the wholesale commodity price level to a low of 265.36 in the middle of last week, but by this Monday it had eased back to 266.11, reported Dun & Bradstreet, Inc. Nevertheless, it remained below week ago, month ago and year ago levels. Corn, sugar, lumber and tin prices augmented the downdrift from the prior week's quotations but the declines were nearly offset by higher prices for steel scrap, wool and wheat with the latter commodity substantially boosted by brisk export buying of red winter wheat, a pastry flour.

The Daily Wholesale Commodity Price Index steadied at 266.11 this Monday, Dec. 16, slipping slightly from 266.30 in the preceding week. As well, it was off from 267.56 on the comparable day last month and from 270.08 on the similar 1962 day.

**Wholesale Food Price Index Slides Further This Week**

Continuing the downturn begun in mid November, the wholesale food price index, compiled by Dun & Bradstreet, Inc., slipped 0.9% on Dec. 17 to $5.81, the lowest point touched since May 14 this year.

Substantial declines in beef and ham quotations at wholesale markets led the downswing, with more moderate dips in flour, sugar, cocoa, beans, potatoes, prunes, steers and lambs. Advances in wholesale cost were relatively rare, occurring only in wheat, rye, bellies, lard, coffee and eggs.

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.

**Christmas Buying in Full Swing**

With an avalanche of gift shoppers pushing through stores, retail purchases forged strongly ahead in the week ended Wednesday Dec. 13, and outpaced comparable year-earlier volume. The upthrust was nearly nationwide—only the Dallas and Los Angeles areas reported a lag in buying. Cleveland chalked up the most spectacular gains, since its retailers were measuring their performance against a snowbound, strike beset situation in the similar week last year. Toys and children's wear took over the top selling spot as always in this holiday season, but wintry weather finally spurred the demand for adult outerwear to a very healthy pace. While interest in furniture slackened in the usual pre-Christmas pattern, this decline was offset by accelerated purchasing of home entertainment and appliance items.

The total dollar volume of retail trade in the week ended in the latest statement week ranged from 5 to 9% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: West South Central —3 to +1; Mountain and Pacific +1 to +5; West North Central +2 to +6; East South Central +3 to +7; New England and South Atlantic +4 to +8; Middle Atlantic +6 to +10; East North Central +10 to +14.

**Nationwide Department Store Sales Rise 8% Above Last Year's Level**

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index rose 8.0% for the statement week ending Dec. 7 compared with the like period in 1962.

In the four-week period ended Dec. 7, 1963, sales declined 2.0% below last year's comparable period for the country's 12 leading department store districts due to the events surrounding President Kennedy's Assassination and the day of mourning set aside in respect for him.

So far this year (Jan. 1 to Dec. 7), 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 Dec. 7 rose 11.0% above the comparable year-ago week's figure but were down 4.0% in the current four-week period compared to last year's 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 Dec. 7-ending week were up 11.0% from the corresponding period a year ago, sales in the latest four weeks were down 4.0% and cumulative sales from Jan. 1 to Nov. 30 were up 3.0% from year-ago period.

**Dec. 14 N. Y. C. Department Store Sales Show 2% Gain Over Year-Ago**

A *flash figure* for New York City's sales for the Dec. 14 ending week revealed a plus 2.0% pick up but the four-week N. Y. C. flash figure dropped 5.0% from last year's period due to curtailed business in the last week of November stemming from the assassination of President Kennedy and the close of business out of respect for the well liked President.

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 Dec. 7-ending week's sales 7% above the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 2.0%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

# Roberts, Rutter To Admit to Firm

Roberts, Rutter & Co., 488 Madison Avenue, New York City, members of the New York Stock Exchange, on Dec. 26 will admit Benjamin E. Billings, Jr. to partnership. Mr. Billings will become a member of the Exchange.

# To Be Partner in Southwood, Young

George W. Campbell, member of the New York Stock Exchange, on Jan. 1 will be admitted to partnership in the Exchange member firm of Southwood & Young, 48 Wall Street New York City.

# To Be Partner in Somers, Schafer

On Dec. 26, Charles E. Schafer, Jr., member of the New York Stock Exchange, will be admitted to partnership in Somers, Schafer, Collins & Young, 120 Broadway, New York City, members of the New York Stock Exchange. Mr. Schafer is a Vice-President of Hincks Bros. & Company, Inc. of Bridgeport.

# Schwabacher Co. Plans Expansion

SAN FRANCISCO, Calif.—A continuing program of expansion is planned for Schwabacher & Co., 100 Montgomery Street, along the lines pursued by the company's founder, the late Albert E. Schwabacher, Sr., the firm has announced.

Albert E. Schwabacher, Jr., senior partner; Herbert I. Dunn, managing partner; and Jacob Gould Schurman III, administrative partner, described future plans and recent advances at a press conference here to introduce four new partners proposed for admission to the firm on Jan. 2.

The proposed partners are: James B. Skinner, manager, sales department, Charles F. Lowrey, manager, syndicate department; Darrell J. Winrich, manager, research department and Alfred Lisi, manager, operations department. Art Linkletter, famed television personality and a leading businessman in the entertainment industry, has been proposed for admission as a limited partner on the same date.

Present expansion plans call for the doubling in size of the Sacramento, Calif., office in the next few months and increasing the staff of the Los Angeles office.

In recent expansion moves, Schwabacher & Co. has moved its New York office to larger quarters and now handles its own stock clearing and transfer activities. The research department has been enlarged in San Francisco and New York. New high-speed teleprinters have been installed on its private wire network. The widely known trading firm of Scherk, Richter & Co., St. Louis, has become a correspondent of Schwabacher.

The 44-year old investment banking and brokerage firm has grown from seven offices and 124 employees in 1946 to 438 employees and 17 offices today. Net worth in the same period grew from $1,250,000 to approximately $3,250,000.

# Faulkner, Dawkins To Admit Stowell

Effective Jan. 1st Ernest V. Stowell will become a partner in Faulkner, Dawkins & Sullivan, 60 Broad St., New York City, members of the New York Stock Exchange.

# To Be Partner In Dominick Co.

Dominick & Dominick, 14 Wall St., New York City, members of the New York Stock Exchange, on Jan. 1st will admit Robert J. Delaplain to partnership.

# To Be V.-P.s of Hayden, Stone

Hayden, Stone & Co., Incorporated, 25 Boad Street, New York Stock Exchange, will elect Donald E. Williams a vice-president effective Dec. 26th and Robert L. McCaffrey a vice-president effective Dec. 31. Mr. Williams will acquire a membership in the New York Stock Exchange.

# Investment Challenge Facing The Life Insurance Industry

*Continued from page 1*

anticipate them wherever possible, and to be prepared to meet them.

I wouldn't presume to lay down a schedule of the changes ahead or to offer a detailed program for meeting them. But from experience and currently emerging patterns, I would like to make some general comments and perhaps raise a few questions about life insurance investing in the years ahead.

The great increase in industrial lending in the past 15 years reflects of course the tremendous rise in industrial activity since World War II—expansion, modernization, the introduction of new products, the founding of new industries. Basically, my feeling is that all these trends are going to continue and indeed develop at an accelerated pace. What's more, these trends will produce needs for money in increasing quantities, and thus industry will provide a continually growing outlet for life insurance funds in the coming years.

### Scientists Replacing Business Analysts

But, and this is a crucial "but," we shall have to develop—to an unprecedented extent and within our own investment departments—the skills and techniques, the ability to seek out and evaluate the investment opportunities that are inherent in industrial change and growth. It will no longer be enough to have a few men at desks analyzing balance sheets. Increasingly we shall have to be prepared to hire the technicians to help us understand specific technological developments and how they are likely to affect the costs and profits of companies involved. In the years to come, a bright young man with a PH.D. in Science may be far more valuable than an M.B.A. from a Business School.

Let me give you a few random illustrations from New York Life's experience in financing the new technology. Uranium reduction seemed to us a promising new field, but before we could go into it, we realized that we would have to understand not only the relevant science and technology, but the economic and financial implications as well. It was only after we were convinced on the basis of such analysis in depth that uranium reduction was good business that we felt free to put money into it. (P.S.—We did one fine deal and then there were no more borrowers.)

We went through a similar process when we considered investing in oxygen furnace installations in the steel industry. As a result, New York Life participated in the long-term financing of one of the first major oxygen furnace installations of the domestic steel industry at a time when most steel producers were in the pencil sharpening stage merely by indulging in complacency. Today almost every major steel company has an installation of this type.

Similarly, in recent years we have been doing research and analysis in raw materials financing. We have developed what I refer to as "our home-grown experts" in the gas and oil area, and a comprehensive geological library on these subjects. We have extended these studies to timber and to investments in companies mining potash and phosphate rock.

But my own feeling is that we haven't even scratched the surface. Nobody knows for certain what science and technology has in store in the way of new processes, new techniques, new products, what new industries will spring up or old industries will expand as a result. But there are hints of what we may expect.

I don't mean to suggest there's pie in the sky, but when you think of all that has been going on in space, there's **something** up there. For one thing, there are space satellites designed to transmit earth communications, and we may in fact expect the first public financing of them next year. We can also foresee the commercial development of new space age materials—beryllium, for example — and new fuels to send communications stations into space. Space communications also suggest new developments in electronics—the need for new tubes, new circuits.

On a more mundane level, we may expect to see the production of new equipment for preserving food by radiation; new wonder drugs for the treatment of mental illness, virus diseases, old age, cancer and many others; new home building materials—plastics, foamed metals, and so on. We will need skilled scientific advisers at all times.

Meanwhile, the chronic shortage of water in various parts of the country may very well give rise to the long-distance piping of water, or even the purification and re-use of sewage—which may make us shudder but which has been proved feasible and perfectly safe.

This is by no means a definitive list of things to come. I mean only to suggest the pace and scope of technological advance and industrial change that seem to lie ahead—to suggest, what is more to the point, the tremendous financing they will require, the investment outlets they may offer the life insurance industry and, finally, the great sophistication they will demand of the institutional investor who, for all the change, will still be operating at the locus of safety and return.

In brief, for those who have the imagination and the competence to do business with **all** of American industry, there will be an outlet for funds which will grow rather than diminish in the next decade.

### Some Interest in Longer Governments

In other fields of security investment, there may well be some changes. In Government bonds, for example, life companies may have a slightly increased interest in 15 year maturities when their yield is not too far out of line with portfolio rate, and conditions indicate such an investment might offer certain flexibility in the future.

Tax-exempt securities, except for an occasional revenue bond, do not appeal to many of us right now but, if there is continued growth of municipally financed industrial construction through the medium of revenue bonds, this may turn out to be an area that will replace the disappearing toll roads and the declining "lease-backs." (The municipally financed method has not been wholeheartedly accepted by the investment banking industry.)

I would guess that our historical experience with the burden of low coupon, non-sinking-fund utilities will make such bonds, despite their high credit standing, unattractive except in periods of high interest rates.

### Minor Interest in Equities

From the point of view of rate of return, there would appear to be now, and prospectively, far less reason for a broad acquisition of common stocks than in the late 40's and in the 50's. The question we must ask ourselves here, it seems to me, is this: Is capital appreciation an adequate substitute for current income as far as the best interests of our today's policy owners are concerned? In these terms, I frankly cannot visualize common stocks as a major outlet for life insurance funds.

I would like to turn now to the prospects for mortgage lending in the next decade. As I noted before, life insurance companies have invested heavily in mortgages throughout most of the period since the end of World War II. A couple of facts, however, will serve to emphasize just **how** important mortgages have been to us.

Between 1947 and 1962, the total mortgage holdings of life insurance companies increased $38 billion. This increase accounted for almost one-half of the expansion in the total assets of our industry. In any appraisal of investment prospects, then, the number one question is: Will mortgages be as important an outlet for life insurance funds in the future as they have been in the past?

Actually, there are two parts to this question. The first part deals with the probable size and composition of the mortgage market and the second part of the question—the more troubling part to many—is what the competition from other financial institutions in the mortgage market is likely to be in the years ahead.

### Optimistic About Mortgage Growth

To touch on the first part first —the question of size and composition of the mortgage market —let me say right away that I feel very optimistic about the prospects in this area. The source of my optimism is not merely projections of population growth, the housing that will be needed for an expanded population, and the mortgage financing that will be necessary for this additional housing.

These projections are encouraging enough — an estimated 10 million new households during the current decade — but I find even more interesting the new patterns of construction activity and the new uses to which mortgage money is being put.

It isn't only population growth, but the movement of population that stimulates building. Thus, it wasn't only the growth of population in the past 15 years that accounted for the great rise in construction, but the movement from the city to the suburbs and from the country to the city. And these shifts result, as we have seen, not only in residential building but in commercial construction as well—the shopping center, the relocated industrial plant or business.

At the same time, the city itself—the so-called urban core— comes in for redevelopment. Whole sections of cities are razed to the ground and new housing complexes and industrial parks spring up. Meanwhile, superhighways are being cut through and around cities, and as buildings are demolished in their path, new accommodations, new workspace must be built. Nor is this merely a bulldozer operation. Many older buildings, both residential and commercial, in many of our cities are being renovated.

As a people, Americans are devoted to the new—the latest thing, the last word, in building as well as in other things. And yet there has been a growing tendency to preserve some of the lovelier and valuable older buildings. A kind of compromise is made between past and future as good-looking, sound old dwellings are gutted and refitted with air-conditioning, new heating and lighting systems, new room arrangements.

You may say this is only a matter of fashion, but I wouldn't underestimate the influence of fashion on where and how people live and work. Whether for fashion or convenience, younger couples tend more and more to want to live in the cities and rent; and at the other end of the age scale, older couples whose children have grown are moving from the suburbs into town. Special accommodations, indeed entire communities, are being constructed for retired people.

Convenience also accounts for population shifts and correlative building and rebuilding. Changing transportation facilities, the location of jetports — these also exercise an influence on the movement of people, on where they live and work.

I mentioned before the modernization of dwellings, but surely this is just as true of office buildings. The competition of newer buildings is forcing the owners of older ones to air-condition, install new elevators, provide new restroom facilities and cafeteria space, improve lighting arrangements, and so on.

Changes in ways of doing business also influence building. We have all seen this happen as the corner grocery store gave way to the supermarket, as department stores followed their trade into the suburbs, as discount houses rose and flourished. In fact, if you look back at the recent history of retailing, it seems that there's a major change in this field about every 15 years. And I would be very surprised if we didn't see another retailing revolution in the not-too-distant future.

### Mortgage Credit for Non-Constructive Purposes

Another interesting development that suggests a growing mortgage market in the years ahead is the increasing use of mortgage credit for non-construction purposes. In the past 15 years, mortgage credit generally has risen faster than expenditures for new non-farm housing.

