The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Off.

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

Volume 198 Number 6328 New York 7, N. Y., Thursday, December 26, 1963 Price 50 Cents a Copy In 2 Sections — Section 1

EDITORIAL | As We See It

"When I entered the Congress of the United States 27 years ago, it was my very great privilege to work closely with Franklin Delano Roosevelt. As a member of Congress, I worked with him to bring about a profound but peaceful revolution.

"That peaceful revolution brought help and hope to the one-third of the nation that was then 'ill-housed, and ill-clad and ill-nourished.'

"We helped our working men and women obtain more jobs and we helped them obtain better wages.

"We helped our farmers to buy and improve their own land, and conserve their soil and water, and electrify their farms.

"We harnessed the powers of the great rivers, as in the Tennessee Valley and the lower Colorado, we encouraged the growth of cooperatives and trade unions, we curbed the excesses of private speculation, we built homes in the place of city slums and we extended the rights of freedom to all our citizens.

"Now, on the world scale, the time has come, as it came in America 30 years ago for a new era of hope —hope and progress for that one-third of mankind that is still beset by hunger and poverty and disease."

With these words, among others, President Johnson the other day greeted the General Assembly of the United Nations. With this appraisal of the accomplishments of the New Deal there are many, we among them, who will sharply disagree. There can be no question, however, that Franklin Roosevelt profited politically by what was said and done in those days of the deep depression. What would have happened (Continued on page 9)

There Is No Reason for the Economic Uptrend to Abort Itself in 1964

By Dr. Pierre A. Rinfret,* *Vice-President and Director of Economics Department, Lionel D. Edie & Co., N. Y. C.*

Business consultant's convincing analysis forecasts continued upward economic pace in 1964 to a $610-615 billion GNP level without a tax cut and higher with it. Examination of factors responsible for post-WW II recessions finds they are not present, and that at worst the economy will start off slowly but finish vigorously in the second half of 1964. Dr. Rinfret states we are under—rather than over—inventoried; capital investments should rise 8% over 1963; federal spending to rise $5 billion; and consumer outlays up $13 billion without, and $18-$20 billion with, a tax cut.

I would like to start off my comments on the outlook for 1964 by stating my conclusions, and after I have done that I would like to illustrate how I arrive at these conclusions and what the factors are that have led me to them.

Dr. P. A. Rinfret

I have three conclusions: first, there will be no recession of consequence in 1964; second, the economy in 1964 will be about 5% higher than that of 1963; and third, the pattern for the year will be a relatively flat first half and a rising second half.

In the first half of the year we are likely to see moderate variations up and down in industrial activity, but in the second half of the year the economy will be moving forward on a broad front with new records established in the fourth quarter.

Let me turn from these conclusions to an analysis of the forces that are at work in the American economy today. I would like to start off by a discussion of the currently popular theory of "periodicity." We are being treated these days to the idea that that is a periodic and regular cycle in the economic affairs of the United States. This is not true. There is no such thing as a regular or periodic cycle. If you will study the history of business cycles in the United States, you will see we have had business cycles which have lasted as little as one year and one that lasted as long as nine years. The logic that business cycles are some magical number such as 35, 40 or 45 months in length is a myth, not based on the history of this country.

I would, therefore, reject as a variable when forecasting the economic outlook for 1964, the fact that our current business recovery has been underway since early 1961. The length of the recovery is only significant to the extent that we build in excesses which must be or are prone to be corrected.

In order, therefore, to forecast the outlook for 1964 we need to ask ourselves the fundamental and basic question which is "Will this recovery abort in 1964?" In order to answer that question we need to examine how and why we have had business contractions in the postwar period. An examination of these postwar contractions which occurred in 1948-49, 1953-54, 1957-58, and 1960-61, leads to the conclusion that each of the contractions has been caused by one or more of the following: inventory correction, a downturn in private capital expenditures, a contraction in federal spending.

Let us look at each one of these factors as it now exists. Let's start off with inventories. In our work, we take the position that inventories are by no means excessive and in fact the American economy is in a very tight inventory situation even though we have been accumulat- (Continued on page 10)

IBA CONVENTION SUPPLEMENT: Section 2

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

Skil Corporation—Philip W. Hummer, Partner, Wayne, Hummer & Co., Chicago, Ill. (Page 2)

U. S. Life Insurance Co.—Robert J. Kiep, Investment Advisor, William Blair & Co., Chicago, Ill. (Page 2)

PHILIP W. HUMMER

Partner, Wayne Hummer & Co., Chicago, Ill.

Skil Corporation

The Skil Corporation was founded in 1924 with an investment of $500 in an electrically operated chain saw named "skilsaw." Practically all expansion since that time has been financed through retained earnings. Sales for the current year will reach $31,000,000.

This impressive record parallels the growth of the market for portable power tools which has expanded from a postwar volume of $40 million to an estimated size of $250 million in 1962 and is increasing at an annual rate of about 7%. Skil is steadily increasing its share of this market. Sales this year will be about 13% above last year, the ninth consecutive year in which an increase has been registered. Large-scale research and development expenditures underlie this rising trend. About $1,500,000 will be invested this year. The results are obvious in the product line: 40% of the products now marketed have been introduced during the past five years. The total line includes 150 different tools.

Skil's prominent position in its industry results from a record of alertness in recognizing changes in the market place and from a willingness to innovate. Growth in sales from $19,000,000 in 1958 to $31,000,000 in 1963 has been made possible through excellent marketing ability.

Skil is a fully integrated company, manufacturing virtually all the parts, including electric motors, needed for its tools. Its market has three principal areas, consumer, industrial and automotive.

Foreign sales of Skil amounted to less than $2 million in 1959, and this volume was principally in Canada. As a result of increased efforts in the growing European market, foreign volume will account for 20% of total sales in the current year. A plant in Holland has been enlarged to 51,000 square feet. Sales and service offices have been established in West Germany, Belgium and Norway. A small factory in Mexico will begin operation in early 1964 and a joint venture in Australia is planned. Foreign sales are expected to account for $7.7 million in 1964, or 22% of total indicated sales. An attractive feature of this expansion is that return on foreign sales is more favorable than that of domestic sales, over 9% compared with a little under 8%.

An interesting concept of management is the expansion of manufacturing facilities at foreign bases to permit wider use of factory space at home for growing domestic production.

The management team at Skil Corporation is a most important factor in assessing the future. The president, John F. Spaulding, joined the company in 1958 after leaving the position of vice-president in charge of sales at Black & Decker. He brought to the job marketing know-how and Skil's five year record of yearly 10% annual sales increase is due largely to successful merchandising policy. A prerequisite, however, is the traditional concentration on quality in its product line.

Currently priced at 25½, Skil Corporation is selling at 18.2 times 1963 earnings of $1.40 per share. Company projections call for $35 million in sales in 1964, and earnings of $1.60 per share. The five year sales target is $50,000,000 in 1968, and a net of $4 million, or $2.30 per share. The company has been conservative in past estimates; in 1958 the goal for $30 million was set for 1964. A closely observed policy is that dividend payout equals about one-half of earnings.

Skil Corporation feels its challenge for the future is to produce tools that can be held by a pair of hands and do a better job at a lower cost. Introduction of new products can be expected to continue at the past rate and some will have a more dramatic impact on sales than others. While electric motors constitute the main source of power, development of other methods is constantly carried out; experiments are now being made with gasoline motors.

Skil Corporation is also active in mutual development with companies in other industries where foreseeable benefits can result. For example, efforts have long been made in cooperation with Union Carbide to adapt improved batteries to furnish power to portable tools. Acquisitions are a possibility if the candidates have a line of products considered complementary to Skil's. The stock is traded in the Over-the-Counter Market, and is a conservative investment for individuals and appropriate institutions. New York Stock Exchange listing is under continual consideration.

ROBERT J. KIEP, CFA

Investment Advisor, William Blair & Co., Chicago, Ill.

United States Life Insurance Company

In searching for an attractive investment, my approach is first to select a real growth industry and then an outstanding company within that industry.

Life insurance has had a record of growth which few other industries can surpass. Since 1890, total life insurance company assets have never failed to show a yearly increase. Total life insurance in force exceeds $676 billion, compared with only $277 billion ten years ago. This is an increase of 144%, whereas Gross National Product in the same period has risen only 36%.

Growth in insurance in force is attributed to a rise in the nation's population and income, and increased desire for protection and security. In 1952, the average family policy was $5,300 and rose in 1962 to $11,400. Factors which have aided earnings, beside growth in sales, are favorable mortality rate, control of expenses and higher investment income.

One of the significant characteristics of the industry is that it is an essential one. Insurance provides needed protection. Another feature is that since most of the assets consist of securities, mortgages, policy loans and cash, with limited investment in buildings, machinery and inventory, obsolescence of assets is of minor importance. From an operating standpoint, labor expenses related to income are relatively low; electronic computers are becoming of increasing importance.

Market price rise of life insurance stocks has by far exceeded that of most other industries. Since Jan. 1, 1951, Standard & Poor's Industrial Stock Index increased 270% while Standard & Poor's Life Stock Index increased 970%, or 3½ times greater. During this same period, an investment of $10,000 in United States Life Insurance Company in the City of New York would have increased in market value to over $400,000 or 40 times.

United States Life Insurance Company is the oldest stock life insurance company in the nation, having been incorporated on March 4, 1850, 113 years ago. In 1952 Mr. Raymond Belknap, a man with wide and successful experience in building up insurance sales agencies throughout the country, became associated with the company as president and has developed a vigorous management team. The company is now licensed to do business in all 50 states, compared with 30 a decade ago. Only 25 legal reserve life insurance companies, out of 1,503 in the United States, are authorized to do business in all 50 states. The company is both licensed and domiciled in New York, a state with exacting requirements and giving a company a mark of quality and national prestige.

United States Life offers a broad line of policies — participating, non-participating, ordinary, group and accident and health. Recently it has entered the pension and profit sharing plan field. Of total premium income, approximately 90% is from domestic operations. Of total insurance in force at 1962 year end, 87.5% was non-participating and 12.5%, participating. Ordinary insurance represented 43.6% of insurnce in force and group, 56.4%.

In the decade ending with 1962, United States Life's admitted assets increased from $56,070,000 to $134,490,000, while in this same period insurance in force rose from $533,496,000 to $1,988,563,000. In the last ten years, the company has enjoyed a considerably more rapid rate of growth than the total life insurance industry. In the ten years ending Dec. 31, 1962, increase in sales for United States Life was 446%, compared with 150% for the industry as a whole. In 1962, its sales of individual life insurance exceeded $157 million—a new record and 8.7% over 1961 and well above

Continued on page 19

(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.)