There are many reasons for this, but what it comes down to is that people are borrowing on their homes and using the money for other purposes, and this represents, among other things, further stimulation to the mortgage market which is likely to continue.

Adding this to all the other stimulations I've touched on, it seems to me, to sum it all up, that there is going to be a growing mortgage market over the next decade. And this suggests the other part of the question I raised earlier: What about the competition? Is the life insurance business likely to get its share of this growing market?

### Competition for Mortgages

The fact of the matter is that competition in this market from other financial institutions—particularly from commercial banks —has been severe in recent years. But my own feeling is that the conditions that have stimulated this competition will very likely diminish in the years ahead. As a matter of monetary policy, the money available to banks for lending has risen substantially in recent years, and the banks have put much of that money into long-term mortgage loans. But a substantial part of these new bank funds represent an exceptionally rapid rise in time deposits, which are essentially short-term in nature.

Now, the banks, in effect, are borrowing short and lending long, and no prudent investor will go on doing this indefinitely. Moreover, there are indications that even the sources of short-term money available to banks is likely to taper off as Federal credit becomes less liberal and monetary policy tightens — both distinct probabilities. So I suggest to you that we may not have to worry too much about bank competition in the mortgage market over the long run.

### Price Level's Course

These comments I have been making about life insurance investments in the next 10 years or so rest on a number of assumptions, and surely one of the most important of these is that we will be able to maintain price stability. It isn't only inflationary tendencies we have to keep an eye on, but deflationary trends as well. In the curious world we live in today, we can, like weather observers, discern pressure buildups from both sides.

Thus, inflationary pressures are discernible both at home and abroad. Price rises, caused in part by wage increases, are actual in Italy and France and implicit in the U. K.'s monetary and fiscal program, which is designed to stimulate their economy. A similar program in our own country, characterized by deficit spending, could exert inflationary pressure.

On the other hand, our efforts to correct the chronic deficits in our balance of payments could be deflationary in effect. The dollar still is the big currency in international trade. And our deficit supplies the dollars. Thus, correcting our deficit, necessary though it is, could depress world trade and thus retard the economic growth of other nations. This is the heart of the so-called international liquidity problem, but fortunately the major nations are working harmoniously to find an answer to it.

As a background to our corporate investing during the next 10 years, there will be, throughout the world, an ever-increasing surge of Economic Nationalism— in the under-developed, the highly developed countries and right here at home. The post-war pious hopes of freer, if not free, trade receive lip service today—in the battle for economic growth, they may be quickly forgotten.

Looking ahead, then, there seems to be no shortage of problems either in the world of finance generally or in the emerging life insurance investment picture, which is our immediate concern.

Moreover, factors might arise—plus or minus, glad or sad—that could make any forecasts made today look pretty silly in retrospect. The future is always full of surprises and omniscience is always in shortest supply.

Still, it seems to me that the strongest forces at work in the world today, and on into the foreseeable future, are the constructive forces. There is over-all a mood of confidence, and a groping towards the good life. If we must rebuild our cities and refashion the landscape in order to achieve it, there seems to be the enterprise around to do it. The forward thrust of science and technology gives impetus to our industries, and the long-term trend is upward. Thus the institutional investor may look forward not only to growing outlets for investment funds but to the satisfaction of supplying a lot of the fuel for the push ahead.

*An address by Mr. Paynter at the 57th Annual Meeting of the Life Insurance Association of America, New York City, Dec. 12, 1963.

# Treves & Co. Will Admit Partner

Treves & Co., 1501 Broadway, New York City, members of the New York Stock Exchange, on Jan. 2nd will admit Mark A. Sonnino to partnership.

# To Be Partner of Van Alstyne, Noel

Bassett S. Winmill will become a partner of Van Alstyne, Noel & Co., 40 Wall St., New York City, members of the New York Stock Exchange.

# To Be Officers of Walston & Co.

Effective Jan. 1st Jack Albert, John R. Cisternino, John J. Doughty, Raymond C. Erbeck, Wallace J. Gardner, Jr., Vincent Gubitosi, Joel Kallen, Frank W. Kroha, Norman E. Tracy and Joseph F. Writer will become vice-presidents of Walston & Co., Inc., 74 Wall St., New York City, members of the New York Stock Exchange.

# Chicago Analysts Outlook Forum

CHICAGO, Ill. — The Investment Analysts Society of Chicago is holding its Annual Forecast Forum today (Dec. 19th) in the Illinois Room of the La Salle Hotel.

Speakers will be Herbert Johnson, Continental Illinois National Bank, on "Economic Outlook for 1964"; Dr. Corliss D. Anderson, Northwestern University, on "Stock Market Considerations"; and Robert H. Walter, Duff, Anderson & Clark, on "Outlook for Key Industries."

# As We See It

*Continued from page 1*

outside the commercial banking system. The Federal Reserve itself has substantially increased its holdings of the obligations of the Federal Government during the past year or two. Commercial banks have been reducing their holdings in recent months, but have done so to be able to increase their holdings of other types of securities and of loans of nearly all descriptions. There has, of course, been a very substantial rise in time deposits and a concomitant increase in commercial bank holdings of mortgages and consumer credit. Plainly any substantial enlargement of bank holdings of government debt would inevitably lead either to the liquidation of other types of accommodation, chiefly to business, or else to a highly inflationary situation. One must hope that if the latter were to be in the making the Reserve authorities would take steps to hold inflationary factors in check—which, however, could hardly fail to limit any boom that tax reduction might inspire. The choice would in such an eventuality be between destructive inflation and quite possibly eliminating the very stimulus which our economic managers hope would bring the accelerated rate of growth they are so fond of projecting.

But what if the swollen deficit is financed without addition to the commercial bank holdings of government securities? Plainly if nonbanking sources finance the increased deficit directly or indirectly with the aid of further extension of private borrowing from the commercial banks, the net result will not be greatly different from that which would be created by direct commercial bank financing of the enlarged deficit. The commercial banks have increased their loans some $25 billion in less than two years, and their holdings of securities other than those of the Federal Government by some $11 billion in the same length of time. Their holdings of mortgages have mounted some $7.5 billion during the past two years, and their direct loans to consumers by upwards of $4 billion in less than two years. Their borrowings at the Federal Reserve have been rising and their free reserves declining. Any great increase of the assets of commercial banks, whether by purchase of Governments or by enlarging the volume of credit to the business community and to consumers, obviously would present problems.

**$11 Billion Into the Economy?**

But if the financing of this enlarged deficit is to be accomplished without access directly or indirectly to the commercial banks, how can the tax reduction scheme pour $11 billion into the economy as the managers at Washington so often explain?

If the nonbanking community is to pour $11 billion, or whatever additional amount is required, into the Treasury to finance the deficit, the outpouring of all these forgiven taxes by means of tax reduction would do no more than replace them. It may be said, we suppose, that investors will provide the Treasury with the funds while consumers and ordinary business will buy more freely. This, however, seems to us to be the epitome of naivete.

Our tax load is too heavy and too heavy in the wrong places. It is unfortunate, however, that the public is told and again told that a mere $11 billion tax reduction—apparently without reference to where the reduction is to occur and regardless of almost astronomic outlays — will work miracles. Growth promotion is not really served by any such policy. We could wish that the entire program were not so intimately linked with the planned deficit notion. It is eternally true that one cannot grow rich by borrowing indiscriminately, and a nation can not promote its economic health by simply refusing to collect the taxes that are essential to the spending that it chooses to do. We think that the Chairman of the Board of Governors of the Federal Reserve System has performed a service by calling attention to some of the vital factors involved in any such tax program and at the same time to warn that it can not serve us well if it is merely another way of calling on the banks to coin money (or the modern equivalent of it) to be poured into the economy.

**Too Much Debt Everywhere**

While this subject of borrowing is in the spotlight, it would do no harm if we all took a close look at the extent to which not only this government but all, or nearly all, of its citizens are now operating not only their business but their households on the basis of debt, and ever more debt. No one can say, unfortunately, just how greatly the rank and file of the consumers of the country are operating on future rather than present income. The subject has never been studied as a whole. Parts of the subject have occupied the attention of this, that, and the other credit agency or agencies, but the total indebtedness of the individual who is steadily adding to his debt is still a mystery.

# THE SECURITY I LIKE BEST...

*Continued from page 2*

Pan American. Texas Eastern supplies a daily volume of about 5,000 barrels of natural gasoline for fractionation and further upgrading to the Acadia plant.

The proved, developed and connected gas reserves, per recent independent engineers estimate, dedicated by contract, to processing in these plants totals approximately 2.8 trillion feet. As an indication of the extent of these reserves, they exceed the total reserves dedicated to Pioneer Natural Gas Company's system and are equal to about 80% of the total gas reserves dedicated to Lone Star Gas Company's system.

The company's principal sources of gas are the well known, high quality fields such as Hougoton, West Panhandle, East Texas, Rayne and Port Acres. At present rate of take by the pipelines, the company's owned gas reserves have an average life in excess of 24 years. The substantial volume of residue gas after processing constitutes a significant part of gas transported by major gas pipelines such as Texas Eastern, Tennessee, Northern Natural, Natural Gas Pipeline, Transcontinental, Texas Gas, United Fuel, United Gas, Houston, Arkansas-Louisiana, Mississippi River, and Union Texas and Trunkline, all of whom have terminals at one or more of the company's plants. As an indication of the amount of gas being processed through these plants, the average daily volume is sufficient to supply twice the average daily requirements of Consolidated Edison and Brooklyn Union Gas combined.

Perhaps the best comparison to make between companies engaged in various phases of the petroleum business is to compare cash earnings after all direct operating expenses, but before such non-cash charges as depreciation and depletion, abandonments, etc. Such a figure is indicative of the cash generated and available for various corporated purposes. Comparison of "net income" with other industrial companies can be misinterpreted because of the special charges permitted and the income tax options available to oil and gas companies. Such charges are usually not necessarily related to physical depreciation and replacement requirements as with the ordinary industrial complex. Consequently, such charges are usually spendable income.

Dorchester statement contains unusually large "noncash charges" resulting in a reported "net income" being a fraction of actual cash flow. For example, based on income for the 12 months ended 7-31-63, the present market price of 10 is about 15 times "net income" but only about **5 times cash flow** after all direct costs.

Comparable price times cash flow ratios for other well known stocks are as follows: Aztec Oil & Gas—13X; Coastal States—16X; Hougoton Production—26X; Kirby Petroleum—9X; Livingston Oil—11X; and Tex-Star Oil & Gas—13X.

Up to the present time, Dorchester's growth has been almost entirely bank financed. Starting with only $250,000 of company funds in 1961, management has obtained about $8.5 million of bank loans since that time. On Oct. 15, 1963, the company sold $3.5 million of convertible debentures due in 1975 and used the proceeds to further reduce bank indebtedness to approximately $3,700,000. This transaction has considerably expanded the bank credit available to the company for possible future expansion moves.

The unusual leverage of Dorchester shares is demonstrated when its hydrocarbon reserves are compared with other well known companies. Dorchester's resources compare favorably with companies many times its size.

The following shows a comparison of owned, proved and developed reserves and not meant to compare companies as such:

| | Natural Gas (billion cu. ft.) | Liquid hydro-carbons (million barrels) | Total Market value common stock (million $) |
|---|---|---|---|
| Hugoton Production | 1,400 | * | $80.1 |
| General American Oil | 1,071 | 133.1 | 121.2 |
| Aztec Oil & Gas | 1,000 | 38.9 | 73.2 |
| DORCHESTER | 745 | 23.7 | 7.5 |
| Coastal States Gas | 418 | 29.4 | 215.8 |
| Tex-Star Oil & Gas | 130 | 5.1 | 33.6 |

*Not reported.

**Conclusion**

Dorchester shares, traded Over-the-Counter, appear considerably undervalued in today's market. The company has demonstrated an unmatched rate of growth in recent years with indications pointing to continued expansion. Its activities are concentrated in a growth segment of the petroleum business. The volume of proved natural resource reserves per outstanding share are characteristic of stocks selling several times as high. From a price earnings standpoint, the stock is available at a lower price than either the average producer of gas or the pipeline that transports the residue gas, even though Dorchester's processing contracts relate to the same gas.

It is apparent the common stock has not kept pace with the unusual growth of the company.

# Monetary Policy for Growth, Curing Payments Deficit

*Continued from page 7*

and of the world's financial system.

**Available Emergency Powers**

In order to fulfill its commitment to gold convertibility, the U. S. needs adequate gold reserves. These reserves need not be so large as to cover all dollar holdings of foreign monetary authorities; in this respect, the U. S. position is like that of a bank, and banks do not—and need not—hold cash balances equal to their liabilities. But the gold reserves must be large enough to give full assurance that even under adverse circumstances the United States would at all times remain able to fulfill all legitimate requests of foreign monetary authorities for gold purchases. That we stand ready to use our gold to meet our international obligations—down to the last bar of gold, it that be necessary—should be crystal clear to all: the Federal Reserve itself, let me remind you, has ample power under the Federal Reserve Act, should the necessity arise, to suspend the statutory reserve requirements against Federal Reserve deposits and notes, and to make any needed part of our gold stock available for sale to foreign monetary authorities.

The dollar not only needs protection from any suspicion that the U. S. might fail to live up to all its monetary commitments to foreigners, but it must be guarded against exchange market disturbances stemming from any deficit in our international payments as well as from deficits experienced by other leading countries. The most important contribution of the Federal Reserve to the solution of this second problem has been its decision to engage again in foreign exchange operations, including the creation of a network of interchanges of currencies, commonly called "swap arrangements," with foreign central banks.

These arrangements by now have added more than $2 billion to the sums potentially available for the defense of the dollar and of leading currencies in case of need. Their value has become particularly clear during the two great crises of recent years: the very recent one, to which I referred earlier, and the Cuban missile crisis of October, 1962. Apart from actions of the kind already mentioned, it appears on the basis of experience that the mere existence of the facilities has prevented any large-scale attack on the dollar from developing.

This network seems to be complete for the time being, although from time to time the maximum amounts involved in individual arrangements may be altered to conform to changed conditions. For instance, on the day of the President's assassination the maximum amounts of two such arrangements that might have proved insufficient were raised by 50% within a few hours—although in the circumstances it actually proved unnecessary to use those two agreements at all.

And I should refer here to the supplementary step taken by our Treasury to offer to foreign official holders of dollars non-marketable medium-term Treasury obligations denominated, if desired, in the holder's currency and with maturities flexibly tailored to the holder's needs. These bonds provide foreign monetary authorities an alternative opportunity to invest accumulated dollars instead of converting them into gold. Thus they help to conserve our gold resources.

The Federal Reserve's arrangements for the interchange of currencies are designed to protect our reserves against adverse effects from temporary dollar outflows that are expected to be reversed in the very short run. The Treasury's new-type bonds are designed to prevent repercussions from movements of dollars that may not be reversed until our payments balance is more nearly restored to equilibrium, at least in relation to the foreign country involved. But valuable and important as these arrangements are, they cannot deal with the hard core of the payments problem.

This brings us to consideration of monetary actions to help reduce and eventually eliminate our payments deficit without hampering sustainable economic growth. Let us see how this year's monetary experience agrees with the contending claims about the possibility of successfully achieving the combined goals.

**Money Market Interest Rate Rise**

During 1963 the Federal Reserve has gradually lessened the monetary ease that had been prevalent for several years. The only dramatic step was that taken in July, when the discount rate of the Federal Reserve Banks was raised from 3% to 3½% and the maximum rates payable on time deposits with a maturity of three to 12 months were raised to 4%. But over the preceding months, the banking system had been permitted gradually to absorb its margin of uninvested reserve funds.

What happened to the money market, to the domestic economy in general, and to the U. S. payments balance in the past year?

The gradual curtailment of reserve availability during 1963 was first reflected in a modest uplift in short-term rates but between May and November the rise was more pronounced. All told, rates on money market paper—Treasury bills, bankers' acceptances, finance paper, and prime commercial paper—increased by about five-eighths of one percentage point.

In contrast, the movement in long-term rates was smaller and mixed. Average yields on government bonds and high-grade State and local bonds rose by about one-quarter of one percentage point; those on lower grade State and local bonds and on high-grade corporate bonds rose much less. But mortgage rates and rates on lower grade corporate bonds declined slightly. And stock prices advanced enough to reduce the dividend-price ratio for common stocks significantly, despite the substantial rise in corporate profits and dividends.

The moderate lessening of credit ease had apparently little restrictive effect this year on the availability to the economy of money and bank credit. The money supply, computed on the basis of currency outside banks and adjusted demand deposits, rose at an annual rate in excess of 3% in the first 10 months. In only one out of the past 10 years, 1958, a year of revival from recession, was there a higher rate of increase. This year's growth, moreover, has followed two years of noninflationary economic expansion.

Because time and savings deposits at commercial banks are in practice readily convertible without penalty into demand deposits or currency, many observers believe—and I agree with them—that for purposes of policy determination these deposits should be counted as part of the money supply. Counting the money supply on this basis, the annual rate of increase this year has been 7½%, a pace of expansion approached only once in the past decade—and that was last year.

**Ample Bank Credit Remains**

In the field of bank credit, the expansion this year has been equally striking. While there has been some slowing in the second half of the year, total bank loans and investments so far have risen nearly 7%; bank loans alone, more than 10%. These rates of increase have been exceeded in very few of the 10 previous years.

The data cited suggest that there has been no lack of money or bank credit to finance the expansion of business activity and the making of new investments. Over the past four quarters, both industrial production and the gross national product rose 6%. In contrast, consumer prices rose only about 1% and wholesale commodity prices did not rise at all. Thus, virtually the entire growth in the national product has reflected real increases in goods and services available for consumption and investment.

It seems reasonable to conclude that monetary policy, during the past 12 months, was consistent with a policy goal of sustainable economic expansion at stable prices. But what about the international payments situation?

The lessening of monetary ease was hardly enough to have a significant effect either on our surplus of exports of goods and services over imports, or on the volume of direct investment abroad by U. S. corporations. And obviously it could not affect our government expenditures abroad. The only practical impact on our payments balance in the short run could occur through changes in bank credit to foreigners, in money market investment abroad, and perhaps in some other types of short-term capital movements.

**Reflow of Hot Money**

But such an impact could be quite important. A rise in the outflow of short-term capital was largely responsible for the serious increase in the U. S. payments deficit during the second quarter of 1963. In that quarter, the net outflow of short-term capital from the U. S. exceeded $500 million. In contrast, the third quarter outflow, after allowing for a reflux of the so-called window dressing funds in July, was apparently less than $200 million. The improvement was partly due to a shift in U. S. money market investments abroad, mainly in flows of U. S. funds in the so-called Euro-dollar market. A substantial outflow in the second quarter was replaced in the third quarter by a modest reflow.

This change in flows of short-term funds was instrumental in cutting the payments deficit in half between the second and the third quarter. While the remaining deficit is still too large, it is lower than in any other quarter during recent years.

I have not reviewed these data to claim sole credit for Federal Reserve policy as the cause either of the rise in our national production or of the decline in our payments deficit. My purpose has been merely to affirm that monetary policies and credit market conditions consistent with sustainable growth in our domestic economy were also consistent with a significant improvement in the capital account of our payments balance.

**What Monetary Policy Can Do**

All of us recognize, of course, that monetary policy, while indispensable, is only one of many influences affecting attainment of national goals. Many market factors and many other government policies were at work that had a more decisive impact, both on our domestic economic growth and on our balance of payments, than the modest change in monetary policy could possibly have had. In addition, labor and management have cooperated in keeping costs from rising, thus helping to maintain the stability of average prices and consequently the U. S. competitiveness in international markets that is so essential to the steady improvement of our export balance.

Nevertheless, this year's experience indicates that monetary measures favorable to the restoration of payments equilibrium can be formulated and carried out in a way that precludes harm to orderly domestic economic growth; and that monetary measures favorable to orderly domestic economic growth can be formulated and carried out in a way that precludes harm to the attainment of payments equilibrium.

The experience of the past year also points to another lesson, familiar to students of monetary policy but perhaps worth repeating. The great advantage of monetary policy action lies in its flexibility; it is capable of gradual application through a succession of steps, each of which may be as small as deemed prudent at the time.

And if there had been reason to conclude that the gradual reduction in the availability of bank reserves was having an adverse effect on domestic economic activity, it would have been possible to halt or reverse the process. Such action would be difficult in the case of other tools of national financial policy.

**Open to New Approaches**

It is this gradualness and flexibility which permits the Federal Reserve to be at the same time cautious and experimental. In recent years, the Federal Reserve has amply demonstrated that it is not bound by preconceived ideas and precedents, and that it is prepared to embark on new and uncharted courses in adapting its activities to meet changing needs. In its domestic open market operations, it extended its operations throughout the maturity range of government securities, despite the many advantages of the "bills only" or "bills preferably" practice, when the extension seemed to offer somewhat greater advantages in dealing with new economic developments. And internationally, it re-entered the foreign exchange market after an absence of 30 years when it became convinced that open market operations in foreign exchange were needed to deal with new problems.

The battle against our international payments deficit produced relatively satisfactory results during the third quarter. But we cannot be sure that this progress will prove lasting. Some factors that explain the relatively small size of the deficit in recent months have been clearly temporary. And even if we succeed in maintaining the deficit at the third-quarter rate, we will still have a long way to go before achieving equilibrium. We have become prematurely optimistic before, as in early 1961 and again in early 1962, when it looked for a while as if we had been successful in reducing the payments deficit to tolerable levels. We should not make the same mistake again. This is not the time to relax our efforts.

As there are others far more able to speak for the government itself, I have sought deliberately in this paper to confine myself to monetary policy and operations —and principally, in recognition of the interest we have in international matters, to the impact of monetary policy and operations upon the balance of payments.

In so doing, I have been mindful, as I am sure others have, that even the best efforts and wisest decisions of the Federal Reserve System could not alone insure the integrity of the dollar. In this, as in other matters, help is needed.

President Johnson's message has given us the assurance that we shall continue to get that help from the government. But we must also get help from the economy, from both labor and management. And we must get it not only when our actions are popular, but also, and more urgently, when they are not.

***An address by Mr. Martin at the Annual United States Council, International Chamber of Commerce Meeting, New York City, Dec. 9, 1963.**

# Keis To Acquire N. Y. S. E. Membership

DALLAS, Texas — Effective Dec. 26, Thomas C. Keis will acquire the New York Stock Exchange membership of John H. Rauscher, President of Rauscher, Pierce & Co., Inc., Mercantile Dallas Bldg., members of the New York and Midwest Stock Exchanges and will become a director of the corporation. Mr. Keis is manager of the trading department of the firm's Houston office, First City National Bank Building.

# Parsons Reetz Inc. N. Y. S. E. Firm Forming

Effective Jan. 2nd, Parsons-Reetz, Inc., members of the New York Stock Exchange, will be formed with offices at 17 Battery Place, New York City. Officers will be John H. Reetz, president; Howard P. Frey, executive vice-president; Jack N. Wilentz, member of the Exchange, secretary; and Lindsey Parsons, treasurer.

# Current Appraisal of the Auto and Related Industries

*Continued from page 3*

ever, I think buyer preference had a hand in these shifts as well. These changes in market share are, of course, relatively small—the industry is due for a major model changeover with the 1965 models due next fall, when changes could be more significant.

At the moment I won't enter the debate on the size of the auto market next year except to say that to me, the clues indicate a continuing high level of auto sales. But, I think it might be interesting to calculate what the auto companies could earn under favorable and unfavorable assumptions. For a favorable assumption, I will use a figure for U. S. car production of eight million units and for a bad year I will use production of six million. These figures are in terms of domestic car production. Actual production in 1961 was 5.5 million; in 1962, 6.9 million; and 1963 will wind up at about 7.6 million. Under these assumptions, using this year's share of production, GM would earn roughly \$6-\$6.25 in a good year and \$4 per share in a bad year.

For Ford, the same assumptions work out to a little above \$5 per share in a good year and \$3 per share or somewhat better depending on the level of foreign earnings in a bad year. The figures for Chrysler are \$9.50-\$10 per share and \$4.75 per share, and for American Motors about \$2.40-\$2.50 per share and \$1.50 per share.

On the companies specifically, American Motors, the "wonder stock" of 1958 and 1959, has fallen on somewhat less prosperous days because of stiff competition from "big three" compact cars and a trend away from the "economy car" on which the company originally built its image. Let me make it clear that I think the compact car has a secure place in the model lineup. Basically the trend is toward richer cars in all sizes. My guess is that because of slightly lower market penetration and a somewhat leaner model mix (because of the success of the remodeled lower-priced "American") AMO's earnings in the current fiscal year ending September 30, 1964 will be lower than for the year recently ended when earnings were \$2.01 per share. My guess for fiscal 1964 is \$1.90-\$2.00 per share. So I don't think the stock is a particularly interesting short-term speculation at current levels. However, the downside risk is limited by the 5¼% yield on the well-covered \$1 dividend. I should point out that some published trade sources indicate that AMO's 1965 models will be extensively restyled and that some models will increase 12 inches in overall length.

Chrysler is a wonder stock of more recent vintage, and I'm not at all convinced that we have seen the last of the good news from the company. I estimate 1963 earnings at \$8.50 per share or a little better on the 18 million shares currently outstanding compared with earnings of \$3.62 in 1962. Earnings, at least in the early part of next year, could run at the same annual rate as 1963, before making allowance for possible benefits from a reduction in the corporate tax rate. Chrysler's dealer organization is growing and its market penetration is up from a year ago. Another dividend increase is possible during 1964. So I think that the stock continues to have a worthwhile short-to-intermediate term potential. To forestall some specific questions: I think that the accounts of Simca will be consolidated for calendar 1963, but that the earnings effect won't be significant; that the gas turbine car might be five years or more away from commercial production; total Chrysler car sales to fleets and leasing operations are increasing but that the volume is still quite small in relation to total; and that no sharp earnings changes seem to be in prospect for Chrysler's non-automotive activities.

Ford is in the interesting position of being an \$8 billion company that is half the size of the largest factor in the industry. It's an aggressive company that is trying to regain the market share lost because of some styling mistakes in passenger cars over the last few years and is also branching out into other fields as well. At current levels the stock is selling at about 11 times this year's earnings which I estimate at \$4.50 per share, up from \$4.36 in 1962. Although Ford's dividend payout ratio has typically been lower than GM's, an increase in the \$1.80 annual dividend is still a possibility. I get a lot of questions about Ford's Philco subsidiary even though it accounts for only about 5% of sales. Philco lost money in the first nine months of the year and will probably be in the red for the year as a whole. However, the loss is smaller than a year ago, and the outlook is good for its breaking into the black eventually. I regard the Ford stock as a good medium for participation in the industry, especially for investment-oriented accounts; there is a short-to-intermediate term negative factor that should be mentioned, however, and that is the apparent decline in the company's penetration of the passenger car market since the introduction of the 1964 models. A 1964 earnings estimate is strictly guesswork at this time, but earnings next year might match the \$4.50 per share estimated for 1963.

### Underlying Upward Long Run Trend

GM is the ultimate quality situation in the group and it is difficult to take a negative attitude toward the stock on investment grounds despite the price appreciation that has already taken place. The company seems to have overtaken the U. S. Mint in making money. Net income after taxes this year will amount to more than \$1½ billion, or about \$5.50 per common share, of which almost three-quarters was paid out in dividends. GM rates a place in every diversified portfolio based on its improving industry position and climbing per-car profit. To my way of thinking, an investment in GM involves two kinds of risks which deserve analysis. First is the cyclical risk that is common to all automakers —the purchase of a new car can be easily postponed in a recession, and sales and earnings as well as stock prices of all automakers are subject to swings in the general level of business. However, those who make commitments on a long-term basis need not be unduly concerned with this risk because the underlying trend of the auto business shows every sign of continuing upward.

The second kind of risk in GM might be described as "political risk," a phenomenon that is unusual if not unique among U. S.-based companies. Because of its size and possibly because of its outstanding success, GM's auto business might be the victim of anti-trust-action by the Federal Government seeking to split the company into two or more competing entities. From a stockholder viewpoint, this risk is not an overriding consideration because of GM's management depth which could permit parts of the company to operate effectively as independent units. The "parts could be worth more than the whole."

Talking about splitting it up raises the question of a stock split by GM. I can't claim any special knowledge, but it remains a possibility. Earnings next year depend strictly on the level of production and sales—probably the ranges I gave earlier for GM's earnings in good and bad years should serve as guidelines, with emphasis on the upper part of the range. GM also might revise its dividend payout policy, possibly increasing the quarterly rate and reducing the so-called "special" and "year-end" dividends; but as to the total payout in 1964, I'd prefer not to stick my neck out—it would depend on the earnings prospects that I mentioned earlier.

### Parts Suppliers

I'd also like to mention a few of the parts suppliers and other vehicle companies I follow. Eaton Manufacturing is primarily an original equipment truck and auto parts supplier with a respectable if not particularly exciting earnings record. The merger with Yale & Towne, a fork-lift truck and builder's hardware manufacturer that is about a third the size of Eaton, has come at a favorable time for Eaton—Yale & Towne is having an excellent year, and profits of the combined company will be about \$3.25 per share in 1963, higher than earlier estimates, and better than last year's pro-forma figure of \$2.73 per share. This stock has been left behind in the market rise, probably because of concern about Eaton's highly competitive and cyclical parts business and the fact that the Yale & Towne merger is the largest Eaton has attempted and because of that might involve some "digestion" problems. The stock is selling at about 11 times this year's estimated earnings and yields 5% on the well protected dividend. I think that Eaton is interesting primarily because of the yield provided, but the stock could get some interest if the overall level of business continues to advance.