Managing Profit Sharing Funds for Investment Goals

By John A. Sieff,* *Pension Fund Investment Department, Smith, Barney & Co., New York City*

Profit-sharing plans come in two distinctly different styles. After determining the type of fund, there still remains the problem of properly managing and financing it to meet diverse goals. Those objectives include simultaneously satisfying deferred retirement, death, severance, investment revenue and liquidity needs. These and other particulars that can be troublesome unless properly handled are tackled in a clear and instructive manner by Mr. Sieff. The writer explains why he is strongly in favor of equities for most satisfactory long-term investment results compared to fixed income investments. The latter do play an important role, and Mr. Sieff explains to what extent they should make up a portfolio and he does not neglect the advantages and disadvantages of other investment media. Smaller profit-sharing funds are advised to make use of mutual funds, bank-pooled investment funds, corporate trustee or independent investment advisor if the trustees concerned do not wish to become involved in detailed investment matters.

It is rather surprising that although there is a good deal of literature on the subject of profit sharing, very little has been written about the investment problems of deferred profit sharing funds. With the growing acceptance of the profit sharing concept among industry in this country and the increasing use of deferred plans for providing retirement benefits, there is a need to examine the policy which should be applied to this type of fund.

John Sieff

Investing in the Company's Own Stock

An interesting feature of the deferred profit sharing concept is that this has developed along two quite divergent paths. Many of the early plans, including the well known Sears, Roebuck and Procter & Gamble plans, were used wholly for investment in the company's own stock. Based partly on the outstanding success of these plans and the obvious attraction of the employee partnership concept which is involved, there is a large school of thought which believes that this is the most effective way of investing profit sharing contributions. The other approach is the one adopted by those who view the deferred profit sharing fund more as a pension trust, to which traditional investment concepts should be applied. Under this approach the company's own stock should be subject to the same criteria of selection and the same limitation of size of holding as any other stock included in the portfolio.

Investing in the company's own stock represents a logical extension of the profit sharing concept because, having created a fund out of the profits resulting from the combined efforts of management and employees, the fund will depend on the future results of those efforts. Thus the concept of the employees' partnership in the success of the company is perpetuated. This basic argument for investing the fund in the company's stock is difficult to dispute, particularly in a growing company. There have been instances where employees have questioned why their fund is not wholly invested in the company's own stock, the implication being that management does not have sufficient faith in the company's future.

The traditional investment arguments against this view are fairly obvious. The case for limiting the size of any one holding in the portfolio becomes even stronger where the company's own stock is involved. Not only will a decline in the price of the stock have a marked effect on the total value of the fund, but the very circumstances which caused this decline might well make the need for the security of the fund even greater. It is possible to envisage an extreme case where a serious setback has resulted in a number of lay-offs and early retirements at a time when, due to the decline in the price of the company's stock, the value of a share in the fund, and hence the size of the benefit payments, will have been severely reduced. Further, the effect of fluctuations in the price of the company's stock, which may be due solely to market movements and quite unconnected with the success of the company's operations, could have a negative effect on employee goodwill.

I think that the answer to the problem must be found by adopting an approach which, while recognizing the arguments of the two opposing viewpoints, is based upon a truly realistic appraisal of

Continued on page 18

CONTENTS

Thursday, December 26, 1963

Articles and News

There Is No Reason for the Economic Uptrend To Abort Itself in 1964 — Pierre A. Rinfret 1
Managing Profit Sharing Funds for Investment Goals — John A. Sieff 3
Overnite Transportation Co. — Ira U. Cobleigh 4
Changing the Tax Bill to Accomplish Its Growth Goal — William H. Peterson 5
Federal Reserve Observes 50th Anniversary — 9
Natural Gas Regulation: Dilemma or Promise? — Harold C. Woodward 12
New Jersey Governor Signs Gifts of Securities To Minors Legislation — 31

More Articles in Section Two

SECTION TWO of today's issue is devoted to the proceedings, editorial and pictorial, of the 52nd Annual Convention of the INVESTMENT BANKERS ASSOCIATION of AMERICA and includes the following articles on the pages indicated:

Incoming President's Inaugural Address — David J. Harris 9
Primary Issues Pertaining to the Securities Industry — Amyas Ames 10
The SEC After the Special Study of Securities Markets — William L. Cary 11
World Bank's Role as Borrower and Lender — George D. Woods 12
The Investment Potential of an Educated America — Benjamin C. Willis 13

Regular Features

As We See It (Editorial) 1
Bank and Insurance Stocks 10
Businessman's Bookshelf 30
Coming Events in the Investment Field 32
Dealer-Broker Investment Recommendations 8
Einzig: "1964 Inflation Prospects for Countries Abroad" 7
From Washington Ahead of the News 17
Indications of Current Business Activity 23
Market . . . and You (The) 14
Mutual Funds 11
News About Banks and Bankers 14
Observations 4
Our Reporter on Governments 13
Public Utility Securities 13
Securities Now in Registration 24
Prospective Security Offerings 28
Security I Like Best (The) 2
Security Salesman's Corner 15
State of Trade and Industry (The) 16
Tax-Exempt Bond Market 6
Washington and You 32

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 26, 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.

Overnite Transportation Co.

By Dr. Ira U. Cobleigh, *Economist*

A short report on a Southern trucking company with a unique record for growth, cost controls, excellent labor relations and expanding profitability.

The trucking industry in the last decade has increasingly attracted the attention of investors. Traffic and revenues have surged ahead and the industry's share of interstate freight has steadily expanded from 10% in 1947 to almost 25% today. While most of the several hundred interstate trucking lines are still privately owned about 40 have "gone public" since 1950. In the last half of the 1950-60 decade, trucking shares gained considerable market popularity. In the last 3 or 4 years, however, they have appeared less dynamic marketwise; and some lines have had problems with competition and rising costs which have restricted growth of earning power. The company selected for discussion today, has, however, performed exceedingly well.

Largest Non-Union Operator

Overnite Transportation Company is the largest non-union trucking company, and its employees have consistently voted against Teamser Union affiliation. Enlightened management policy has contributed, to a considerable degree, to employee contentment with this non-union status. Annual wages paid by Overnite are about the same as those paid by unionized companies in the area; and Overnite's pension benefits are more generous. Moreover, Overnite has encouraged its employees to become partners in the business under an attractive stock purchase plan, and today about 80% of the company's drivers are stockholders. Because Overnite is not tied down by restictive union work rules, it enjoys far greater operational flexibility, and can put on temporary workers during periods of peak demand. All of this has paid off at the cash register, and whereas throughout the industry salaries and wages, on the average, consume 55 cents out of each revenue dollar, for Overnite the figure is only 48 cents out of each gross dollar. This efficiency is further reflected in the operating ratio (defined as the percentage of expenses to gross revenues before non-operating adjustments — income taxes and interest charges). For Class I and Class II Southern carriers in 1962 (first half) this operating ratio was 95.9%. For Overnite it was only 82.7%. This is a substantial tribute to managerial competence since the ratio for Overnite was 91.2% as recently as 1960.

Operating Area

Overnite Transportation Co. was incorporated in Virginia in 1947 carrying on a business founded in 1935 by J. Harwood Cochrane. The company has concentrated its efforts in the South and grown rapidly both internally, and by acquisitions.

Overnite operates over 1,500 pieces of equipment; travels over 3,000 miles of regular routes; transports an amazing variety of commodities to over 1,100 points each day, in Virginia, North Carolina, South Carolina, and Georgia; with irregular routes in Tennessee. About 65% of all traffic originates and terminates on Overnite's own lines.

A feature of the territory served is its rapid postwar industrial growth. The major shift of industry to the South, and the great number of plant locations in smaller towns and cities there, has created a pressing need for efficient door-to-door trucking facilities. Due to regional concentration, Overnite's average haul is 195 miles. This tends to immunize the company against railroad "piggy-back" competition, which is uneconomical for runs of less than 300 miles. Further, 70% of Overnite's business is in less than truckload lots—a type of business railroads don't solicit and can't handle profitably. Also by confining operations to the South, the company virtually eliminates costs of snow removal and over-the-road delays resulting from winter weather conditions, troublesome and costly to northern truckers.

Diversified Traffic

Overnite's operations extend from Richmond and Norfolk, Virginia, South, serving the seaport cities of Wilmington, Charleston and Savannah; and connecting with the big industrial inland cities of Richmond, Atlanta and Nashville. Traffic is well diversified and not dependent on any one industry or company. No single customer accounts for more than 4% of overall volume. Over 50% of volume is general commodities, and about 20% is textile products.

Management

Mr. J. Harwood Cochrane, President, and Chairman, is the founder of the company and widely respected for his executive capability. He has shepherded the expansion of the enterprise from a single truck and trailer to a large scale operation expected to gross $21½ million this year. Under his guidance operating efficiency has been maintained, and growth stimulated over the years by the acquisition of 25 truck lines and the creation of a 127,000 square foot warehouse facility.

Common Stock

Investors may well interest themselves in the common stock of Overnite Transportation Company. There are 1,010,353 shares outstanding and listed on NYSE. Current quotation is 19½, and the current dividend rate is 60 cents a share. The growth record has been impressive with operating revenues rising steadily each year from $5.8 million in 1955 to $21½ million this year. Except for 1957 and 1959 in which there were certain non-recurring charges, net earnings have also improved each year rising, on a per share basis, from 57 cents in 1960 to an indicated $1.80 for 1963. Cash flow is now about $3 annually.

Current financial position is excellent and there is only $2,974,811 in long term debt ahead of the common stock.

Potentials

Because Overnite serves one of the most rapidly expanding industrial regions in the United States, and because of the new plants being established, and old ones expanded, in its service area, the company should continue to enjoy an attractive growth rate of around 10% a year compounded, in net earnings. Acquisitions may be expected to further stimulate growth.

Those investors attracted by sound management, a rising trend in earnings and dividends, and by a company with only a modest amount of common stock outstanding, may find an equity of stature and promise in Overnite common.

C. Cain, Jr. Joins Kidder, Peabody

Charles Cain, Jr., recently retired as executive vice president and head of International Department of The Chase Manhattan Bank, has joined Kidder, Peabody & Co., 20 Exchange Place, New York City, as a special consultant, with emphasis on foreign financing, the investment banking firm has announced.

Charles Cain, Jr.

Mr. Cain has been engaged in international banking for 46 years. He joined the Equitable Trust Company of New York in 1917, and after six years in the foreign department, he was appointed an assistant manager. In 1929, he was promoted to assistant vice president. Following the Chase-Equitable merger in 1930, Mr. Cain joined the Chase official staff as a second vice president. He was appointed a vice president in 1938 and a senior vice president in 1949, continuing in that capacity following the Chase-Manhattan merger in 1955. In January, 1956, he was advanced to executive vice president.