Borg-Warner is a diversified durable goods company that will have sales of a little less than \$700 million and earnings of about \$4.00 per share in 1963 compared with \$3.61 per share in 1962. The largest single part of Borg-Warner's business is original equipment auto parts, accounting for about 35-40% of sales this year. Norge appliances, air conditioning and building materials will account for 25-30% this year and the remainder is miscellaneous manufacturing. Borg-Warner sells at about 11 times earnings and the secure \$2.00 dividend yields about 4¼%. Like Eaton, Borg-Warner's earnings in 1964 could be somewhat above this year's, especially if the tax cut succeeds in stimulating the economy. Borg-Warner is essentially an investment in the cyclical durable goods sector of the economy, but that sector is showing signs of strength, and I would rate the stock as a strong hold at this point.

Fruehauf Corporation, which dropped "Trailer" from its corporate title earlier this year, is a quite speculative equity that has some interesting aspects. The company accounts for about 40% of the truck trailer industry and has a heavy stake in containerization. My guess is that 25% of Fruehauf's sales (which I estimate at roughly \$270 million this year) will represent sales of trailers or containers for "piggyback" or "fishyback" applications. The degree to which containerized trailers replace rather than supplement over-the-road trailers is pretty much conjectural at this point, so it's hard to see a containerization "boom" developing. Nevertheless, containerization certainly has interesting growth aspects. Offsetting that to some extent is the extremely cyclical nature of the trailer business. Because of this, Fruehauf's earnings and dividend performance have looked pretty unappealing during recessions. Operating earnings this year will be close to the \$2.29 per share of 1963, a capital gain already realized will bring full-year reported earnings to the area of \$2.40. An earnings gain is quite possible next year given improving business conditions. The stock is currently near the high end of its trading range but the price/earnings ratio is only about 12½, and the yield on the \$1.50 dividend is 5%. Barring a recession, speculative commitments in Fruehauf might work out satisfactorily.

Libbey-Owens-Ford Glass is a considerably more conservative company. It is the lowest-cost producer of automotive glass, which accounts for roughly 70% of sales, the remainder being glass for building applications. It supplies about 85% of GM's domestic glass requirements. This situation does have the drawback of making L. O. F. something of a "one customer" company. My guess is that sales to GM could account for more than half of total sales. Margins are very wide and finances are strong, but earnings will probably decline to the \$3.40-\$3.50 per share area from \$3.56 in 1962 despite a unit production increase by GM of about 8%. I think that L. O. F. is interesting here mainly because of the well-protected \$2.60 dividend, which yields about 5%. I should point out, however, that L. O. F. at the end of 1962 had cash and marketables seemingly in excess of current needs by about \$90 million, which could add interest to the stock if the cash were to be invested in a more aggressive manner.

White Motor is a major factor in the heavy duty truck business that now has a product mix reminiscent of International Harvester's, since it has acquired three marginal farm equipment producers and has been actively consolidating and realigning their operations. White's sales of about \$570 million this year will be about 40% commercial trucks, one-fourth farm equipment, and the remainder parts and service, military trucks and miscellaneous. White's share of the heavy duty truck market is now around 22-23% compared with more than 26% in 1958. The decline is probably accounted for by Ford's aggressive marketing in the heavy duty area. I believe White's desire to stabilize its market share and improve its margins in the heavy truck area account, at least partially, for the tentative merger agreement with Cummins Engine, a company which has built an excellent earnings record by its ability to stay "ahead of the pack" technically in building diesel engines. I think Cummins will have earnings near \$3.50 per share this year compared with \$2.86 per share last year. White should be able to earn at least \$2.65 per share in 1963, compared with \$2.09 per share in 1962. Pro-forma, the combined company's earnings under the preliminary terms of the merger, will probably be in the \$2.50 per share area for White shareholders this year. With internal improvements and better commercial truck volume, 1964 earnings for White could show a further increase in 1964.

The sales and earnings of both companies are subject to cyclical influences, but I would rate the stock of the combined company at least a good hold for representation in the truck and farm equipment group.

*An address by Mr. Healy at a meeting of the Customers Brokers Association held at the New York Society of Security Analysts, New York City, Dec. 12.

# Brandi Named for March of Dimes

Frederic H. Brandi, Chairman and Chief Executive Officer of Dillon, Read & Company, Inc., has been named Chairman of the Securities Division for the 1964 March of Dimes campaign in New York City, it was announced by Samuel H. Woolley, general chairman.

Frederic H. Brandl

As Securities Division chairman, Mr. Brandi will coordinate activities for the March of Dimes among securities business employers and employes.

Mr. Brandi is Chairman and trustee of Beckman-Downtown Hospital, and among his business affiliations are the following: Director and executive committee member of Anchor-Hocking Glass Corp., Colgate-Palmolive Co., Interchemical Corp., and The National Cash Register Co.; director of American-South African Investment Co., Ltd., and C.I.T. Financial Corp.

Funds raised by the 1964 March of Dimes will be used to help support 70 patient care centers around the country, including the Birth Defects Center of The New York Hospital. It will also help defray the cost of an accelerated research program which in New York City alone this year has meant an expenditure of more than \$650,000, and help pay medical and other bills for patient care which has amounted in this city to more than \$240,000 this year.

# NASD Elects Governors And District Committeemen

Seven new governors have been elected to the board of the National Association of Securities Dealers, replacing an equal number whose terms of office are expiring. In addition, the 13 individual NASD districts have elected a total of 44 new district committeemen. Both governors and district committeemen will begin three-year terms in January.

The governors are:


Robert C. Hill


Julian L. Gumbiner


William C. Porter


Gordon Bent


Julian A. Kiser


Will J. Price


Allan C. Eustis, Jr.

Robert C. Hill, Executive Vice-President, Hill, Richards & Co., Los Angeles; Julian L. Gumbiner, Executive Vice-President, Stern Brothers & Co., Kansas City, Mo; William C. Porter, President, Dittmar & Co., San Antonio, Texas; Gordon Bent, partner, Bacon, Whipple & Co., Chicago; Julian A. Kiser, Chairman, Kiser, Cohn & Shumaker, Inc., Indianapolis; W. James Price, partner, Alex. Brown & Sons, Baltimore; and Allan C. Eustis, Jr., partner, Spencer Trask & Co.

The committeemen by district:

District No. 1 (Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota and Washington) A. Sherman Ellsworth of Wm. P. Harper & Son & Co., and John I. Rhode of John R. Lewis, Inc., both of Seattle; and Lloyd E. Legg of the Pacific Northwest Co., and Kurt H. Olsen of Harris, Upham & Co., both of Portland.

District No. 2 (California, Nevada and Hawaii) Kenneth H. Sayre of Irving Lundborg & Co., and Lawrence R. Johnson of Elworthy & Co., both of San Francisco; Peter J. Eichler of Bateman, Eichler & Co., and Robert C. Crary of J. Barth & Co., both of Los Angeles.

District No. 3 (Arizona, Colorado, New Mexico, Utah and Wyoming) Maurice O. O'Neill of Walston & Co., Phoenix; Robert L. Mitton of Robert L. Mitten, Denver; and Robert P. Woolley of Robert P. Woolley Co., Salt Lake City.

District No. 4 (Kansas, Missouri, Nebraska and Oklahoma) Daniel S. Bracken of Waddell & Reed, Inc., Kansas City, Mo.; Glenn L. Milburn of Milburn, Cochran & Co., Wichita; and Rolla J. Gittins of Dempsey-Tegeler & Co., St. Louis, Mo.

District No. 5 (Alabama, Arkansas, Louisiana, Mississippi and a part of Tennessee) Vernon J. Giss of Stephens, Inc., Little Rock; and John O. Kroeze of Kroeze, McLarty & Duddleston, Jackson.

District No. 6 (Texas) Lewis Hart of Funk, Hobbs & Hart, Inc., San Antonio; Henry M. Beissner of Monroney, Beissner & Co., Houston; and Martin Kern of S. E. Freese & Co., El Paso.

District No. 7 (Florida, Georgia, South Carolina and a part of Tennessee) J. Coleman Budd of The Robinson-Humphrey Co., Atlanta; and Jack M. Bass of Jack M. Bass & Co., Nashville.

District No. 8 (Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin) Robert E. Westervelt of Bell & Farrell, Inc., Madison; J. Robert Doyle of Doyle, O'Connor & Co., Chicago; John D. MacNaughton, Jr. of MacNaughton-Greenawalt & Co., Grand Rapids; and Herbert Schollenberger of Campbell, McCarty & Co., Detroit.

District No. 9 (Kentucky & Ohio) Adrian Karman of Grant-Brownell & Co., Dayton, Leo Kelly of Bache and Co., and Jack R. Staples of Fulton, Reid & Co., both of Cleveland.

District No. 10 (District of Columbia, Maryland, North Carolina and Virginia) John S. R. Schoenfeld of Ferris & Co., Washington; Robert J. Powell, Jr., of Powell, Kistler & Co., Fayetteville; and Truman T. Semans of Robert Garrett & Sons, Baltimore.

District No. 11 (Delaware, Pennsylvania, West Virginia and a part of New Jersey) Richard O. Whayland of A. E. Masten & Co., and J. Mabon Childs of Chaplin, McGuiness & Co., both of Pittsburgh; William Z. Suplee of Suplee, Yeatman, Mosely & Co., and Samuel K. McConnell, Jr., of Woodcock, Moyer, Fricke & French, Inc., both of Philadelphia.

District No. 12 (Connecticut, New York and a part of New Jersey) John D. Ohlandt of New York Hanseatic Corp., John Brick of Paine, Webber, Jackson & Curtis, Orin T. Leach of Estabrook & Co., J. Raymond Smith of Weeden & Co., and Gilbert J. Wehmann of White, Weld & Co., all of New York; and H. Peter Schaub, Jr., of Harry P. Schaub, Inc., Newark.

District No. 13 (Maine, Massachusetts, New Hampshire, Rhode Island and Vermont) Joseph Gannon of May & Gannon, Inc., and Dudley H. Bradlee, II, both of Boston; and Gilbert M. Elliott, Jr., of the State Investment Co., Portland.

# New Style for Registered Bonds

The "compact" vogue has come to the bond market with the approval of a new style of registered bond for trading on the New York Stock Exchange.

The new format will permit reduction in the size of registered bonds and eliminate the need for the certificate to be engraved on the back as well as the front. The change has been approved by the Exchange's Board of Governors.

As a result, registered bonds may be reduced from about 10 by 15 inches to 8 by 12 inches—the standard size for stock certificates. This will facilitate the issuance, handling and storing of the certificates, the Exchange noted.

The change in engraving requirements for registered bonds is the second step taken by the Exchange in recent months to facilitate trading in bonds of this type. Last September, the Exchange changed its rules to provide a single market for both coupon and registered bonds. Registered bonds are like stock certificates, with the record holder's name on the bond. The issuer maintains a record of holders, and mails the holder checks when interest is paid.

In the past, the Exchange has normally traded in the more widely used bearer, or coupon, bonds. These are not registered in holders' names, and holders must clip and submit coupons attached to the certificate to receive interest payments. Registered bonds have had to be exchanged for coupon bonds prior to delivery or sold in a special transaction, generally at a discount from the regular market. Under the new system, bond trades on the Exchange may be settled by delivery of either coupon or registered bonds, where the issuer provides engraved interchangeable bonds which are readily transferred and exchanged without charge.

Under the new rules, the face of registered bonds would be engraved in accordance with previous Exchange requirements. These rules, designed to provide safeguards against counterfeiters, require that the face of certificates be printed from two engraved plates; one plate for the color printing of the border and the underlying tint, and the second plate for the printing in black of the vignette, title and description portion of the security. The new rules applying to the smaller bonds permit the specific provisions of the bond to be surface printed on the reverse instead of on the face.

The old engraving requirements called for the back of the bond to be engraved as well as the front. This requirement stems from the practice of folding these large documents, either once or twice, to simplify handling and storing. Consequently, this requires the printing of a filing panel on the back, containing the name of the company, bond title, denomination, and bond number, in order to identify the bond when folded.

# Eastman Dillon Installs H-800

One of Wall Street's leading brokerage firms has installed a large-scale Honeywell computer that will, in the next few months, be put to such tasks as portfolio analysis, full margining, municipal bond upgrading, and financial research.

Eastman Dillon, Union Securities & Company, 1 Chase Manhattan Plaza, New York City, has begun transferring securities-holder files, stock records, bookkeeping and the preparation of monthly customer statements from a punched-card system to a large-scale Honeywell 800 electronic data processing system. The $1-million H-800 will be used initially to verify each trade and to maintain customer-security and pending settlement master files.

Eastman Dillon also expects to use the computer for real-time data communications between The New York Stock Exchange, the firm's New York headquarters, and its branch offices around the country.

It is planned in time that branch offices will be able to transmit buy and sell orders directly into the H-800 via commercial telephone or teleprinter networks. The computer would then switch the order directly to the floor of the Exchange and, when the transaction had been completed, make confirmation back through the same network to the originating office. At the same time, the computer would have a complete record of the transaction and be able to use the information as input to the various bookkeeping and analysis systems.

# Newburger, Loeb To Admit Schnall

Julius S. Schnall will become a partner in Newburger, Loeb & Co., 5 Hanover Square, New York City, members of the New York Stock Exchange, effective Jan. 1st.

# Prescott & Co. Will Admit Two

CLEVELAND, Ohio — On Jan. 1, Donald C. Artman and Emile A. Legros, Jr. will become partners in Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

## Form Aton-Farmer Corp.

SACRAMENTO, Calif. — Aton-Farmer Corporation has been formed with offices at 2129 Hacienda Way to engage in a securities business. Officers are William E. Aton, president; M. V. Aton, vice-president; and Roy A. Farmer, secretary and treasurer.

# Heads Div. in Fund Campaign

Arthur J. Quinn, Executive Vice-President of the New York Bank For Savings, has been appointed co-chairman of the savings banks division for the 1963 fund-raising drive of Visiting Nurse Service of New York. The announcement was made by Bernhard M. Auer, publisher of *Time* magazine and general chairman of the fund-raising campaign of the 70-year-old nursing service agency.