He also served as a director of Chase International Investment Corporation, an affiliate of the Chase Manhattan Bank; chairman, president and a director of Chase Manhattan Overseas Banking Corporation; and a member of the advisory council of Banco Lar Brasileiro, Chase Manhattan's associate in Brazil.

Mr. Cain is a director and member of the policy board of the Business Council for International Understanding (New York), and a voting trustee of Cargo Carriers, Inc., Minneapolis, Minn. He has been honored by the governments of Panama and Thailand for his outstanding work in the field of international trade and finance.

Goodbody & Co. To Admit

Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange on Jan. 1 will admit James E. Hogle, Edward N. Bagley, Henry E. Dahlberg, G. Kenneth Handley, Wendell M. Smoot, Jr., N. Matthew Nilssen and Chester M Glass, Jr. to general partnership, and Alfred B. Stevens to limited partnership. All are partners of J. A. Hogle & Co., which is being dissolved.

OBSERVATIONS...

BY A. WILFRED MAY

INVESTMENT ADVISOR CONTROL IN TRANSOM

The Supreme Court's handing down of a decision in the Capital Gains Research Bureau case, marking the go-ahead on the SEC's issuance of rules regulating the investment advisors, pending which decision the Commission's rule-making has been held up, incites great interest as to the nature of the coming regulation.

The high tribunal's ruling that the investment advisory services may be compelled to make public disclosure of prior purchase of stocks which they recommend again reminds us of the objection to relying on a rigid statute for regulation.

Although disclosure by itself is unobjectionable, the assumption of abuse from advisor's own previous purchase might well be unjustified—as grasping the opportunity to sell out the recommended purchase on the "sucker" clients.

Like an insider's acquisition of a stake in his company, the investment advisor's placing of his own money in the company, provided he does not immediately sell out against the crowd, a la bucket-shop, might well serve to demonstrate concretely his faith in the enterprise. Flexibility by a supervisory agency and/or the individual investor is the desideratum.

In any event, the advisor industry's promotional activities, centered in advertising or in the mail, often constitute a real disgrace, calling for a large measure of *caveat emptor*—let the buyer beware. Take the come-on through exploitation of the stock split—*fait accompli*, scheduled or just fictitiously rumored. (Flaunting "28 Stock Split Candidates," one of the Service's current piece of mail explains, "'When these 28 Stocks Split' is a good example of the kind of stock market reports that [blank, blank] Forecasts makes regularly for subscribers. Week in and week out our research people study market conditions, trends, specific stocks and prepare straight-from-the-shoulder, clearly-worded, forecasts and buy-sell-hold recommendations.")

This kind of thing is bad for the individual, for the market—and sometimes for the company too (was the double split in Chrysler by any chance motivated by the option-laden corporate officials?).

Some Difficulties

Controlling the promotional activities of the advisors still remains one of the most nettlesome problems of the regulators. The main difficulty with regulation by the SEC is the lack of needed flexibility to deal with *ad hoc* problems in any rules laid down by that agency. Likewise is federal control through the application of the anti-fraud statutes inflexible. It is significant that the SEC is not presently contemplating any legislative proposals for regulating the advisors.

Self-regulation of advertising proclivities by the press itself has been proved to be unattainable. The high-minded publishers give as the reason for their hands-off attitude, the difficulty of knowing where to draw the line uniformly. And the sub-high standard publications, with their interest centered in revenue, simply are not interested.

A Remedy

Under these circumstances, the Federal Trade Commission, a flexible administrative agency, could best take under its wing the continuing supervision of both the newspaper-periodical and mail facets of the advisors' enterprising promotions.

In any event, but particularly in the absence of a flexible type of control, the best safeguard remains in investor education and *self* protection.

* * *

FROM OUR MAIL BOX

Faulty Financial Reporting

Dear Mr. May,

I am glad that you are back on the job again. I missed your column "Observations" during your absence.

As you know, the state of financial reporting in our country, especially in newspapers, is at a very low ebb. If a sports writer made the same mistakes as are made by financial reporters he would be laughed out of existence. I am not referring only to those writers who conduct a column in leading New York evening newspapers, who sometimes are pretty awful.

For example, several years ago, in a renowned morning publication, a capital gain dividend in a regulated investment company was considered as regular income and on one occasion the author cited a leading investment company, listed on the New York Stock Exchange, in the now discontinued and on the whole the reporting in this newspaper has been quite exemplary. (Incidentally, many Customers' men still indulge in the same practice as do many mutual fund salesmen.)

I am especially prompted to write to you by reason of a statement in the issue of a leading New York City morning newspaper of November 21 as follows: "During the last 21 years, earnings of the company (A. T. & T.) have increased at a rate equivalent to 9¾% compounded each year, while net income rose at the rate of almost 13% yearly." While this statement may be literally true we know that the net earnings *per share* have not increased by any such percentage, as evidenced by the fact that, including the projected new dividend, the dividend has been increased only 33⅓% during the same period. In fact, this has been the total increase in a period of over 40 years. It is because A. Wilfred May never would have made such a statement, without a qualification as to the effect of dilution of the per share earnings, by reason of the enormous increase in the number of common shares in the same period, that I am writing to you.

So, please keep well and continue your column.

Harry Sahlman

New York City

Metropolitan Secs. Branch

POPLAR BLUFF, Mo. — Metropolitan Securities Corporation has opened a branch office at 320 North Main Street under the management of Judson L. Stokely.

Changing the Tax Bill to Accomplish Its Growth Goal

By Dr William H. Peterson,* *Professor of Economics, Graduate School of Business Administration, New York City.*

N. Y. U. economics professor strongly criticizes the proposed federal tax-reduction bill on three different grounds. He opposes present provisions providing a demand type of tax-cut and advocates, instead, a flattened curve of graduation with a maximum 50% tax rate to encourage the flow of investment funds. Moreover, he favors restoration of the 4% dividend credit. Dr. Peterson contends that the present bill affords too little relief in the upper and—particularly—middle brackets. He cites studies showing extent to which steepness in the tax rate structure self-defeatingly reduces income and handicaps economic growth. Keynes' 1931 views, among others, are referred to in substantiation of what happens to growth when the return on net profits is kept at an unsatisfactory level. Much of our excess capacity is said to be due to its excessive cost which would be overcome if the "theory of growth through fiscal deficits, increased government spending and penalty tax rates" were rejected.

My interest in H.R. 8363 is broad, for I think this bill is far-reaching in its impact on our national economic growth, our individual well-being, and the critical nature of our balance of payments. For the purposes of this statement, however I wish to look at the underlying theory involved in H.R. 8363. This theory was best expressed in the President's Economic Report of 1963, as follows:


W. H. Peterson

"In the past five years, the economy has been consistently out of balance—with too little demand to match our supply capabilities . . . Inadequate demand remains the clear and present danger to an improved economic performance. . . The source of high unemployment rates in recent years, even in periods of cyclical expansion, lies not in labor market imbalance, but in the markets for goods and services . . . Accordingly, the President is recommending a major program of tax reduction and tax reform to expand private purchasing power and to strengthen private incentives—a program which will thus attack the problem of idle men and machines at its source and provide new vigor to the forces for expansion of the U. S. economy."[1]

This statement goes both to the content and the theory underlying the bill before you and, accordingly, I divide my statement into three parts, the first two dealing with the proposed individual income tax rate structure and the repeal of the dividend credit as included in the bill, and the third part with the theory involved in planning the largest peace-time deficit ever: the theory of growth through deficits.

Position Summarized

In brief, my position can be summed up in a single paragraph:

Tax reduction and rate reform are matters of national concern. I favor tax cutting as would be accomplished by H.R. 8363, but I do not favor, among other things, the remaining steepness in the proposed individual income tax rate structure, the proposed repeal of the dividend credit provision, nor the underlying theory that our basic economic problem today is one of stimulating demand. I believe that the bill can an should be made sounder, in its content, and through firm Congressional control and limitation of Federal spending to achieve a balanced budget except in cases of extreme emergency.

Before I move into a discussion of my three points, I wish to reaffirm the wisdom of Chief Justice John Marshall who noted in McCulloch v. Maryland "the power to tax involves the power to destroy." I believe a great amount of destruction of potential capital formation, of individual and corporate incentive, and hence of economic growth, has taken place, although the damage done is not precisely measurable.

I stress economic growth throughout this statement, following the lead of the President in his tax message to Congress on Jan. 24, 1963, in which he said that the present Federal tax system is "the largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth." And I stress the need for flattening the rate structure to the maximum extent possible, following another lead from the President, this time from his television address of Aug. 13, 1962, in which he said that our tax rates "are so high as to weaken the very essence of the progress of a free society—the incentive for additional return for additional effort."

Part I
Individual Income Tax Rate Structure

In criticizing the remaining steepness in individual income tax rate progression (from 14% to 70% of taxable income) in H.R. 8363, I wish to point out that there is too little rate relief in the upper brackets and much too little in the middle brackets. Truly, as other witnesses have already testified, the taxpayer in the middle bracket is the forgotten man in H.R. 8363.

The middle and upper brackets are prime sources of America's capital formation and hence of economic growth. Further flattening their rates would release capital for investment. This is why, in my testimony before the Ways and Means Committee last March, I supported the Herlong-Baker bill which would reduce the basic personal income tax rate to 15% from 20%, and the top rates of both individuals and corporations down to 42% over a five-year period.

I subscribe to the theory that the less progression the better. Indeed, the very theory of progression is vulnerable to criticism. One point to be considered is the lack of scientific evidence in support of the theory of progression—a point recognized by many but by no means all economists. Scientific evidence appears to be lacking on presumptions of equality of sacrifice, ability to pay, benefits conferred, economic stabilization, economic equalitarianism, and Federal revenue needs, all of which are used to bolster the case for progressive taxation.

The unscientific nature and even sheer caprice of graduated rates and income brackets over time or at any one time is amply seen in the history of the income tax since passage of the Sixteenth Amendment in 1913. Originally the rate on highest incomes was but 7%. In 1929 the top rate was but 24%. But out of the social turbulence of the Thirties emerged a top rate of 79%. World War II brought an upper rate of 94%, and it is virtually at this rate under which we live today, with the 50% level reached at but $16,000 of taxable income for the unmarried individual.

So the Federal income tax rate structure in its relatively brief life of 50 years has grown like Topsy, rather haphazardly, without scientific basis, subject to no end of whim and pressure, and producing rates which Dan Throop Smith, former special assistant to the Secretary of the Treasury in charge of tax policy, has said, "are not only repressive but appear to be excessive by almost all ethical standards except those based on extremes of equalitarianism."[2] Smith's raising of the question of ethics is indeed a pertinent question. For does not graduation constitute discrimination against a minority? Proportionality is non-discriminatory. It recognizes ability to pay. It recognizes equality before the law. It gives no vent to envy and vindictiveness, to—to use a blunter phrase—soaking the rich.

Contrasts Tithing

Surely the history of Federal graduation attests to the wisdom of Scottish economist John Ramsay McCulloch who noted:[3]

The moment you abandon . . . the cardinal principle of exacting from all individuals the same proportion of their income or their property, you are at sea without rudder or compass, and there is no amount of injustice or folly you may not commit . . . In such matters the maxim of *obsta principiis* should be firmly adhered to by every prudent and honest statesman. Graduation is not an evil to be paltered with. Adopt it and you will effectually paralyze industry and check accumulation, at the same time that every man who has any property will hasten, by carrying it out of the country, to protect it from confiscation.

The McCulloch observation seems to be based upon sound economic logic. No proponent of graduation has ever been able to prove just how much faster, if at all, ability to pay is supposed to increase than income. No demonstrably scientific method appears to be used to determine the height of the graduated scale or the brackets of income covered. At best the graduated rate structure becomes the result of rule of thumb, arbitrary conjecture, and conflicting pressures of different groups and organizations in and out of Government. Contrast this makeshift and complex result with the simplicity of proportionality, seen, for example, in the Judaeo-Christian practice of tithing, with the tithe at 10%, varying proportionately with a man's income and with good times and bad.

Frequently it is argued that apart from ethical and scientific considerations, the Government has budgeting needs that can only be satisfied by rate progression. Yet, Dan Throop Smith has noted that progression beyond 50% of taxable income yields the Treasury only about $1 billion annually, or less than 1% of what the Government spends.[4]

Indeed, it is arguable that rates beyond 50% and likely much less do not in fact yield long-term revenue but reduce it because of their inhibiting effect on incentives to produce and invest.

Incentive is the thing. It accounts for enterprise and ingenuity. It is the secret of American prosperity. And yet we seem to be killing off this tremendous force for social good for a relative pittance in terms of Federal revenue. For it has been well established that all the graduation—the 71 percentage points above the bottom personal rate of 20%—yields but 15% while the bottom rate yields 85% of the personal income tax revenue. This means that a flat 20% rate on all taxable income would still yield 85% of the present personal tax revenue, even assuming no increase in income as a result of rate reductions. This assumption, however, is not tenable because of the effect of released incentives on production and investment, and of released funds presently consumed by taxation that could otherwise be used for capital formation.

Cites Geoffrey Moore and Simon Kuznets

Thus the illogic of rate graduation strongly suggests that a reduction from present rate levels is more likely to increase revenue than to reduce it. As Geoffrey H. Moore of the National Bureau of Economic Research noted in the *American Economic Review*, high taxes have "no doubt operated to reduce income before taxes in the upper income groups."[5] Simon Kuznets of Harvard University reached much the same conclusion in his 1953 study, *Shares of Upper Income Groups in Income and Savings*,[6] observing that, among other things, the top 5% has incurred a marked decline in its share of total income. Let me stress that steep progression has meant more than mere redistribution of income; it has meant, I am convinced, reduction of income—the national income. In other words, not only reduced income for the rich and hence reduced capital formation, but reduced income thereby for the poor—for everybody.

It is not the rich, however, as people that we are primarily concerned about. It is that in attacking the rich—foolishly, I may add—through taxation, we have somehow managed to hamper financially and phychologically the most productive, inventive, talented, and venturesome members of our society—the people who would like to get rich. We have also forced many of these do'ers, builders and job-creators to divert much of their energy and talent to ways and means of outwitting the tax collector, to cut back on their output, or to quit work entirely. As the late Sumner Slichter of Harvard University remarked in 1942: "The tax history of the United States in recent years has been fairly sensational. A visitor from Mars would suspect that a Communist fifth columnist was writing the laws for the purpose of making private enterprise unworkable."

To be sure, Federal revenue needs are vast but this fact should not blind us to the diminishing rate of revenue return on high graduated rates, or to the necessity for not succumbing to the elastic ethic that the end justifies the means. For clearly there are different means to the same end of acheiving the government's revenue needs. Let us consider one of these needs—a flat rate.

The Flat Rate Proposal

Economist Milton Friedman of the University of Chicago demonstrates that a flat rate of 23.5% of taxable income as presently reported, defined, and with presently allowable deductions would produce as much revenue as the currently highly progressive rate structure of 20% to 91%. Indeed, argues Dr. Friedman, this flat rate would yield a greater revenue for three important reasons: less tax avoidance, meaning less incentive to adopt legal but costly schemes to reduce the amount of reported taxable income; less tax evasion, that is less incentive to fail to report income that legally should be reported; and less disincentives to production and investment and hence to greater

Continued on page 20

1 Pp. 22-38.

2 *1962 Proceedings*, National Tax Association, p. 541.

3 John Ramsay McCulloch, *Taxation and the Funding System*, (1845), quoted by Walter J. Blum and Harry Kalven, Jr., in *The Uneasy Case for Progressive Taxation*, (Chicago: University of Chicago Press, 1953), pp. 45-46.

4 *Morgan Guaranty Survey*, July 1960.

5 Geoffrey H. Moore, "Secular Changes in the Distribution of Income," *American Economic Review*, May 1952, p. 542.

6 (New York: National Bureau of Economic Research, 1953), pp. xxxv, xxxvi, 619, 635.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has confirmed the moderate trend of strength begun in early December by showing betterment through the past week. Whereas the *Commercial and Financial Chronicle's* yield index averaged at 3.093% a week ago, a sampling of the market's yield spectrum on Dec. 24 showed the average yield at 3.078%. Thus in a rather quiet and relatively inactive period, high grade municipals appear to be up around one-fourth of a point in terms of the dollar.

No Bearishness on Bonds

This recent firm tendency, following the easy market that had prevailed during November, had not been generally anticipated by bond market pundits. Most so-called experts have been predicting or at least calling for higher bond yields, Treasury, corporate and tax exempt categories all included, for more than two years.

However, in the last three weeks there has developed a prevalence of thinking that rules out a significant increase in long-term Treasury bond yields. Although bond yield increases are not ruled out for sometime in the future, only caution in bond purchases is suggested as an investment antidote by most of the services.

The two salient factors that might influence the financial structure toward higher bond yields appear presently as more or less neutralized. The economy seems not likely to generate a dominating demand for money at least in the near future despite the favorable growth probabilities. Nor does it seem probable that European economic and financial developments will exert pressures for higher interest rates here within the course of the next few months. Thus the low interest rate proclivities of the Administration seem likely to be implemented with no more than ordinary exertion.

Potential Bank Buying of Tax-Exempts

As we mentioned a week ago, there are indications that the commercial banks may continue their more than normal interest in tax exempt bonds, particularly should many of them borrow long-term against capital notes. Should this procedure develop to the extent at present possible ($10,000,000,000 or more) the present stimulation in high grade municipal bonds might be but a starter.

Technically the tax exempt bond market looks to be in pretty good shape. The forward calendar of new issues now totals less than $425,000,000. A year ago the situation was approximately the same in this respect. The calendar then didn't reach heavy proportions until late February. This year could be a parallel.

Currently the inventory situation seems not too heavy and is generally more favorable than has been the case in more than six months. The *Blue List* total of offerings has been averaging some little less than $500,000,000. The Dec. 24 total was $489,777,000. A year ago the *Blue List* totals were averaging in the $500,000,000 area.

Prices This Time in 1962

Price and yield relationships are presently more favorable than the levels of a year ago. We have indicated that high grade 20-year general obligation bonds currently average at a 3.078% yield. A year ago today our average yield or index averaged out at 2.957%.

In dollars then, last year's late December market was about 1½ points higher than is the case today. This is a particularly telling factor in comparing the technicalities and one that has compelled many traders to at least stay with today's market.

The *Chronicle's* revenue bond yield index shows the market in revenue bonds to be off close to one-fouth of a point in this past week. This was partly due to the fact that certain bonds had temporarily reached their upside limits and could do little but react as owners sought to sell them in exchange for bonds with more potential leverage. Examples involve the lower coupon revenue bonds subject to periodic sinking fund operations.

Factors That Might Upset Current Price Structure

However, there are downside factors for the market as a whole that partially counterbalance the favorable aspects of the tax exempt bond market. The passage of a tax reduction bill and the inflationary factors implied may combine in some market impact. An unexpectedly accelerated business resurgence might cut back on our relative monetary ease. Moreover, a rise in European rates developing from increasing wages and prices would likely touch off a defensive increase in rates here.

These powerful imponderables may generate to one degree or another in a few weeks or a few months. Sooner or later their forces will combine in implementing higher interest rates—but for the moment, so to speak, the simple technical factors involved in the tax exempt bond market seem compelling enough to support a firm price trend temporarily as may be the case.

It Was a Poor Year for Dealers

As we look to next year and the perhaps record breaking volume of new issues that it portends, dealers must reflect on the generally disappointing aspects of 1963's market. The volume was a record shattering one and the limits of market fluctuation were comparatively moderate. Yet very few dealers were able to show justifiable profits for their efforts. It could be persuasively developed that the overpowering reason involved a desperate overcompetition due primarily to the industry's over-capitalization. Consequently, a buyers' market persisted for most of the past 10 months.

The average dealer kept buying bonds for a general distribution that never quite materialized while the large, important and powerful dealer banks pressed to buy bonds for distribution and/or bank investment. The arithmetic in such operations can be widely diverse.

Better Days Ahead?

In the expansive mood of the Holidays we may hope that somehow the potentially profitable business ahead may develop in a manner that fairly and equitably embraces the entire industry while doing a serviceable job for the issuers. More leadership seems required here than has been evidenced during the past year in industry relationships. Unless attitudes become somewhat less antithetical the character of the business seems likely to slip.

Pending Business Relatively Light

There have been no notable new issue flotations in the past week. None appears likely for the year's short remainderment. January's calendar is light with only the $80,000,000 State of California loan slated for Jan. 7 and the $140,255,000 Public Housing Authorities offering set for Jan. 15, looming in the king-size category. A heavier schedule throughout January would serve to place the market in better balance following the normal drouth of financing throughout the Holidays.

Ohio Authority Issue Expected Shortly

The Toledo-Lucas County Port Authority, Ohio, remains to be negotiated by the syndicate managed by *Blyth & Company, Inc.* We are informed that the issue will be reoffered early next year with some public announcement regarding the issue to be made soon.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.15%
Connecticut, State	3¾%	1981-1982	3.20%	3.00%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
New York, State	3¼%	1981-1982	3.10%	2.95%
Pennsylvania, State	3⅜%	1974-1975	2.90%	2.75%
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%	3.10%
*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 24, 1963 Index=3.078%

*No apparent availability.