Arthur J. Quinn

Visiting Nurse Service of New York volunteer fund raisers are organizing to attain a 1963 campaign goal of $675,000 to help support the part-time home nursing care program. Staff nurses make an average of 5,600 calls per week in Manhattan, the Bronx and Queens. Since only 6% of their visits are fully paid for by patients, campaign funds will be used to provide care for all who need it, regardless of race, creed or ability to pay.

# Piper, Jaffray to Admit Partners

MINNEAPOLIS, Minn. — Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York and Midwest Stock Exchanges, on Jan. 1st will admit Drew C. Simonson and N. Woodrow Johnson to partnership.

# Erdman Co. to Admit Partners

Erdman & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1st will admit William H. Erdman and Thomas J. Simmons to partnership.

# Sanford Names Kall Sales Mgr.

SAN FRANCISCO, Calif. — J. David Kall has been appointed sales manager of Sanford & Co., President Laurence Sanford announced.

Mr. Kall formerly was an account executive with the San Francisco offices of Glore, Forgan & Co. and Dean Witter & Co.

Sanford & Co., is a securities firm specializing in life insurance stocks, in addition to conducting a general brokerage business. The firm has offices at 233 Sansome Street.

## Named Branch Mgr.

PROVIDENCE, R. I.—Robert F. Donahue has been appointed manager of the Providence office of C. B. Richard & Co., 57 Eddy St.

Mr. Donahue, who is believed to be the first to pass the Exchange's new Branch Office Manager examination, has previously been with Dean Witter & Co. and McDonnell & Co., Inc.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | Date | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Steel ingots and castings (net tons) | Dec. 14 | 2,037,000 | 2,042,000 | 1,979,000 | 1,832,000 |
| Index of production based on average weekly production for 1957-1959 | Dec. 14 | 109.3 | 109.6 | 106.2 | 98.3 |
| Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960 | Dec. 14 | 0.665 | 0.665 | 0.654 | (a) |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Dec. 6 | 7,596,510 | 7,557,610 | 7,568,110 | 7,346,810 |
| Crude runs to stills—daily average (bbls.) | Dec. 6 | 8,654,000 | *8,761,000 | 8,476,000 | 8,401,000 |
| Gasoline output (bbls.) | Dec. 6 | 32,692,000 | 31,689,000 | 30,439,000 | 30,894,000 |
| Kerosene output (bbls.) | Dec. 6 | 3,662,000 | 3,226,000 | 3,445,000 | 3,244,000 |
| Distillate fuel oil output (bbls.) | Dec. 6 | 13,851,000 | 14,590,000 | 14,116,000 | 14,202,000 |
| Residual fuel oil output (bbls.) | Dec. 6 | 5,010,000 | 5,258,000 | 4,592,000 | 5,407,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished gasoline (bbls.) at | Dec. 6 | 181,111,000 | *179,886,000 | 177,432,000 | 181,747,000 |
| Kerosene (bbls.) at | Dec. 6 | 38,330,000 | 38,173,000 | 37,832,000 | 35,094,000 |
| Distillate fuel oil (bbls.) at | Dec. 6 | 187,503,000 | 190,965,000 | 189,033,000 | 166,401,000 |
| Residual fuel oil (bbls.) at | Dec. 6 | 49,723,000 | 51,510,000 | 52,424,000 | 51,919,000 |
| Unfinished oils (bbls.) at | Dec. 6 | 86,275,000 | 86,795,000 | 85,772,000 | 86,632,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Dec. 7 | 558,180 | 466,764 | 594,781 | 537,341 |
| Revenue freight received from connections (no. of cars) | Dec. 7 | 472,086 | 472,283 | 521,299 | 506,419 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Dec. 7 | 9,585,000 | 6,925,000 | 9,650,000 | 7,802,000 |
| Pennsylvania anthracite (tons) | Dec. 7 | 433,000 | 259,000 | 359,000 | 406,000 |
| **CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):** | | | | | |
| Total advance planning by ownership | Dec. 12 | $604,700 | $488,100 | $1,212,100 | $754,900 |
| Private | Dec. 12 | 271,400 | 177,100 | 420,000 | 441,500 |
| Public | Dec. 12 | 333,300 | 311,000 | 792,100 | 313,400 |
| State and Municipal | Dec. 12 | 182,000 | 274,400 | 780,700 | 139,700 |
| Federal | Dec. 12 | 151,300 | 36,600 | 11,400 | 173,700 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100** | Dec. 7 | 231 | *127 | 132 | 213 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Dec. 14 | 18,993,000 | 18,427,000 | 17,637,000 | 18,009,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Dec. 12 | 257 | 265 | 270 | 252 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Dec. 9 | 6.368c | 6.368c | 6.368c | 6.196c |
| Pig iron (per gross ton) | Dec. 9 | $63.11 | $63.11 | $63.11 | $66.33 |
| Scrap steel (per gross ton) | Dec. 9 | $27.17 | $26.50 | $26.50 | $25.50 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Dec. 13 | 30.600c | 30.600c | 30.600c | 30.600c |
| Export refinery at | Dec. 13 | 28.600c | 28.525c | 28.400c | 28.475c |
| Lead (New York) at | Dec. 13 | 12.500c | 12.500c | 12.000c | 10.000c |
| Lead (St. Louis) at | Dec. 13 | 12.300c | 12.300c | 11.800c | 9.800c |
| ‡Zinc (delivered at) | Dec. 13 | 13.500c | 13.500c | 13.000c | 12.000c |
| Zinc (East St. Louis) at | Dec. 13 | 13.000c | 13.000c | 12.500c | 11.500c |
| Aluminum (primary pig, 99.5%) at | Dec. 13 | 23.000c | 23.000c | 23.000c | 22.500c |
| Straits tin (New York) at | Dec. 13 | 128.250c | 129.875c | 126.625c | 110.750c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Dec. 17 | 88.59 | 88.89 | 88.65 | 90.21 |
| Average corporate | Dec. 17 | 88.13 | 88.27 | 88.27 | 88.54 |
| Aaa | Dec. 17 | 90.91 | 91.19 | 91.19 | 92.50 |
| Aa | Dec. 17 | 89.37 | 89.51 | 89.64 | 90.48 |
| A | Dec. 17 | 88.13 | 88.27 | 88.40 | 88.27 |
| Baa | Dec. 17 | 84.17 | 84.17 | 84.30 | 83.28 |
| Railroad Group | Dec. 17 | 86.24 | 86.51 | 86.38 | 85.33 |
| Public Utilities Group | Dec. 17 | 88.81 | 88.95 | 89.51 | 90.06 |
| Industrials Group | Dec. 17 | 89.23 | 89.23 | 89.23 | 90.20 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Dec. 17 | 4.06 | 4.01 | 4.04 | 3.70 |
| Average corporate | Dec. 17 | 4.55 | 4.54 | 4.54 | 4.52 |
| Aaa | Dec. 17 | 4.35 | 4.33 | 4.33 | 4.24 |
| Aa | Dec. 17 | 4.46 | 4.45 | 4.44 | 4.38 |
| A | Dec. 17 | 4.55 | 4.54 | 4.53 | 4.54 |
| Baa | Dec. 17 | 4.85 | 4.85 | 4.84 | 4.92 |
| Railroad Group | Dec. 17 | 4.69 | 4.67 | 4.68 | 4.76 |
| Public Utilities Group | Dec. 17 | 4.50 | 4.49 | 4.45 | 4.41 |
| Industrials Group | Dec. 17 | 4.47 | 4.47 | 4.47 | 4.40 |
| **MOODY'S COMMODITY INDEX** | Dec. 17 | 370.4 | 371.1 | 372.5 | 370.0 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Dec. 7 | 340,670 | 321,901 | 388,150 | 362,148 |
| Production (tons) | Dec. 7 | 344,596 | 354,825 | 381,416 | 354,714 |
| Percentage of activity | Dec. 7 | 89 | 93 | 99 | 96 |
| Unfilled orders (tons) at end of period | Dec. 7 | 539,376 | 545,450 | 622,632 | 456,670 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100** | Dec. 13 | 99.66 | *99.62 | 90.63 | 98.86 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Nov. 22 | 3,855,410 | 3,017,580 | 4,253,040 | 2,570,100 |
| Short sales | Nov. 22 | 625,370 | 574,670 | 781,950 | 573,760 |
| Other sales | Nov. 22 | 3,266,150 | 2,511,400 | 3,344,870 | 1,878,670 |
| Total sales | Nov. 22 | 3,891,520 | 3,086,070 | 4,126,820 | 2,452,430 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Nov. 22 | 690,610 | 607,100 | 973,060 | 573,980 |
| Short sales | Nov. 22 | 60,200 | 47,200 | 150,000 | 106,600 |
| Other sales | Nov. 22 | 761,820 | 646,950 | 893,420 | 440,160 |
| Total sales | Nov. 22 | 822,020 | 694,150 | 1,043,420 | 546,760 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Nov. 22 | 1,359,047 | 1,177,196 | 1,620,900 | 1,080,355 |
| Short sales | Nov. 22 | 213,950 | 179,760 | 257,060 | 129,615 |
| Other sales | Nov. 22 | 1,324,500 | 1,094,844 | 1,421,910 | 809,834 |
| Total sales | Nov. 22 | 1,538,450 | 1,274,604 | 1,678,970 | 939,449 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Nov. 22 | 5,905,067 | 4,801,876 | 6,847,000 | 4,224,435 |
| Short sales | Nov. 22 | 899,520 | 801,630 | 1,189,010 | 809,975 |
| Other sales | Nov. 22 | 5,352,470 | 4,253,194 | 5,660,200 | 3,128,664 |
| Total sales | Nov. 22 | 6,251,990 | 5,054,824 | 6,849,210 | 3,938,639 |
| **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. 22 | 2,148,334 | 1,623,303 | 2,041,158 | 1,240,210 |
| Dollar value | Nov. 22 | $158,462,462 | $98,302,940 | $130,216,206 | $58,445,650 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—customers' total sales | Nov. 22 | 2,164,807 | 1,866,377 | 2,354,689 | 1,564,527 |
| Customers' short sales | Nov. 22 | 36,786 | 28,796 | 29,408 | 24,599 |
| Customers' other sales | Nov. 22 | 2,128,021 | 1,837,581 | 2,325,281 | 1,539,928 |
| Dollar value | Nov. 22 | $129,059,781 | $97,550,036 | $131,841,612 | $69,581,830 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Nov. 22 | 769,780 | 655,240 | 870,790 | 591,270 |
| Short sales | Nov. 22 | ------ | ------ | ------ | ------ |
| Other sales | Nov. 22 | 769,780 | 655,240 | 870,790 | 591,270 |
| Round-lot purchases by dealers—Number of shares | Nov. 22 | 301,160 | 411,390 | 540,590 | 285,250 |
| **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. 22 | 1,276,300 | 1,135,490 | 1,640,900 | 1,215,700 |
| Other sales | Nov. 22 | 26,047,970 | 22,017,980 | 28,992,430 | 18,072,590 |
| Total sales | Nov. 22 | 27,324,270 | 23,153,470 | 30,633,330 | 19,288,290 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Dec. 10 | 100.1 | 100.1 | 100.6 | 100.4 |
| Farm products | Dec. 10 | 92.6 | *93.0 | 96.1 | 97.5 |
| Processed foods | Dec. 10 | 101.0 | *101.1 | 102.2 | 101.0 |
| Meats | Dec. 10 | 88.3 | *87.6 | 90.2 | 98.5 |
| All commodities other than farm and foods | Dec. 10 | 100.9 | 100.9 | 100.8 | 100.7 |