Mathes Named By Federman, Stonehill & Co.

Joseph Mathes has been appointed manager of the trading department of Federman, Stonehill & Co., Inc., 50 Broadway, New York City, members of the New York Stock Exchange.

Schneider, Bernet Office

HOUSTON, Tex.—Schneider, Bernet & Hickman, Inc. has opened a new office in the Tennessee Building under the management of A. E. Bernet, Jr., resident Vice-President.

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 30 (Monday)			
Maysville, Ky.	1,100,000	1964-1998	2:00 p.m.
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)			
Fremont H. S. D., Calif.	1,940,000	--------	--------
Sheboygan, Wis.	1,050,000	1965-1984	--------
January 7 (Tuesday)			
California (State of)	80,000,000	1965-1989	10:00 a.m.
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	--------
Oakland Co., Mich.	1,510,000	1965-1978	11:00 a.m.
Orange Unif. S. D., Calif.	3,945,000	1965-1979	11:00 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.
Fairhaven, Mass.	1,150,000	1964-1983	11:00 a.m.
Fairless S. D., Ohio	1,600,000	1965-1984	1:00 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)			
Alfred Almond etc., S. D. 1, N. Y.	1,478,000	1964-1983	2:00 p.m.
Clark Co. S. D., Nev.	8,000,000	1965-1984	10:00 a.m.
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.
St. Mary Par. S. D. 8, La.	1,285,000	1965-1984	2:00 p.m.
January 11 (Saturday)			
Langston University, Okla.	1,545,000	--------	--------
January 14 (Tuesday)			
Arcadia Un. S. D., Calif.	3,750,000	1967-1984	9:00 a.m.
Clayton S. D., Mo.	1,750,000	--------	7:30 p.m.
Covina-Valley S. D., Calif.	1,995,000	1965-1989	9:00 a.m.
Greater Egg Harbor Reg. H. S. District, N. J.	1,900,000	1965-1990	--------
Kansas Turnpike Authority	18,695,000	1967-1997	10:00 a.m.
Maine (State of)	2,000,000	--------	10:30 a.m.
Oakland, Calif.	4,500,000	1965-1989	--------
Placentia S. D., Calif.	1,270,000	1965-1978	11:00 a.m.
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	
North St. Paul-Maplewood S. D. 622, Minn.	1,000,000	--------	8:00 p.m.
January 20 (Monday)			
Dallas, Texas	12,000,000	--------	1:45 p.m.
Fridley, Minn.	2,025,000	1965-1980	8:00 p.m.
Ithaca S. D., Mich.	2,450,000	1966-1993	8:00 p.m.
Saginaw, Mich.	1,000,000		
January 21 (Tuesday)			
Duluth S. D. 3, Minn.	1,835,000	--------	--------
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.
Kootenai Hospital Dist., Idaho	1,062,000	--------	8:00 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.	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	--------	--------
Palo Alto S. D., Calif.	3,000,000	--------	--------
January 28 (Tuesday)			
Duval Co. S. D. 1, Fla.	10,000,000	1969-1981	11:00 a.m.
January 29 (Wednesday)			
Robbinsdale S. D. 281, Minn.	1,680,000	--------	4:00 p.m.
February 1 (Saturday)			
Grossmont Union H. S. D., Calif.	4,400,000	--------	--------

1964 Inflation Prospects For Countries Abroad

By Paul Einzig

Measures being taken by France and Germany, and possibly Japan, indicate that a strong posture against price inflation forces will be maintained. Dr. Einzig is dubious, however, about Italy and Great Britain following suit. He sees domestic political troubles tying the hand of the Italian government, and British trade union irresponsibility in honoring trade union contracts and in seeking to embarrass the British Government at every turn adding weight to the upward rising price factors in the United Kingdom. The anxiousness of the British Government to maintain full employment at all costs, he adds, is well known to the labor people who are only too willing to take advantage of it.

LONDON, Eng.—During recent years the business trend in Britain was substantially similar to that prevailing in the United States and in the leading Western European countries. The recession of 1962 was on a world-wide scale, and so was the recovery that followed. There were marked differences in degree but the ups and downs of the economies followed the same direction. It seems probable, however, that this will be no longer so during 1964.

On the one hand we have France and Western Germany firmly determined to keep inflation under control. After an orgy of unsound finance between the Wars and again during the 40's and 50's French tradition for orthodoxy has reasserted itself. President de Gaulle is following Napoleon's example in resisting any temptation to relax the reins of orthodox financial control. The French Government is tackling firmly wage inflation which threatened to get out of control.

Likewise, Chancellor Erhard is determined to live up to his reputation as the author of the German miracle. One of the reasons why he stands firm against French pressure in the sphere of agriculture is that he wants to use any concession in that sphere as a bargaining weapon to secure concessions from France in the course of the "Kennedy Round" negotiations. He wants to reduce the external tariff of the European Economic Community for the sake of counteracting the rising trend of prices.

At the other extreme we have Britain and Italy. In the case of Italy relaxation of resistance to inflation has been the result of domestic political troubles which are likely to continue during 1964. In the case of Britain, however, inflationary prospects are due to the official policy of abstaining from taking any action that would handicap the expansionary trend which at long last has been gathering momentum during recent months. Chancellor of the Exchequer Maulding, by declaring that he did not expect the existing spare capacity of industry to be used up until the end of 1964, indicated his intention not to interfere with that expansion earlier.

In theory there should be no reason why inflation should develop so long as industry has still some unused capacity. In practice it is dangerous to generalize. Some industries are already working to capacity, while others are not. This means that a further increase of consumer demand for the goods of industries working to capacity cannot be met in the near future to a corresponding increase in the output. This again means a rising trend in the prices of those goods.

Wage Problems in Britain

In any case, whether or not industry is working to capacity, there is an acute shortage of labor in many industries, especially in Southern England. Consequently, employers are unable and even unwilling to resist excessive wage demands. During recent weeks, several increases of 6% were conceded. As even the Government does not expect growth to exceed 4% p. a., the result is a net inflation of 2%.

In a recent article I pointed out the utter futility of the attempt to achieve stability of wages by means of concluding long-term wage agreements. Employers who do that are liable to get the worst of both worlds. In case of a recession they would be bound by the wage increases conceded on the basis of the assumption that things would continue to go well. On the other hand if things do go well the trade unions do not feel themselves bound by the agreements but ask for more. This is what is actually happening in the electric power supply industry among others. The ink has barely dried on its long-term wage agreement when the trade unions concerned came forward with new demands. Since the agreement only deals with standard wage rates, they now insist on widening the wage differentials for the benefit of specific catagories of employees through granting them additional increases. They also profess to believe that a reduction of the working week without any cut in wages would be in accordance with the letter and spirit of the scrap of paper they have signed. This is just one of the innumerable instances in which the supreme art of sophistry is applied to reinforce wage demands.

The Government and employers' organizations are working overtime in an effort to persuade the trade unions to moderate their claims. They waste their breath on futile exhortations which are doomed to fail to achieve their end unless reinforced by disinflationary measures, or at any rate by threats of disinflationary measures. The employees know only too well, however, that the Government is wedded to the idea of maintaining full employment at all costs. Having brought down unemployment to a level at which it no longer discourages wage demands, the Government is determined to avoid anything that would cause an increase in unemployment.

The trade unions are only too well aware of this and feel, therefore, that they can afford to disregard exhortations. Their wage demands are also encouraged by the "growth hysteria" that has seized upon political opinion, expert opinion and public opinion in Britain as in many other countries. Economic expansion must be achieved at all costs, regardless of its inflationary effect. So long as such a conception prevails, trade unions cannot reasonably be expected to be impressed by exhortation.

It seems, therefore, that while France, Germany, and possibly Japan, are likely to resist inflation in 1964 Britain and Italy are likely to yield to some degree. As for the United States they seem to be somewhere half way between the two groups. The stiffening of interest rates indicate some degree of resistance but, as soon as that resistance will threaten the progress of business recovery, it is likely to be mitigated. On the whole it seems probable that the trend in the United States will be nearer to that of Britain than that of France and Germany.

Delafield Co. To Admit Partner

Effective Jan. 2 John E. Wulbern will become a partner in Delafield & Delafield, 45 Wall Street, New York City, members of the New York Stock Exchange.

Shields & Co. to Admit Partners

Effective Jan. 2 Daniel J. Murphy and Junius W. Peake will become partners in Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange.

Prudential Insurance Promotes Four

Promotion of four key investment executives has been announced by the Prudential Insurance Co.

They are:

John E. Saylor, promoted to general manager and assistant treasurer in the treasurers' department;

John E. Saylor   Bryan Wilson   Percy S. Young, Jr.   John R. Ericsson

Bryan Wilson, promoted to director of banking and assistant treasurer in the treasurer's department;

Percy S. Young, Jr., promoted to general investment manager in the bond department;

And John R. Ericsson, promoted to investment manager in the bond department.

Mr. Saylor had been associate general manager of the treasurer's department prior to this promotion. He joined Prudential as a trainee in 1947.

Mr. Wilson had been associate director of bank relations and assistant treasurer. He joined Prudential as a mortgage loan appraiser in Detroit, Michigan, in 1947.

Mr. Young, an investment manager, joined the company's bond department in 1931, following a three-year association with the Pennsylvania Railroad.

Mr. Ericsson, a senior investment analyst, joined Prudential three years ago. Before that, he was a security analyst with Arnold Bernhard and Co., investment advisers in New York.

Named Branch Manager

PALM BEACH, Fla. — Robert L. Warfield, Jr. has become associated with Goodbody & Co., as manager of the Palm Beach office, 401 South Country Road.

Bingham, Walter Branch

LA JOLLA, Calif. — Bingham, Walter & Hurry, Inc., have opened a branch office at 7825 Ivanhoe Avenue under the direction of William D. Carter.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

American Economy for 1964—Forecast — National Securities & Research Corporation, 120 Broadway, New York, N. Y. 10005.

Bond Market — Circular — New York Hanseatic Corporation, 60 Broad Street, New York, N. Y. 10005.

Canadian Economy — Review — Bank of Montreal, Montreal, Que., Canada.

Capital Investments of the World Petroleum Industry—Brochure—Petroleum Division, Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, N. Y. 10015.

Color Television—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available is a review of **Consolidation Coal.**

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.

Greeting Card Business—Discussion in December issue of the "Exchange" Magazine — The Exchange, 11 Wall Street, New York, N. Y. 10005—25¢ per copy, $2.00 per year. Also in the same issue are articles on **Smog Control** and comments on **Heli Coil Corp.**

Individual Shareownership Around the World—2nd Edition—New York Stock Exchange, 11 Wall Street, New York, N. Y. 10005.