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

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **AMERICAN ZINC INSTITUTE, INC.**—Month of November: | | | |
| Slab zinc smelter output all grades (tons of 2,000 pounds) | 84,641 | 84,093 | 76,192 |
| Shipments (tons of 2,000 pounds) | 88,380 | 85,552 | 81,489 |
| Stocks at end of period (tons) | 50,158 | 53,158 | 154,151 |
| **CONSUMER PRICE INDEX — 1957-59=100—** Month of October: | | | |
| All items | 107.2 | 107.1 | 106.0 |
| Food | 104.9 | 105.4 | 104.3 |
| Food at home | 103.2 | 103.8 | 102.9 |
| Cereal and bakery products | 109.1 | 109.1 | 108.0 |
| Meat, poultry and fish | 100.4 | 101.5 | 104.1 |
| Dairy products | 104.6 | 104.3 | 104.3 |
| Fruits and vegetables | 106.3 | 108.1 | 102.0 |
| Other food at home | 99.6 | 99.5 | 96.1 |
| Food away from home (Jan., 1958=100) | 114.0 | 113.6 | 111.8 |
| Housing | 106.3 | 106.2 | 105.0 |
| Rent | 107.1 | 107.0 | 106.1 |
| Gas and electricity | 108.1 | 108.0 | 108.0 |
| Solid fuels and fuel oil | 104.5 | 103.7 | 102.4 |
| Housefurnishings | 98.7 | 98.6 | 98.8 |
| Household operation | 110.5 | 110.7 | 107.6 |
| Apparel | 105.4 | 104.8 | 104.9 |
| Men's and boys' | 105.7 | 105.2 | 104.2 |
| Women's and girls' | 103.5 | 102.5 | 104.0 |
| Footwear | 110.9 | 110.7 | 109.6 |
| Other apparel | 101.8 | 101.4 | 101.6 |
| Transportation | 109.0 | 107.9 | 108.1 |
| Private | 107.7 | 106.5 | 106.9 |
| Public | 117.6 | 117.1 | 116.0 |
| Medical care | 117.4 | 117.2 | 114.9 |
| Personal care | 108.4 | 108.2 | 106.9 |
| Reading and recreation | 112.7 | 112.3 | 109.5 |
| Other goods and services | 108.2 | 108.0 | 105.6 |
| **COPPER INSTITUTE** — For month of Nov.: | | | |
| Copper production in U. S. A.— | | | |
| Crude (tons of 2,000 pounds) | 111,489 | *130,460 | 115,163 |
| Refined (tons of 2,000 pounds) | 143,362 | 147,175 | 137,975 |
| Delivered to fabricators— | | | |
| In U. S. A. (tons of 2,000 pounds) | 129,859 | 129,201 | 129,071 |
| Refined copper stocks at end of period (tons of 2,000 pounds) | 87,659 | 87,581 | 116,465 |
| **COTTON GINNING (DEPT. OF COMMERCE):** | | | |
| As of Dec. 1, running bales | 15,548,000 | 15,322,000 | 14,864,180 |
| **COTTON PRODUCTION (DEPT. OF COMMERCE):** | | | |
| 500-lb. gross bales, as of Dec. 1 | 12,834,500 | ------ | 12,045,300 |
| **LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE**—Month of August: | | | |
| Death benefits | $343,800,000 | $352,300,000 | $318,800,000 |
| Matured endowments | 64,700,000 | 63,900,000 | 54,600,000 |
| Disability payments | 12,700,000 | 13,500,000 | 12,500,000 |
| Annuity payments | 62,300,000 | 80,300,000 | 61,700,000 |
| Surrender values | 154,100,000 | 150,100,000 | 142,900,000 |
| Policy dividends | 143,000,000 | 138,200,000 | 148,700,000 |
| Total | $780,600,000 | $798,300,000 | $739,200,000 |
| **MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS**—Month of November: | | | |
| Industrials (125) | 3.23 | 3.03 | 3.45 |
| Railroads (25) | 4.46 | 4.57 | 5.03 |
| Utilities (not incl. Amer. Tel. & Tel. [24]) | 3.29 | 3.22 | 3.29 |
| Banks (15) | 3.25 | 3.08 | 3.36 |
| Insurance (10) | 2.61 | 2.52 | 2.44 |
| Average (200) | 3.21 | 3.03 | 3.41 |
| **REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD**—Month of Sept. (000's omitted): | | | |
| Savings and loan associations | $1,442,297 | $1,611,403 | $1,284,739 |
| Insurance companies | 115,653 | 122,599 | 104,219 |
| Banks and trust companies | 548,416 | 611,882 | 475,863 |
| Mutual savings banks | 190,170 | 212,354 | 182,916 |
| Individuals | 285,122 | 316,802 | 273,207 |
| Miscellaneous lending institutions | 596,971 | 650,178 | 540,000 |
| Total | $3,176,629 | $3,525,218 | $2,860,944 |
| **RUBBER MANUFACTURING ASSOCIATION, INC.**—Month of October: | | | |
| Passenger & Motorcycle Tires (Number of)— | | | |
| Shipments | 12,248,122 | 9,806,202 | 11,333,418 |
| Production | 11,812,967 | 9,202,279 | 11,298,512 |
| Inventory | 23,826,524 | 24,145,132 | 22,707,929 |
| Tractor Implement Tires (Number of)— | | | |
| Shipments | 327,215 | 256,730 | 308,959 |
| Production | 321,445 | 246,878 | 327,678 |
| Inventory | 1,036,501 | 1,040,499 | 1,012,975 |
| Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)— | | | |
| Shipments | 3,506,207 | 3,114,871 | 3,534,267 |
| Production | 3,407,609 | 2,859,568 | 3,881,367 |
| Inventory | 9,154,661 | 9,180,470 | 9,289,787 |
| Tread Rubber (Camelback)— | | | |
| Shipments (pounds) | 54,959,000 | 47,284,000 | 52,775,000 |
| Production (pounds) | 52,362,000 | 46,671,000 | 50,667,000 |
| Inventory (pounds) | 13,411,000 | 16,269,000 | 13,692,000 |
| Truck and Bus Tires (Number of)— | | | |
| Shipments (pounds) | 1,772,422 | 1,425,305 | 1,709,652 |
| Production | 1,656,331 | 1,337,761 | 1,557,447 |
| Inventory | 3,642,341 | 3,743,397 | 3,342,564 |
| **TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.**—Month of November: | | | |
| Net sales | ------ | ------ | $25,350,000 |
| Net purchases | $436,732,500 | $345,665,650 | ------ |
| **U. S. GOVT. STATUTORY DEBT LIMITATION** As of Nov. 29 (000's omitted): | | | |
| Total face amount that may be outstanding at any time | $309,000,000 | $309,000,000 | $308,000,000 |
| Outstanding— | | | |
| Total gross public debt | 308,214,711 | 306,442,143 | 305,390,198 |
| Guaranteed obligations not owned by the Treasury | 717,793 | 705,006 | 502,765 |
| Total gross public debt & guaranteed obligations | $308,932,504 | $307,147,152 | $305,892,963 |
| Deduct—Other outstanding public debt obligations not subject to debt limitation | 365,486 | 365,819 | 371,956 |
| Grand total outstanding | $308,567,018 | $306,781,332 | $305,521,007 |
| Balance face amount of obligations issuable under above authority | 432,981 | 2,218,667 | 2,478,992 |
| **UNITED STATES GROSS DEBT DIRECT AND GUARANTEED**—(000's omitted): | | | |
| As of Nov. 29 | $308,932,504 | $307,147,152 | $305,892,963 |
| General funds balance | 5,270,111 | 4,510,389 | 7,108,709 |
| Net debt | $303,662,393 | $302,636,763 | $298,784,254 |
| Computed annual average | 3.476% | 3.460% | 3.288% |

# 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.

**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.

**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. (1/13-17)**
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. **Offering**—Expected in late January.

**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. (1/20-24)**
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.

**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 in early February.

**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.**
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). **Offering**—Expected sometime in January.

**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 (1/6-10)**
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**—Gondrezick Securities Corp., Boulder, Colo. **Offering**—Expected in early February.

**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.

**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.

**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.

**● Garan, Inc. (12/19)**
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.

**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. (1/20-24)**
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.

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## NEW ISSUE CALENDAR

**December 19 (Thursday)**

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

Lanvin-Charles of the Ritz, Inc. ____ Common
(Goldman, Sachs & Co. and White, Weld & Co.) 800,000 shares

Producers Finance Co. of Arizona ____ Debentures
(Resnes, Ely, Beck & Co., Phoenix) $300,000

**December 30 (Monday)**

Tilecast Corp. ____ Common
(Sheldon Securities Corp.) $172,000

**January 6 (Monday)**

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

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

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

Florida Citrus Industries Sunset Groves, Ltd. ____ Interests
(Street & Co., Inc.) $5,510,400

Ipco Hospital Supply Corp. ____ Common
(Bache & Co.) 200,000 shares

Israel American Diversified Fund, Inc. ____ Com.
(Israel Fund Distributors, Inc.) 550,000 shares

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

Livingston Oil Co. ____ Common
(Hayden, Stone & Co. and Shearson, Hammill & Co.) 950,002 shares

Northern Plastics Corp. ____ Common
(Shearson, Hammill & Co. and Loewi & Co., Inc.) 120,000 shares

Royal Business Funds Corp. ____ Common
(H. M. Frumkes & Co.) 130,000 shares

San Jose Water Works ____ Common
(Offering to stockholders—underwritten by Dean Witter & Co.) 90,000 shares

San Morcol Pipeline, Inc. ____ Units
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

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

**January 7 (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 11 a.m. EST) $130,000,000

Pan American World Airways, Inc. ____ Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $60,000,000

Underwriters National Assurance Co. ____ Cap. Shs.
(Offering to shareholders—underwritten by Paul D. Sheeline & Co.) 235,722 shares

**January 8 (Wednesday)**

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

General American Transportation Corp. ____ Equip. Trust Ctfs.
(Kuhn, Loeb & Co., Inc.) $40,000,000

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

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

**January 13 (Monday)**

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

Mott's Super Markets, Inc. ____ Common
(W. C. Langley & Co.) 100,000 shares

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

Republic Financial ____ Ben. Int.
(First Columbus Corp.) $400,000

**January 14 (Tuesday)**

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

Norfolk & Western RR. ____ Equip. Trust Ctfs.
(Bids 12 noon EST) $7,575,000

**January 15 (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

Transcontinental Gas Pipe Line Corp. ____ Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $40,000,000

**January 20 (Monday)**

Charvos-Carsen Corp. ____ Common
(Arnold, Wilkens & Co., Inc.) $550,000

International Milling Co., Inc. ____ Common
(Kidder, Peabody & Co.) 450,000 shares

Musicaro Brothers, Inc. ____ Common
(Fleetwood Securities Corp. of America) $300,000

Planning Research Corp. ____ Common
(Laird & Co. Corp.) 100,000 shares

Texas Power & Light Co. ____ Debentures
(Bids 11:30 a.m. EST) $15,000,000

**January 22 (Wednesday)**

Southern Pacific Co. ____ Equip. Trust Ctfs.
(Bids 12 noon EST) $8,000,000

**January 27 (Monday)**

Tubos de Acero de Mexico, S. A. ____ Debentures
(Kidder, Peabody & Co., Inc.) $7,500,000

Tubos de Acero de Mexico, S. A. ____ Units
(Kidder, Peabody & Co., Inc.) 125,000 units

**February 3 (Monday)**

Flxible Co. ____ Common
(Merrill, Turben & Co., Inc.) 150,000 shares

**February 25 (Tuesday)**

Southern California Edison Co. ____ Bonds
(Bids 8:30 a.m. PST) $60,000,000

**March 10 (Tuesday)**

Potomac Edison Co. ____ Bonds
(Bids 10 a.m. EST) $12,000,000

**March 18 (Wednesday)**

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

**March 25 (Wednesday)**

Florida Power & Light Co. ____ Bonds
(Bids to be received) $35,000,000

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**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.

● **Israel American Diversified Fund, Inc. (1/6-10)**
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).

**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 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. F. 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. (1/6-10)**
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.

**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. (12/23-27)**
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.**
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.

● **Life Insurance Co. of Kentucky (12/19)**
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.

**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.

**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.

**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. (1/13-17)**
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.

**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. (1/13-17)**
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. (1/6-10)**
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 February.

● **Opticks, Inc. (12/19)**
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.

**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.

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

**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 (12/23-27)**
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.**
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. (1/6-10)**
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.

● **San Jose Water Works (1/6)**
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 Pipline, Inc. (1/6)**
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).

**Selective Financial Corp.**
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds**—For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

**Southwestern Electric Service Co.**
Oct. 24, 1963 filed 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.

● **Tilecast Corp. (12/30-1/3)**
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.

**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.

● **Tubos de Acero de Mexico, S. A. (1/27-31)**
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.

● **Underwriters National Assurance Co. (1/7)**
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.

**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

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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. (1/6)**
Nov. 15, 1963 filed 125,000 common, of which 60,000 are to be offered by company and 65,000 by stockholders. **Price**—By amendment (max. $11). **Business**—Leasing of automobiles. **Proceeds**—For working capital. **Office**—1525 Franklin St., San Francisco. **Underwriter** — Birr, Wilson & Co., Inc., San Francisco.

**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.

## 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."***

**Bankers Trust Co.**
$100,000,000 of 4½% capital notes due Dec. 15, 1988 offered at par and accrued interest by Blyth & Co., Inc., New York. (Issue was exempted from SEC registration.)

**Great Southwest Corp.**
170,000 common offered at $18.50 per share by Glore, Forgan & Co., New York.

**Macco Realty Co.**
$4,000,000 of 6% convertible subordinated debentures due 1978 offered at par and accrued interest from Dec. 1, 1963 by Kidder, Peabody & Co., New York, and Mitchum, Jones & Templeton, Inc., Los Angeles.

**Midwestern Gas Transmission Co.**
104,656 common offered at $19 per share by First Southwest Co., Dallas.

**Sinclair Oil Corp.**
$150,000,000 of 4.60% sinking fund debentures due Dec. 15, 1988 offered at par and accrued interest by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

**Southeastern Mortgage Investors Trust**
922,890 shares of beneficial interest offered at $10 per share by Hodgdon & Co., Inc., Washington, D. C.

**Young Industries, Inc.**
100,000 class A common and warrants to purchase an additional 50,000 class A shares, offered by the company in units of 50 shares and warrants to purchase 25 shares, at $501.25 per unit without underwriting.

## Issues Filed With SEC This Week

★ **Bountiful Insurance Co.**
Dec. 17, 1963 filed 120,000 capital shares. **Price**—$10. **Business**—Company plans to write automobile insurance. **Proceeds**—For organizational expenses, etc. **Office**—255 California St., San Francisco. **Underwriter**—None.

★ **DCF Research Inc.**
Dec. 17, 1963 filed 100,000 common. **Price**—$5. **Business** — Company offers research consultation and testing services to the drug, cosmetic, food, chemical and related industries. **Proceeds** — For equipment, working capital, and other corporate purposes. **Office**—555 Madison Ave., New York. **Underwriter**—Myron A. Lomasney & Co., New York.

★ **E. & B. Casket Co., Inc.**
Dec. 5, 1963 ("Reg. A") 7,500 common, and 1,500 preferred. **Price**—For common, $10; for preferred, $100. **Business**—Production, sale and distribution of burial caskets and related products. **Proceeds**—For debt repayment and working capital. **Office** — 300 Sixth Ave., Beaver Falls, Pa. **Underwriter**—None.

★ **Flxible Co. (2/3-7)**
Dec. 12, 1963 filed 150,000 common, of which 105,000 will be sold by company and 45,000 by certain stockholders. **Price**—By amendment (max. $11.25). **Business**—Manufacturer of various types of buses, ambulances, and funeral cars. **Proceeds**—For debt repayment, advances to a subsidiary, and an acquisition. **Address**—Loudonville, Ohio. **Underwriter**—Merrill, Turben & Co., Inc., Cleveland.

★ **General American Transportation Corp. (1/8)**
Dec. 13, 1963 filed $40,000,000 of equipment trust certificates due July 15, 1984. **Price**—By amendment (max. $1,025). **Business**—Furnishing of specialized freight cars to railroads and shippers. **Proceeds**—To reimburse company's treasury for construction expenditures. **Office**—135 So. La Salle St., Chicago. **Underwriter**—Kuhn, Loeb & Co., Inc., New York.

★ **Godfrey Co.**
Dec. 4, 1963 ("Reg. A") 2,500 common. **Price**—At-the-market. **Business**—Distribution of food products in the Milwaukee area. **Proceeds**—For working capital. **Office**—4160 N. Port Washington Rd., Milwaukee. **Underwriter**—Taylor, Rogers & Tracy Inc., Chicago.

★ **Mineral Basin Mining Corp.**
Dec. 4, 1963 ("Reg. A") 50,000 common, of which 25,000 will be sold for company and 25,000 for a stockholder. **Price** — $1. **Business** — Mining, logging, lumbering and operation of a saw mill near Hyder, Alaska. **Proceeds**—For equipment, mining operations, and other corporate purposes. **Office**—1710 Hoge Bldg., Seattle. **Underwriter**—None.

★ **Mountain States Industries of South Dakota, Inc.**
Dec. 4, 1963 ("Reg. A") 10,000 common. **Price** — $10. **Business**—Construction and sale of prefabricated buildings. **Proceeds**—For equipment, and working capital. **Address**—Onida, S. D. **Underwriter**—None.

★ **New York Telephone Co. (1/7)**
Dec. 13, 1963 filed $130,000,000 of refunding mortgage bonds due Jan. 1, 2004. **Price**—By amendment. **Proceeds**—To repay bank loans, and for construction. **Office**—140 West St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. **Bids**—Jan. 7 (11 a.m. EST) in Room 1600, 140 West St., New York. **Information Meeting**—Jan. 2 (2:30 p.m. EST), same address.