Industrial Gas Stocks—Analysis—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is an analysis of **Zenith Radio Corp.**

Insurance Stocks — Review — Hecht, Weingarten & Co., Inc., 125 Maiden Lane, New York, N. Y. 10038.

Life Insurance Stocks—Bulletin—Ralph B. Leonard & Sons, Inc., 50 Broadway, New York, N. Y. 10004.

Market Outlook — Report — Emanuel, Deetjen & Co., 120 Broadway, New York, N. Y. 10005.

Motor Carrier Industry—Analysis of financial position — First National City Bank, 55 Wall Street, New York, N. Y. 100015.

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

101 Growth Stocks — 50 page brochure highlighting issues which appear attractive for future growth — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005.

Outlook for 1964—Bulletin—Goodbody & Co., 2 Broadway, New York, N. Y. 160015.

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.

Paper Industry—Review—Calvin Bullock, Ltd., 1 Wall Street, New York, N. Y. 10005.

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

Price Trends in Canada—Review—Bank of Nova Scotia, Economics Department Toronto 1, Ont., Canada.

Puerto Rican Securities—Quarterly report to investors — Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Rail Bonds—Comments on issues which appear attractive—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005. Also available are comments on **Seaboard Coast Line, Atchison, Topeka & Santa Fe, Delaware & Hudson,** and an analysis of **Atlas Chemical Industries.**

Review and Forecast for 1964, with lists of suggested listed and unlisted stocks — Schweickart & Co., 2 Broadway, New York, N. Y. 10004.

Securities At A Discount—List of 172 issues — Lubetkin, Regan & Kennedy, 44 Wall Street, New York, N. Y. 10005.

* * *

Air Control Products—Comments—Herzfeld & Stern, 30 Broad Street, New York, N. Y. 10004. Also available are comments on **Bestwall Gypsum, Consolidated Cigar, King Seeley Thermos, Olin Mathieson Chemical, Rayonier** and **Textron.**

Air Reduction Co. Inc.—Analysis—Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005. Also available is an analysis of **Aztec Oil & Gas.**

Alabama Gas Corporation—Bulletin—Georgeson & Co., 52 Wall Street, New York, N. Y. 10005.

American Express Company—Analysis — Mitchum, Jones & Templeton Incorporated, 510 South Spring Street, Los Angeles, Calif. 90013. Also available is an analysis of **Waddell & Reed Inc.**

Atlantic Acceptance Corp. Ltd.—Analysis—Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ont., Canada. Also available are analyses of **Simpsons Ltd., Fleetwood Corp.** and **Shell Investments Ltd.**

Beckman Instruments — Analysis—Scheiman, Hochstin & Trotta, Inc., 111 Broadway, New York, N. Y. 10006.

Bigelow Sanford — Comments — Stanley Heller & Co., 44 Wall Street, New York, N. Y. 10005.

Carter Products Inc.—Analysis—Rittmaster Voisin and Co., 40 Exchange Place, New York, N. Y. 10005.

Chicago Musical Instrument Co.—Analysis—Hill Richards & Co. Incorporated, 621 South Spring Street, Los Angeles, Calif. 94114.

Chrysler Corp.—Comments—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004. Also available are comments on **Dymo Industries, Polaroid, Textron, Colsolidated Electronics, Freeport Sulphur, Joy Manufacturing** and **National Can.**

City Products Corporation—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60609.

Clayton Bancshares — Analysis — Edward D. Jones & Co., 101 North Fourth Street, St. Louis, Mo. 63102.

Continental Illinois National Bank & Trust Co.—Analysis—The Illinois Company, Inc., 231 South La Salle Street, Chicago, Ill. 60604.

Frito-Lay — Study — De Haven & Townsend, Crouter & Bodine, Land Title Building, Philadelphia, Pa. 19110.

International Telephone & Telegraph Corp.—Analysis—W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005.

Kayser Roth—Report—Purcell, Graham & Co., 20 Exchange Place, New York, N. Y. 10005.

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

Maust Coal & Coke Corp.—Analysis—Bell & Farrell, Inc., 119 Monona Avenue, Madison, Wis. 53703.

Max Factor—Discussion in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York, N. Y. 10005. Also available are comments on **Richardson Company, CTS Corp., McCormick & Co., Unarco Industries Inc., Perkin Elmer Corp.** and **Associated Spring.**

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

Pabst Brewing—Analysis—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

Papercraft Corporation—Detailed report—Arthurs, Lestrange & Co., 2 Gateway Center, Pittsburgh, Pa. 15222.

Seaway Hotels Ltd. — Report — Gairdner & Company Ltd., 320 Bay St., Toronto, 1 Ont., Canada.

Steel Company of Canada Limited—Analysis—Wills, Bickle & Company Limited, 44 King Street, Toronto 1, Ont., Canada.

J. P. Stevens—Report—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Sunset International Petroleum Corporation—Analytical brochure—Kleiner, Bell & Co., 315 South Beverly Drive, Beverly Hills, Calif.

Tokyo Electric Power Co.—Analysis—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York, N. Y. 10006.

Utah Power & Light Company—Analysis—Schwabacher & Co., 100 Montgomery Street, San Francisco, Calif. 94104.

Vacuum Electronics Corp.—Report—Cortlandt Investing Corporation, 120 Wall Street, New York, N. Y. 10005.

Warner & Swasey — Comments—Henry Gellermann, Dept CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **American Chain & Cable, Link Belt, Celanese American Enka** and **International Oils.**

Wolverine Aluminum Corporation—Analysis—F. J. Winckler Company, Penobscot Building, Detroit, Mich. 48226.

Waters With Reynolds

PHILADELPHIA, Pa.—Reynolds & Co., members of the New York Stock Exchange and other leading exchanges, announce that James M. Waters is now associated with their Philadelphia office, 1526 Chestnut Street, as a registered representative in the municipal bond department.

Prior to joining Reynolds & Co., Mr. Waters was associated with the municipal bond department of the Fidelity-Philadelphia Trust Company.

Lehman Corp. Names Taylor V.-P.

The election of Eustace L. Taylor as a vice-president of The Lehman, Corporation, 1 South William St., New York City has been announced by Robert Lehman, chairman of the board of directors of the closed-end investment company.

Eustace L. Taylor

Mr. Taylor joined The Lehman Corporation in 1930 and has been assistant vice-president since 1942. He is a director of the Alumni Association of The Graduate School of Business, Columbia University.

To Be Bigley Co.

Effective Jan. 3 the firm name of Kastor, Bigley & Co., 14 Wall St., New York City, members of the New York Stock Exchange, will be changed to Bigley & Co.

New Hutton Branch

BEAUMONT, Tex.—E. F. Hutton & Co., Inc. has opened a branch office in the Petroleum Building under the management of Daniel D. Howell.

Now Corporation

SALT LAKE CITY, Utah — Brothers & Co., Phillips Petroleum Building, is now doing business as a corporation. Officers are Dorothy M. Brothers, President; E. M. Feulner Deland, Treasurer; and Irving H. Biele, Secretary.

Excelsior Option Corp. Formed in Boston

BOSTON, Mass. — Excelsior Option Corp. has been formed with offices at 35 Congress St. Officers are Edward C. Johnson, 2nd, President; Chester Hamilton, Treasurer and Clerk and Alfred Russell, Assistant Treasurer. Mr. Johnson and Mr. Hamilton were formerly officers of the Crosby Corporation.

Lincoln Securities

OKLAHOMA CITY, Oklahoma—Lincoln Securities Corp. is engaging in a securities business from offices in the Medical Arts Building. Officers are Basil Sinclair, Chairman, President and Treasurer, and J. L. Neyland, Secretary.

As We See It

Continued from page 1

had there been no second World War and the incredible technological advances resulting in substantial part directly or indirectly from that titanic conflict is another and far more difficult question. What the political effect of what President Johnson now has to say will be, we do not undertake to assay, but there are other aspects of this whole question of reducing, to say nothing of abolishing, poverty and all the rest throughout the world, facets which must not be overlooked by the public even if the politicians had rather not give them due consideration.

The President the other day in later sections of his address referred to the poverty, the hunger and the disease that are now rampant in many sections of the globe, and, by implication at least expressed his determination to alleviate these untoward conditions, and to do so without imposing foreign rule upon the people thus assisted. No one is likely to find fault with all this as a noble ideal toward which the more fortunate peoples should, so far as feasible, strive. No one is likely to deny that in past decades and past centuries more advanced nations (sometimes including our own) have assumed, or at least their nationals have assumed, picaresque attitudes toward so-called backward peoples, particularly if they happened to occupy territory which had minerals or other forms of wealth.

There has been steady growth in recent years of "liberation" of such colonial peoples—and for that matter of many who nominally enjoyed full political freedom but who had become economic serfs. The more such developments have progressed, however, the clearer it becomes that mere liberation from foreign restraints or foreign rule often leaves the state of affairs as bad as ever if not worse. People have to be ready to govern themselves before they can profit very much if at all by liberation from their colonial masters. Sometimes at least, as a matter of fact the withdrawal of colonial powers, so-called, results in definitely worsening economic conditions, more illness, more poverty and more economic privation in general rather than less.

Mere Aid Not Sufficient

Whatever may be the most desirable international strategy in the face of communistic aggression, we had better face the fact that mere aid may and often does not do more at most than prove a temporary surcease from suffering, leaving the victims really no better off. And direct aid in the amounts that would be necessary to make much progress against the suffering of the unfortunate of the world is beyond this and all the other countries of the so-called advanced world. Unfortunately, the populations of many of these so-called backward countries are so enormous that aid that can reasonably be supplied from outside makes little or no real impression upon the miseries of the peoples that attract the attention and the sympathy of the remainder of the world.

Whether or not we would like it some other way, the fact is that these poverty ridden and disease stricken peoples must in the final analysis transform themselves into productive beings to cope with their own needs. Technical help they need, but even more they need the training which would enable them to make use of technical help—and with regret be it said—a measurable addition to their willingness to serve themselves. The health problems which are so often encountered are, perhaps, a little more amenable to direct solutions from without, but the fact is that a very substantial degree of cooperation is needed in this area also. These peoples have to be taught a great deal, and not infrequently weaned away from tribal superstitions and the like before broad help is possible.

Something Can Be Done

All this is, of course, not to say that nothing can be done or that nothing ought to be done to correct the situations to which many of the so-called advanced nations have addressed themselves. Nor is it to deny that (as President Kennedy often said, and as President Johnson now repeats) some of the countries now largely rehabilitated with our help are loathe to take much interest in these affairs. Certainly it is not to deny that the United Nations should concern itself with these problems. What it does imply is that the work which is cited by the President is really "a journey of a thousand miles." The problems presented by vast hordes of human beings far more ill-fed, ill-housed, and ill-clothed than many of us can imagine will be with us for many a decade, and quite probably centuries, to come. The journey will have to be taken one step at the time, as the President has well said.