★ **Province of Santa Fe, Republic of Argentina**
Dec. 17, 1963 filed $3,000,000 of 7% series C treasury bonds due July 31, 1968. **Price** — 92% of principal amount. **Proceeds**—For highway construction. **Underwriter**—None. **Transfer Agent**—Irving Trust Co., N. Y.

★ **Republic Financial (1/13-17)**
Dec. 12, 1963 filed 50,000 shares of beneficial interest. **Price**—$8. **Business**—Company plans to qualify as a real estate investment trust. **Proceeds**—For realty acquisitions. **Office**—52 East Gas St., Columbus, Ohio. **Underwriter**—First Columbus Corp., Columbus, Ohio.

★ **Ross Chapple Theatre Enterprises, Inc.**
Dec. 2, 1963 ("Reg. A") 60,000 common. **Price** — $5. **Business** — Promotion of live theatrical productions. **Proceeds**—For an acquisition, leasing or construction of theatres, working capital and other corporate purposes. **Office**—425 St. Paul Pl., Baltimore. **Underwriter**—None.

★ **Stansbury-Pioche Silver Mining Co.**
Dec. 5, 1963 ("Reg. A") 240,000 common. **Price** — $1.25. **Business**—Mining for silver, silica, limestone, etc., in the Pioche and Grantsville, Utah, area. **Proceeds**—For equipment, working capital, and other corporate purposes. **Office**—348 E. South Temple St., Salt Lake City. **Underwriter**—Brothers & Co., Inc., Salt Lake City.

★ **Transcontinental Gas Pipe Line Corp. (1/15)**
Dec. 13, 1963 filed $40,000,000 of first mortgage pipe line bonds due Jan. 1, 1984. **Price** — By amendment. **Business**—Transmission of natural gas. **Proceeds**—For loan repayment. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

★ **Wheaton Finance Co.**
Dec. 9, 1963 ("Reg. A") $50,000 of 8% debentures due 1968. **Price**—At par ($500). **Business**—A small loan company. **Proceeds** — For debt repayment. **Office** — 7896 Georgia Ave., Silver Spring, Md. **Underwriter**—None.



## 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.

**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.

★ **Central National Bank of Cleveland**
Dec. 17, 1963 it was reported that this bank plans to offer stockholders the right to subscribe for about 119,350 common shares on the basis of one new share for each 10 held. Action is subject to approval of stockholders at the annual meeting on Jan. 28. **Proceeds**—To increase capital funds. **Office**—123 West Prospect Ave., Cleveland. **Underwriter**—McDonald & Co., Cleveland.

**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.**
Dec. 17, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the third 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 Corp.**
Dec. 18, 1963 it was reported that this utility plans to sell $25,000,000 of bonds sometime in 1964. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co. (jointly); Lehman Brothers-Blyth & Co. (jointly).

● **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 (11:30 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting** — March 24 (10-4 p.m. EST), at same address.

**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.

★ **General Motors Corp.**
Dec. 18, 1963 it was reported that a registered secondary of about 3,900,000 G.M. common shares will be offered publicly in early 1964 for the benefit of E. I. duPont de Nemours & Co., Inc., and a group of duPont stockholders. **Offices**—3044 West Grand Blvd., Detroit and 1775 Broadway, New York. **Underwriter**—Morgan Stanley & Co., New York.

**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.

★ **Norfolk & Western RR (1/14)**
Dec. 17, 1963 it was reported that this road plans to sell $7,575,000 of 1-15 year equipment trust certificates in January. **Office** — 233 Broadway (Room 1210), New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Jan. 14 (12 noon EST), at above address.

**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 $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

**Philadelphia Electric Co.**
Sept. 18, 1963 it was reported that the company is considering the sale of $50,000,000 of first mortgage bonds in mid-1964. **Office** — 1000 Chestnut St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.

**Potomac Edison Co. (3/10/64)**
Oct. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12-$15,000,000 of first mortgage bonds due 1994. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—March 10, 1964 (10 a.m. EST) at 320 Park Ave., New York.

**Potomac Electric Power Co.**
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

**Public Service Co. of Colorado**
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

**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 Investment Company Act. This provision has been interpreted by some to mean that registered investment companies could not hold Sears stock if Sears itself owned a mutual fund. **Office**—925 So. Holman Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

★ **Security Trust Co. of Rochester (N. Y.)**
Dec. 17, 1963 it was reported that the bank plans to issue $6,000,000 of capital debentures, and offer stockholders the right to subscribe for additional stock on a 1-for-15 share basis. The rights offering, and a proposed

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5-for-3 stock split, must be approved by stockholders at the annual meeting Jan. 15. **Proceeds**—To increase capital funds. **Address**—Main and Water Sts., Rochester, N. Y. **Underwriter**—To be named.

**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 California Edison Co.**
Dec. 18, 1963 the company stated that it is considering the sale of $30-$35,000,000 of convertible debentures in mid-1964, and $50,000,000 of bonds in the latter part of the year. Action is subject to favorable market conditions. **Proceeds**—To refund $30,000,000 of 3¼% bonds maturing Sept. 1, 1964, and for 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).

**Southern Co.**
Aug. 12, 1963 the company stated that it is considering the sale of $35 to $40,000,000 of common stock early in 1964 to help finance its $570,000,000 construction program. **Office**—1330 West Peachtree St., N. W., Atlanta, Ga. **Underwriters**—To be named. The last sale of common on Feb. 15, 1961 was made to a group headed by Eastman Dillon, Union Securities & Co., Blyth & Co., and Equitable Securities Corp. Other bidders were: First Boston Corp.-Lehman Brothers (jointly); Morgan Stanley & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

**★ Southern Pacific Co. (1/22)**
Dec. 17, 1963 it was reported that this company plans to sell approximately $8,000,000 of 1-15 year equipment trust certificates in January. **Office**—165 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Jan. 22 (12 noon EST), at above address.

**Southwestern Public Service Co.**
Oct. 6, 1963 it was reported that the company plans to issue approximately $15,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—720 Mercantile Dallas Bldg., Dallas, Tex. **Underwriter**—Dillon, Read & Co., Inc., New York.

**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 Power & Light Co. (1/20)**
Dec. 17, 1963 it was reported that this subsidiary of Texas Utilities Co., plans to sell $15,000,000 of sinking fund debentures due 1989. **Address**—Fidelity Union Life Bldg., Dallas. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; Kuhn, Loeb & Co.-Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers; White, Weld & Co. **Bids**—Expected Jan. 20 (11:30 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—Jan. 17 (11 a.m. EST) at same 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.

**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).

**★ Xerox Corp.**
Dec. 18, 1963 it was reported that the company plans some new financing in 1964. **Office** — 2 Haloid St., Rochester, N. Y. **Underwriter**—To be named. The last financing for Xerox in 1961 was handled by First Boston Corp., New York.

# Investment Priorities For a Young Couple

*By* Roger Babson

**Mr. Babson's investment advice to young couples stresses acquisition of family, home, insurance, better job and so on. He places time and guidance with one's children ahead of money as being the most important investment facing any young couple.**

This week, I wish to mention ten "investments" which a young couple who have finished high school, and perhaps college, should acquire:

(1) **A Family**—Whether or not you get married is none of my business. If, however, you are married, your first investment should be a family. The cheapest and best time to begin this is when you are young.

(2) **Your Home**—At the same time, it is important to locate your home in the right state. True, every one of our fifty states has its advantages and disadvantages; but it is most important that a young couple settle in a state suitable in climate, business opportunities, and probable growth. I cannot help individuals through correspondence; but this matter should be your main study, covering several months, before you definitely settle anywhere. Perhaps the Chamber of Commerce where you now live will help you with this. Personally, I like a comparatively small city showing considerable growth now.

(3) **Life Insurance**—After starting a family and getting located, you should take out life insurance. Take it out when you are young, for several reasons—you can get a low premium, and you need it most then. I think a twenty-year straight life policy is probably the best for you. Premiums would naturally be payable for twenty years, but with no more payments necessary after that. On the other hand, if you should die soon after the policy is taken out, your beneficiaries would receive payment in full. Later, you may want to change from straight twenty-year life to an endowment or some other fancy policy; but not for your first one.

(4) **Further Training**—By this time, you and your wife should have decided what you are best fitted for—whether it is a clerk, an engineer, or a salesman. Or, you may be best fitted for agriculture. Once you have decided, get all the training you can in that field.

(5) **Education of Children** — I believe in savings bank accounts; every family should deposit at least 5% of their income in the savings bank for the education of their children. If you start when the children are young, it is surprising how savings accounts will grow with only a small but regular deposit. Once when I asked Thomas A. Edison who was the greatest inventor, he replied: "The man who invented Compound Interest was no slouch."

(6) **Church Affiliation** — The young couple who is trying to get along without active participation in some church is making a great mistake. I am not appealing for any special denomination; but the denomination in which you were brought up probably has a church near you. Be not content merely to attend it, but take an active part in its welfare, and have your children attend its Sunday School.

(7) **Child Development**—Carefully watch your children develop. Do not try to make them follow some line that you and your wife want them to follow. Probably each child has inherited some trait from some ancestor. Although they may be brothers, children can be entirely different in the traits they have inherited.

(8) **Early Companions** — You can "select" your children's playmates and friends as they grow up. This is something which is very important and should be carefully studied and watched.

(9) **Home Influence**—Instead of letting your children go out to too many parties in other homes, encourage them to have parties in their own home where you can largely determine who should be invited. But do not be too rigid about it.

(10) **Guidance**—Experience teaches me that money spent **guiding** your children will be well invested; but this must be done very carefully without trying to force them into any definite social group or any line of endeavor. In short, your most important investment will be the TIME and THOUGHT given to your children . . . and NOT MONEY! Your children's love or interest or friendships cannot be bought.

## Reed, Lear Office

STATE COLLEGE, Pa. — Reed, Lear and Company have opened a branch office at 103 East Beaver Avenue under the management of Harvey D. Hotchkiss.

## Boston Branch

BOSTON, Mass.—Auerbach, Pollak & Richardson have opened a branch office at 1 Emerson Place, Charles River Park, under the management of Peggy Blitz.

# Form Electric Heating Ass'n

Electric utilities from coast to coast have joined with coal producers, coal-carrying railroads, manufacturers of insulation products and manufacturers of electric utility apparatus and home heating equipment to form a united, nationwide Electric Heating Association, Donald C. Cook, President of the new organization, announced at a meeting of the Overseas Press Club in New York City on December 16.


Donald C. Cook


J. H. K. Shannahan


Joseph E. Moody

Mr. Cook, who is also President of American Electric Power Co., said that the Association, with the vast resources of its varied membership behind it, will devote its efforts to encouraging, in every way necessary, the wider development of electric space heating.

In addition to President Cook, the other major officers of the Association are John H. K. Shannahan, Vice-President and executive director, and Joseph E. Moody, Secretary-Treasurer. Mr. Shannahan is former assistant to the president of The Kansas Power and Light Co. and one of the pioneers in electric heating development. Mr. Moody is President of the National Coal Policy Conference, Inc., with offices in Washington, and took a leading role in organization of the new association.

The EHA will be directed by a 30-man Board of Directors made up of representatives of a cross-section of all industries interested in electric space heating and which compose the EHA membership. Ten members of the Board, seven representing electric utilities and three from other industries, make up the Executive Committee.

The by-laws of the EHA provide that any electric utility which derives at least 90% of its revenue from the sale of electricity, as well as allied companies having a major interest in encouraging sales of electricity, will be eligible for membership, Mr. Cook declared. He said that over 70 companies having total assets of over $25 billion, including 32 electric utilities, were charter members.

# TAX-EXEMPT BOND MARKET

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was in immediate evidence and all but $990,000 of the bonds have been sold.

**Current Week's Business**

There were no offerings of note on Friday. On Monday only two issues worthy of mention sold. The Florida State Board of Control (Tallahassee) awarded $4,006,000 Florida State University, Apartment Revenue (1966-2003) Certificates to *The Housing and Home Finance Agency* as 3½s at 100. This was the only bid made for this issue.

West Haven, Connecticut, sold $1,426,000 School and Urban Renewal (1965-1984) bonds to *Halsey, Stuart & Co., Inc.* and associates at a net interest cost of 3.123%. The runner-up bid, a 3.147% net interest cost, was made by the account led by Tucker, Anthony & R. L. Day Co.

Associated with Halsey, Stuart & Co., Inc. in this underwriting are Wertheim & Co., Reynolds & Co., E. F. Hutton & Co., Boland, Saffin, Gordon & Sautter and the Provident Bank of Cincinnati.

Scaled to yield from 2.05% to 3.25% for all 3.20s, the unsold balance at press time was $1,200,000.

Tuesday was another active day with three important issues on the calendar. Santa Clara County, California Flood Control and Water District Zone No. 1 received bids for two issues of bonds totaling $19,500,000. The larger issue, $15,500,000 general obligation (1965 - 2003) bonds were awarded to the syndicate jointly managed by the *First National City Bank, Halsey, Stuart & Co., Inc.* and *the United California Bank* at a net interest cost bid of 3.4633%. The runner-up bid for this issue, a 3.495% net interest cost, was submitted by the Bank of America N. T. & S. A. and associates.

Other major members of the winning syndicate include Lehman Brothers, Harriman Ripley & Co., Kuhn, Loeb & Co., First Western Bank and Trust Co., R. W. Pressprich & Co., First National Bank of Oregon, Portland, First National Bank, Dallas, Bache & Co., F. S. Smithers & Co., A. G. Becker & Co., First of Michigan Corp., National State Bank, Newark and American Securities Corporation.

Reoffered to yield from 2.15% in 1965 to 3.65% in 2001, demand was good with the present balance in syndicate $4,325,000. The 2002 and 2003 maturities carried a 1% coupon and were sold pre-sale.

The other issue, $4,000,000 Santa Clara County bonds due 1965-1993, was awarded to the group led by *Salomon Brothers & Hutzler* and *Crocker-Citizens National Bank* on a 3.383% net interest cost bid just nosing out the runner-up account headed by the First National City Bank which bid a 3.388% net interest cost.

Other major members of the winning group are Banco Credito, Bank of California, J. C. Bradford & Co., Dominick & Dominick, Equitable Securities Corp., First National Bank, Boston, Goodbody & Co. and Ladenburg, Thalmann & Co.

Scaled to yield from 2.15% in 1965 to 3.50% in 1992, all but $840,000 of the bonds have been sold. The 1993 maturity carried a 1/20 of 1% coupon and was sold at a 4.50% yield.

The *Bank of America N. T. & S. A., Mellon National Bank and Trust Co.* and the *Wachovia Bank and Trust Co.* were the successful bidders for $8,000,000 Phoenix, Arizona various purpose (1965-1984) bonds at a net interest cost of 3.083%. This winning bid compared favorably with the runner-up bid, a 3.084% net inteerst cost, which came from the Harris Trust and Savings Bank and associates.