Meanwhile the impression must not be given either to ourselves or to those in need of help that we have any cure-all, or that we can do more than help them help themselves. And we shall have to expect that many of these peoples will view every step taken with deep suspicion as possibly leading to their enslavement or at the very least interfering with their internal affairs. It is very well for the President to set out goals in glowing terms. It is more important that we ourselves take a realistic approach to all these matters that have do with improving the world.

Federal Reserve's 50th Anniversary

On Dec. 23, 1913, 50 years ago, President Woodrow Wilson signed the Federal Reserve Act. The bill, HR 7837, had passed the House on Sept. 18 and, in what was an unusually long session of Congress, passed the Senate on Dec. 19. After more than 80 years since the termination of the central banking function of the second Bank of the United States, the country was again to have a central banking system.

The Federal Reserve Act grew out of the Aldrich-Vreeland act of 1908, which provided for the creation of a Monetary Commission to study central banking in other countries and to submit a report and recommendations to Congress. Early in 1911, the findings of the Commission and its recommendations for a central banking system were being studied. There was widespread agreement with the Aldrich plan for a central banking system. One major stumbling block remained the fear of one central bank. The Aldrich bill was defeated on this issue in Congress in 1912.

Need for Flexible Currency

This objection was overcome in a bill prepared in 1913 by Representative Carter Glass, the new Chairman of the House Banking and Currency Committee. He proposed a regional system of banks. The powers of the future Federal Reserve Board and the Federal Reserve Banks were debated and studied intensively by Congress in the summer and fall of 1913. But, with agreement on the need for "a flexible currency," and the new decentralized system of regional banks incorporated in the future Act, discussions began to center on some of the particulars of the new system. As for the public, and for Congress, there was no little doubt that a central banking system in some form had to be erected. Fifty years ago, the only thing that remained to do was to build the existing system upon its legal framework. On Dec. 23, 1913, the bill became law. On Nov. 16, 1914, the 12 Federal Reserve Banks opened their doors for business.

With Roose, Wade

TOLEDO, Ohio — Charles E. Andrews has been added to the staff of Roose, Wade & Company, Toledo Trust Building.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

PACIFIC INDEMNITY CO.—

Pacific Indemnity Co. is one of the few major and casualty insurance companies that has been able to post a profit on its underwriting operations during the first nine months of the year. A moderate underwriting profit for the full year combined with sharply higher net investment income, which is running 21% ahead of a year ago due to improved rental income from the new home office building, is likely to result in total earnings near $4 per share for 1963.

The company was organized to write casualty insurance on the West Coast in 1926. Operations were concentrated in that area until 1955 when a program of growth through geographical distribution was initiated. In that year 89% of total premium income was derived from the states of California, Washington and Oregon. The company is now licensed in all 50 states, the District of Columbia and in Canada. However, 60% of premium volume is still derived from California, with Texas second in importance in size at 10%. Management is continuing the effort to achieve a broader geographical distribution of risks.

Only casualty insurance coverages were written until 1950 when Pacific Indemnity entered the fire insurance field. The company remains principally a casualty underwriter today with nearly three-quarters of premium volume derived from those lines. Overall, automobile lines represented 41% of volume in 1962, workmen's compensation—13%, fire and related lines—23% and all other lines—23%. The company specializes in commercial coverages rather than personal lines which, with very careful control over their California operations, primarily accounts for the company's historically successful underwriting record. Only one-quarter of the company's automobile business is private passenger.

An underwriting profit has been recorded in three of the past four with another profitable year in prospect for 1963. A small underwriting loss was incurred in 1962 due to inadequate automobile rates in California and numerous wind, and hail storm losses. A 10% automobile rate increase on automobile liability line in California effective February, 1963, and a sizable boost in workmen's compensation rates in the same state are benefitting this year's results. A moderate underwriting profit has been recorded in each of the first three quarters of the year. For the nine month period a profit margin of 1.1% was recorded on premium volume of $35.8 million. Comparable figures in 1962 were—2.4% and $32.4 million respectively. A small underwriting profit is forecast for the full year on a 10% rise in volume.

A conservative investment policy has been followed as premium volume is relatively heavy in relation to the company's capital funds, thereby creating a rather large underwriting risk exposure. At the close of 1962 invested assets were divided approximately as follows: bonds—60%, preferred stocks—10% and common stocks—30%. Net investment income has increased in each year of the past decade. For the present year investment income will climb to roughly $2.50 per share compared with $2.12 in 1962, adjusted for the recent 10% stock dividend.

A relatively low proportion of earnings are paid out to stockholders as cash dividends, with distributions averaging 40% of

Selected Statistics

	Admitted Assets (000,000)	Premiums Written (000,000)	Policyholders' Surplus (000,000)	Underwriting Results: Loss Ratio %	Underwriting Results: Expense Ratio %	Underwriting Results: Profit Margin %
1958	$61.6	$36.8	$16.7	67.8	35.7	—3.5
1959	64.2	36.7	17.8	64.3	35.2	0.5
1960	69.5	41.8	20.5	61.4	32.9	5.7
1961	76.4	40.5	25.2	65.0	33.4	1.6
1962	78.8	44.3	23.2	65.1	35.4	—0.5

Per Share Data*

	Underwriting Earnings	Net Investment Income	Total Earnings	Dividends Paid	Liquidating Value	Price Range
1958	—1.78	1.58	—.20	.77	25.06	19-13
1959	.18	1.75	1.93	.77	26.38	19-16
1960	2.28	1.91	4.19	.79	31.25	28-16
1961	.47	2.08	2.55	.82	36.94	39-24
1962	—.40	2.12	1.72	.90	36.19	37-22

*Adjusted for payment of 10% stock dividend in October, 1963.

net investment income in recent years. Following the payment of the 10% stock dividend in October, a 25 cent cash dividend has been declared, thereby effectively raising the dividend by 10 cents per share on an annual basis. Further dividend increases are anticipated in view of the rise in net investment experienced in 1963 and projected for 1964.

The anticipated total earnings of $4 per share for 1963 will be tax free in view of tax-loss carryforwards resulting from heavy statutory underwriting losses incurred in earlier years of rapidly rising premium volume. There is likely to be at least a partial tax burden on 1964 earnings if they prove to be anywhere near the anticipated 1963 results.

The 870,000 shares of common stock outstanding are traded in the Over-the-Counter Market. The stock has traded between $39 and $30 per share this year, and is currently quoted @$33 bid. At the present price, the stock provides a yield of 3% on its $1 annual dividend, and is selling at a discount of 20% from its anticipated year liquidating value of $41 per share.

Why the Economic Uptrend Will Not Abort Itself in 1964

Continued from page 1

ing inventories on balance for the last eight quarters.

Therefore, how can I reconcile an inventory accumulation which has lasted eight quarters with the statement we are not going to have an inventory correction for the balance of this year or in 1964? In this way: if you will examine the inventory-to-sales ratio at retail today you will find that at the current level, it is the lowest it has been for any month in the entire postwar period, with the exception of the second half of 1947, and inventories at the retail level now are at the same position relative to sales as they were in the first half of 1947. At that time, you will remember, the problem was one of inadequate—not excessive—inventories.

You may then ask what about manufacturers? Are manufacturers carrying the finished goods inventories for the retailer? The answer, to a certain extent, is "yes"; retailers are backing inventories to the manufacturer, *but* the current level of finished goods inventories relative to sales of manufacturers is moving down and historically is at the level which has never indicated any trouble. On the contrary, it takes six months of finished goods inventories advancing relative to sales in manufacturing before there is any noticeable effect on the inventory curve. I therefore, conclude from this analysis that the American economy is not over-inventoried, but rather that it is under-inventoried.

Let me turn to the second major area that has caused us trouble in the postwar period, namely, the area of capital investment. As some might know, Edie & Co. has conducted its own capital expenditure survey for the past ten years and this year we conducted our eleventh annual survey. We send out a mail-questionnaire to a substantial portion of American industry. This questionnaire is on the desk of our respondents the first day after Labor Day. Typically we get between 85 and 90% response to this survey, and this year we have received the same response as historically.

These surveys do not give a precise estimate of what capital expenditures will be in the forthcoming year because industry does make changes in its plans, but this survey does give a good indication of the trend and more significantly these surveys in each of the periods, 1953-1954, 1957-58 and 1960-61 correctly indicated the downtrend in private capital investment.

Capital Outlays to Rise 5%

What does the survey show for 1964? Our latest survey of capital expenditures shows that American industry intends to increase its capital spending in 1964 to an all-time record rate of $42.1 billion, which would be 8% higher than in 1963, when capital expenditures are officialy estimated at $39.1 billion.

The survey indicates increases that are almost across the board. The biggest increases are taking place in manufacturing. Durable goods manufacturing anticipates a 15% increase, non-durable goods manufacturing a 6% increase—so that in all-manufacturing we have an indicated increase of 11%.

Let me read you the increases anticipated by key industries in their capital expenditures for 1964, as compared to 1963:

Iron and steel	+29%
Primary nonferrous metals	+26%
Electrical & nonelectrical machinery	+12%
Motor vehicles	+40%
Food and beverages	+18%
Paper & allied products	+22%

From this survey you can conclude that capital expenditures for 1964 will be at an all-time record and that most of the increases are occurring in basic and major industries.

The overall results for the year 1964 for capital expenditures are quite optimistic, but the anticipated quarterly pattern is not quite as optimistic.

From the first quarter of 1963 to the fourth quarter of 1963, we estimate that private capital expenditures will have risen 10%. We do not believe that American industry will achieve the $41 billion level that we indicated last September, or that is now indicated by the U. S. Department of Commerce. We think, rather, that the rate will be about $40.6 billion, or $400 million less than originally anticipated.

From the first quarter of 1964 to the fourth quarter of 1964, we anticipate a 5% increase in the seasonally compensated annual rate of private capital expenditures, which would be from $41 billion to $43 billion.

As you well know, economists like to say that the rate of increase will decrease—so I am saying to you that the rate of increase in capital expenditures will decrease in 1964.

"Either/Or in '64"

Let me turn from that to the reason why I see "Either/Or in '64." The reason I have given it that label is either we will get a tax cut, or the Federal Government will engage in pump-priming. In our organization we take what may appear to be a position that flies in the face of some recently indicated facts on Federal spending and recent statements by responsible public officials.

The Administration's position is that spending by the Federal Government will not rise in the fiscal 1965 budget, which is July 1, 1964 to June 30, 1965. We believe that this position hinges importantly on whether there is a tax cut. If there is no tax cut, we believe the Administration will present a compensatory budget for 1965 and that government spending in the fiscal 1965 year will rise between $6 and $8 billion.