Scaled to yield from 2.05% to 3.20% for various coupons, the present unsold balance is $2,460,000.

Tuesday's final sale involved $3,500,000 City of Hampton, Va. General Improvement (1965-1984) bonds. The syndicate headed jointly by *Phelps, Fenn & Co.* and *F. W. Craigie & Co.* was the successful bidder at a 3.077% net interest cost and again the bidding was close with the second bid, a 3.08% net interest cost, coming from the Chase Manhattan Bank.

Other members of the successful syndicate are Francis I. du Pont & Co., Mason, Hagen Inc., Braun, Bosworth & Co., Strader & Co., Rand & Co., Kenower, MacArthur & Co., Wyllie & Thornhill, Rauscher, Pierce & Co., George K. Baum & Co. and Hendrix, Mohr & Head Inc.

Scaled to yield from 2.05% to 3.20% for all 3s and 3.20s, current unsold balance is $2,715,000.

**1963's Last Significant Award**

The *Bankers Trust Co., Blyth & Co.* syndicate was the high bidder Wednesday for $9,800,000 Richmond, Virginia Public Improvement (1965-1984) bonds at a net interest cost of 2.882%. The runner-up bid of a 2.891% net interest cost was made by Drexel & Co. and associates.

Other major members of the winning syndicate are Harris Trust and Savings Bank, Lehman Brothers, Kidder, Peabody & Co., C. J. Devine & Co. and White, Weld & Co.

Scaled to yield from 2.35% in 1968 to 3.00% in 1984, the present balance in syndicate as we go to press totals $7,100,000. The bonds maturing 1965 to 1967 were sold pre-sale. This marks the last sale of importance for this year.

**Wait Until Next Year**

The municipal bond market will be almost entirely free from new issue pressure through the end of the year. There is no issue totaling more than $3,000,000 on the calendar until the State of California offers $80,000,000 of bonds on January 7, 1964. The market should be quiet and firm in the meantime.

## Robert Newton Joins F. Eberstadt & Co.

F. Eberstadt & Co., 65 Broadway, New York City, members of the New York Stock Exchange announced over the weekend that Robert L. Newton has joined their institutional research department. market development.

Prior to joining Eberstadt, Mr. Newton was with Clark, Dodge & Co. for the past eight years as a security analyst specializing in the chemical and drug fields. Prior to that he was with Nopco Chemical Company as manager of industrial market development.

## Phila. Inv. Ass'n Elects Officers

PHILADELPHIA, Pa.—Robert J. Caulfield of Equitable Securities Corporation was elected President of The Investment Association of Philadelphia at the annual meeting of the Association held Dec. 12. Mr. Caulfield succeeds Harry J. Kirby, Jr. of Paine, Webber, Jackson & Curtis, whose term expired.

Robert J. Caulfield

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

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

## Bank Activity At New Peak

Earnings of the nation's major banks, with few exceptions, will set new records in 1963. Aggregate dividends paid this year will also reach a new high.

Year-end statements of condition will show both deposits and combined loans and investments also above previous peaks. The higher interest cost of time and savings deposits is being cushioned by the growth of trust department and other service fees and the benefits of automated accounting and other cost control measures.

These are the findings of the bank underwriting and analyst firm of M. A. Schapiro & Co., Inc. in its "Bank Stock Quarterly" year-end issue. Specifically, the Schapiro firm estimates aggregate net operating earnings of 25 major banks in twelve cities at $726 million for this year, 4.8% greater than the $692 million reported by the same banks for 1962, and slightly above the previous peak of $722 million in 1960. These figures are before losses and profits on securities, and charge-offs and recoveries on loans.

Although this year's earnings show little change when measured against 1960, the Schapiro study shows capital accounts have risen 17% to $7,650 million, an increase of $1,115 million since 1960. On the larger equity base, the rate earned by the 25 banks has declined from 11.05% to 9.49%. Under the formula it uses for estimating bank earnings, the Schapiro study forecasts that 1964 net operating earnings will be $763 million for the 25 banks, up 5.1% or $37 million from 1963. This estimate assumes interest rates will continue at present levels with no change in the federal income tax rate. Either higher interest rates or lower taxes would produce larger earnings.

The current "Bank Stock Quarterly" discusses at length recent developments on the bank merger front in the light of successful and unsuccessful Justice Department legal actions, and analyzes the implications of its pending lawsuit in California to break up the recently merged Crocker-Citizens National Bank. There is also a discussion of the meaning to banks and to investors of bank debenture securities through which many banks are now raising additional capital funds.

## Rauscher, Pierce Official Changes

DALLAS Texas—Derry M. Hilger and Thomas G. Laros, formerly Assistant Vice-Presidents of Rauscher, Pierce & Co., Inc., Mercantile Dallas Building, members of the New York Stock Exchange, have been elected Vice-Presidents of the firm.

Frederick W. Burnett, Chester Marston, Warden S. Moothart, William D. Shirky and Joe A. Tillye Jr. have been named Assistant Vice-Presidents.

## Rothschild V.-P. Of Hincks Bros.

BRIDGEPORT, Conn.—Richard S. Rothschild has become Vice-President of Hincks Bros. & Co., Inc., 872 Main Street, members of the New York Stock Exchange.

## Coffin & Burr Branch

MANCHESTER, N. H.—Coffin & Burr has opened a branch office in the Amoskeag Bank Building under the management of Carl H. Ekstrom, Jr.

## Dr. Nadler Director

Dr. Marcus Nadler, Professor of Finance, Graduate School of Business Administration, New York University, has been elected a director of The Mastan Company, Incorporated, in an announcement made by Nathan Schulman, President.

Dr. Marcus Nadler

Dr. Nadler is research director of C. J. Devine Institute of Finance, New York University; consulting economist, Manufacturers Hanover Trust Company and a Director of United Merchants and Manufacturers, Inc. Hs has also been the author of books and articles on finance.

The Mastan Company, a commercial and industrial financing firm, was established in 1923.

## Join Staff of Coffin & Burr

BOSTON, Mass.—Coffin & Burr, 141 Milk Street, members of the New York Stock Exchange, have announced that Gage Bailey, Robert W. Kilcoyne and Walter J. Young have become associated with their Boston sales staff.

Thomas A. Boyd, Jr., Douglas H. Grieve, James R. Jones and Arthur P. Martini are now with the New York office; and Esther B. Getz and Chester W. Jenks have joined the firm in Manchester, N. H.

# WASHINGTON AND YOU

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

WASHINGTON, D. C.—Since Congress passed the Natural Gas Act in 1942, the Federal Power Commission has authorized the construction of almost 108,000 miles of interstate pipelines that have cost close to $10 billion.

At the same time thousands of miles of intrastate pipeline, costing hundreds of millions of dollars to transport natural gas, have been built.

**The rapid growth of the natural gas industry in this country is absolutely sensational. As an example, the Federal Power Commission from July 1 to Sept. 1 of 1963 authorized about $171 million of new gas line construction.**

Judging by the fabulous growth of the natural gas industry, no doubt many people everywhere in this country may think the coal industry is being put out of business. The truth is just the opposite despite the fact the family coal bin, like the steam locomotive, is no longer a familiar scene.

### Best Coal Year Since 1957

The coal industry in the United States is having its finest year since 1957. There are strong indications that even better years lie ahead for this fine old industry that has had some truly bad years since competitive fuels have caused some hard times.

Not only are the many investors in the coal mining industry in this country obviously pleased, but the comeback of the industry is having a healthy economic effect on the allied industries that depend on the coal industry in whole or in part.

**Just how is the coal industry improving its economic status although it has lost the big railroad and home heating markets? They have been replaced by the electric utility market.**

The ever-increasing demand for electric power means a steady increasing market for coal, the fuel used to produce more than half of the nation's electricity.

### AEC the Antagonist

Here in the Nation's Capital there is a new "dark and handsome" structure a stone's throw from the Mayflower Hotel called the Coal Building. It is occupied by the National Coal Association, a trade association which is contributing toward better days for the industry.

Not only is the National Coal Association doing what it can to boost the use of coal, but it keeps keenly alert of what is going on that affects coal directly and indirectly.

**For instance, right now the Association is by no means trying to put the Atomic Energy Commission out of business, but on occasion it does and should oppose AEC, which has gotten billions of dollars from Congress and will continue to do so.**

It isn't easy to curb a big Federal Government agency which gets hundreds of millions and even billions of dollars. Money still "talks" in Washington, be it either in or out of the Government.

At the present the National Coal Association and some other coal industry trade groups as well are fighting against the Government subsidy by promoting the "premature birth of nuclear power." The coal industry is not opposing Federal subsidies for atomic power research, but it is opposing Federal subsidies for commercial production of electricity from the atom.

### "Trees Thinning Out"

Stephen F. Dunn, president of the National Coal Association, recently said it appears the industry will produce this year in excess of 445,000,000 tons. Nevertheless, he said this still leaves the industry substantially below the 500,000,000-ton production level needed to maintain the industry in robust health.

**He added: "We are not out of the woods, but perhaps the trees are thinning out."**

Mr. Dunn, who has testified several times this year before the Joint Atomic Energy Commission of Congress, says:

"We are getting back into the home heating business through electric heat-coal by wire, we call it. In addition we remain a mainstay of the steel industry, which uses coal to make coke, and thousands of commercial and industrial plants rely on coal for economical, trouble free fuel."

### Mine Coal Prices Below 1948 Level

Nearly everything it seems has been increasing in price in recent years. But not coal. Mr. Dunn said the average price of coal at the mine last year was 51 cents a ton less than it was in 1948, a reduction of 10%. Yet the union pay scale for coal miners has gone up more than $10 a day since 1948. The price record has been chalked up by greatly increased efficiency in production.

**"When the coal industry was caught between rapidly rising production costs and increasingly stiff competition from other fuels after World War II, the leaders of the industry refused to fold up," said Association President Dunn. "Instead they bet more than $1 billion on their own future by enormous investments in modern coal mining machinery. This intensive mechanization program has boosted the average miner's output to about 15 tons a day, or twice of what it was in 1952.**

"We are nowhere near the end of this rising efficiency curve either. Bigger, better, more productive machines are constantly being developed. In underground mines where two-thirds of our production still takes place, complex machines called continuous miners rip the coal out of the seam with revolving steel teeth, pick it up and load it into shuttle cars or conveyor belts, all in one operation."

All of these technological developments have reduced the price of coal at the mine. But as Mr. Dunn explains the consumer is not buying coal at the mine—he buys it delivered to his power plant.

### Aid From Railroads

Some highly significant developments have resulted from research in coal transportation. One coal company's research staff came up with a method of moving coal by pipeline.

Then the railroads, which transport about three-fourths of all coal produced in this country, went to work on a means of meeting this pipeline threat (finely ground coal in water). The railroads came up with entire trains of high capacity cars that move with passenger train speeds.

**Because of the new technological developments, and the new methods of operation, the railroads have reduced the trainload rates on coal to major consumers by as much as one-third in many parts of the country.**

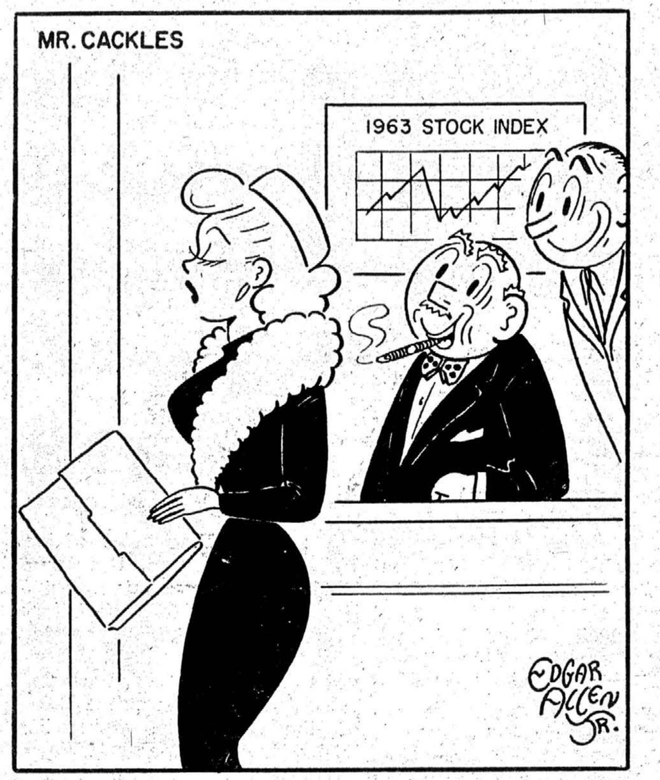
Meanwhile, the electric utility industry mounted its own attack on the transportation problem by developing better means for moving huge amounts of electricity over larger distances.

### Power Companies' Contribution to Coal Industry

With the use of electricity increasing all the time, the power companies are building great plants right in the coal fields and moving electricity, not coal, to the major consuming centers. Some power companies have had plants in coal fields for many years to more electricity for short distances, but more and more electricity is being moved over lines of greater distance.

"In coal mining areas," said Mr. Dunn, "our industry is part of the problem of economic development, but it can also be a part of the solution. The new techniques of coal-by-wire, coal-by-pipeline, or coal by integral-train are wiping out some of the traditional high cost fuel areas—especially as oil and natural gas increase steadily in price."

*[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.]*




**"Ever see such a well-rounded portfolio?"**

# COMING EVENTS

*IN INVESTMENT FIELD*

**Jan. 20, 1964 (Chicago, Ill.)**
Security Traders Association of Chicago, Inc. Annual Dinner at the Drake Hotel.

**Jan. 24, 1964 (Baltimore, Md.)**
Baltimore Security Traders Association 29th Annual Mid-Winter Dinner at the Lord Baltimore Hotel.

**Jan. 30, 1964 (Philadelphia, Pa.)**
Philadelphia Securities Association annual meeting and dinner at the Barclay Hotel.

**Feb. 7, 1964 (Boston, Mass.)**
Boston Securities Traders Association 40th Annual Winter Dinner at the Statler-Hilton Hotel.

**Feb. 28, 1964 (Philadelphia, Pa.)**
Investment Traders Association of Philadelphia winter dinner at the Bellevue Stratford.

**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.

## TVA Renames Lehman Financial Advisors

The Tennessee Valley Authority for the fifth consecutive year has appointed Lehman Brothers as Financial Advisors in connection with the Authority's 1964 program of issuing power bonds and power notes.

TVA is authorized by Congress to have outstanding $750,000,000 bonds and notes for power purposes. At present, $145,000,000 bonds and $35,000,000 notes are outstanding in public hands.