If you assume there is no tax cut, by January 1964 the Administration will be faced with an increase in the labor force of about 1.2 million people and they will take the position that since a tax cut has not been aproved, it is the obligation of the Federal Government to follow compensatory policies to stimulate and expand the economy.

Anticipates Increased Federal Spending

It may come as a surprise, but the fact of the matter is that the fiscal 1964 budget will probably be about $4 to $5 billion higher than the fiscal 1963 budget and that the fiscal 1965 budget has built-in increases of about $5 to $6 billion over fiscal 1964.

As a practical matter, therefore, this means we can anticipate increases of about $4 to $5 billion in Federal spending in calendar 1963 and about $5 to $6 billion in calendar 1964. The House Ways and Means Minority Report on the Tax Cut makes quite clear that these increases have already been built into the budget.

This means to me that we should not look for any cut in government spending or even a stabilization in the coming year, and that those economic forecasts based on stabilization in Federal spending or a moderate downturn are likely to be highly inaccurate.

Getting back to my original point, therefore, we do not think you will have any downturn in economic activity in 1964 as a result of a downturn in government spending.

I have now covered three areas of the economy which I think preclude a recession in 1964. In the area of inventories we look for no liquidation, in capital investment we anticipate an 8% increase in 1964 over 1963, and in Federal Government spending a rise of about $5 billion is likely. Let me turn now to the consumer.

Consumer Confidence Is High

The consumer has been the bulwark of strength in the postwar period. Economic cycles may come and economic cycles may go, but the consumer will go on spending more money. Just prior to Cuba, in 1962, the index of consumer confidence had reached a very low point. Following the resolution of the Cuban crisis, the index of consumer confidence rose to an extremely high level. Now the most important fact at the present time is that this index is within 2 to 3% of where it was after Cuba and I do not need to go into what the consumer has done for the 1963 economy.

With the currently high level of consumer confidence, we think you will see a minimum increase in consumer spending in 1964 of about $13 billion under the assumption of no tax cut. If we were to assume a tax cut effective early in the year, we would say consumer spending could rise about $20 billion, which would be even more than the $18 billion it increased this year.

The key thing to me is that we can look forward to another rising year of consumer spending because of the tremendously high level of confidence on the part of the consumer.

So far I have dealt qualitatively on the economic outlook for 1964. Now let me try to summarize it in terms of the figures. First we anticipate a gross national product of between $610 billion and $615 billion in 1964, without a tax cut, as compared to $583 billion in 1963. This would represent an increase of about 4.5% in 1964, 1% of which would be price and 3.5% of which would be volume.

Second, we anticipate a level of industrial production at least 3% higher in 1964, as compared to 1963. The Index of Industrial Production on a 1957-59 base will be 125 in 1963 and at least 128 in 1964 if you assume no tax cut. If you assume a tax cut, the index undoubtedly would advance another three percentage points.

Third, we believe the pattern will be one of flatness in the early part of 1964 with modest increases in gross national product and a relatively unchanged level for industrial production. During the first six months of the year we can see the index of industrial production fluctuating minutely above and below a flat trend.

Fourth, we expect the economy to begin to move ahead strongly in the second half of 1964 as rises in government spending, inventories, personal consumption expenditures and capital investment take hold. By the end of the year we think you will see a robust, dynamic, thrusting economy.

In summary, let me say once again that this economy of ours has a great propensity to surprise; it is a robust economy, it is a dynamic economy. It is an economy that continues to confound, confuse, and thwart those who do not believe in free enterprise. In 1964 I believe that once again our free enterprise economy will be a shock and a confusion to our enemies, and a bulwark of strength to our friends.

I thank you.

*An address by Dr. Rinfret before the 1964 Economic Forecast Seminar at the Central National Bank of Cleveland, Cleveland, Ohio.

To Be Partners in Bioren & Co.

PHILADELPHIA, Pa.—Effective Jan. 1 Maurice A. Hallam, Robert A. Kolb, Norman B. Smith, Francis J. Beck, William H. Burgin 3rd, and John C. Korn will become general partners in Bioren & Co., 1424 Walnut Street, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges. On the same date Russell J. Sellers, Edna M. Sellers, Gladys D. Kolb and Virginia B. Milburn will become limited partners in the firm. All are partners in Hecker & Co. which is being dissolved.

Loewi Co. Staff Appointments

MILWAUKEE, Wis.—William L. Liebman, President of Loewi & Co., Incorporated, 225 East Mason Street, members of the New York Stock Exchange, has announced that Marvin R. Swentkofske has been appointed an Assistant Vice President by the firm's Board of Directors and named Manager of the Research Department Ronald R. Bukowski has been named Assistant Manager of the Research Department. Loewi's Research Department has a staff of six people.


M. R. Swentkofske

Mr. Swentkofske joined the Loewi organization in 1959 and has been senior analyst with the firm since 1961.

Mr. Bukowski has been associated with Loewi's Research Department since 1961.

Mr. Liebman also announced that William R. Pedersen has been named Assistant Manager of the Loewi & Co., Trading Department. Mr. Pedersen joined Loewi & Co., in 1958. Loewi & Co.'s Trading Department has a staff of 10 people.

Smith, Barney To Incorporate

All of the business of the partnership of Smith, Barney & Co., 20 Broad Street, New York City, will be conducted by Smith, Barney & Co. Incorporated effective Jan. 1, 1964, it was announced by Charles B. Harding, senior partner of Smith, Barney & Co. The partners of the present firm will be officers and directors of the corporation which will continue to be a member of the New York Stock Exchange and other leading exchanges. Mr. Harding has been elected chairman of the board and president of Smith, Barney & Co. Incorporated.

In commenting on the change from a partnership to a corporation, Mr. Harding said: "We believe the growth of the firm and its business requires a more formal management structure such as can be provided by the corporate form. While all of our personnel, facilities, and services will be unchanged, we believe that there will be benefits to our clients and staff by using the corporate maangement plan of organization."

On Dec. 1 of this year Smith, Barney & Co. celebrated the 90th anniversary of its founding by Charles D. Barney. The firm, a member of the New York Stock Exchange and other leading exchanges, has 12 offices in the United States. It is a major underwriter, distributor and dealer in municipal and corporate securities, both domestic and foreign.

RSA Secs. Formed

HONOLULU, Hawaii—Ralph S. Aoki is engaging in a securities business from offices at 1402 Kapiolani Boulevard under the firm name of RSA Securities.

MUTUAL FUNDS

BY JOSEPH C. POTTER

An Investment Philosophy

Nearly everyone of the one in 10 Americans who invests in stocks is in search of a philosophic approach to the marketplace. The people of five-year-old Wellington Co.-managed Windsor Fund sums up the nagging problem of 18 million people. In its annual report, the company states the situation this way:

"In the search for possible growth of capital over the long term, the intelligent investor is confronted with this problem: should I put my money to work in the well-known large companies, such as International Business Machines, Minnesota Mining and Eastman Kodak, which have an established record of success? Or should I emphasize smaller and lessen - known companies, such as Control Data, Sanders Associates and Rorer, which have great potential but in which the risk is greater?"

While, admittedly, it is difficult to draw a precise dividing line between a large corporation and a small one, Windsor Fund provides a breakdown of its own diversification. It notes that of the 80 companies (up from 58 a year earlier) in which the fund is invested, six have annual sales of over $1 billion—companies such as Texaco, I. B. M., Union Carbide and Eastman. Another 26 companies have sales of $250 million to a billion and 13 are in the $100 million to $250 million class. The remaining 35 companies have sales of less than $100 million.

Windsor Fund goes on to say something that may be of practical value to every investor:

"By investing a significant fraction of the fund's resources in a variety of large companies, we hope to reduce risk exposure, since these established firms typically have a broad range of products for which there is a relatively stable and growing demand. By seasoning the portfolio with smaller firms, the potential appreciation of the fund is enhanced, since successful companies with a smaller number of products, markets or services have much room for expansion and earnings growth."

Investors, whose ranks over the past decade have been growing by more than a million persons each year, will in many cases agree that Windsor is only articulating their own philosophy. For the great majority, of course, its pursuit is unattainable because of capital limitations. Such people wel may ask, themselves or a fund salesman, how they would have fared had they let professional stewardship attempt for them what they could not do for themselves.

Well, they could have bought Windsor Fund at the offering price of $12 a share on Oct. 23. 1958. The price would have included a sales charge of 8%. What happened thereafter?

At the close of the fiscal year on Oct. 31, 1959, net asset value per share was $12.03. That year, 23 cents was distributed from realized capital gains and 18½ cents in dividends from net investment income.

By the end of the 1960 fiscal year, value per share was $12.17 and there were distributions of 33 cents from gains and 15½ cents in dividends.

At 1961's close share value was a lofty $17.13, gains distributed were 35 cents and dividends 12 cents.

In the market slump of the 1962 year, share value skidded to $11.41, distributed gains shrank to 12 cents, but dividends rose to 13½ cents.

At the end of the latest year, share value was back up to $14.38. No net capital gains were realized and none, of course, was distributed. Dividends totaled 15 cents.

Windsor Fund (total resources: $79.2 million) is cited here because it is rather typical of scores of other companies: designed for the long-term investor, the individual who is prepared to assume a businessman's risk in the quest for greater growth potential. The Windsor people, in no-nonsense terms, say what many others in the fund field might say to a prospective investor:

"He (the risk-taking investor) knows that the performance record of a growth-oriented program may be volatile from one year to another, but he should be rewarded with good results over the years."

The Funds Report

Commonwealth Stock Fund reports that at the close of the Oct. 31 fiscal year net assets were $21,991,310, or $16.57 a share, against $17,922,782, or $13.50 per share, a year earlier.

* * *

Guardian Mutual Fund announces it ended the Oct. 31 year with net assets of $21,425,077, or $22.98 a share, compared with $14,845,036 and $18.16 a share at the close of the previous fiscal year.

* * *

Investors Stock Fund reports it ended the fiscal year on Oct. 31 with $1,159,497,358, or $18.83 a share. This compares with $833,245,534 and $15.27 per share a year earlier.

* * *

National Growth Stocks Series reports new commitments in Anheuser-Busch and Foote, Cone & Belding. Additions to existing holdings include American Airlines, Arlan's Department Stores, Grolier and Winn-Dixie.

* * *

Nation-Wide Securities Co., Inc. reports that at Nov. 30 net assets totaled $56,265,019, equal to $22.31 a share, against $46,404,487 and $20.89 a year earlier. Share value at Aug. 31, 1963, was $23.27.

* * *

Puritan Fund reports that at the end of the initial quarter on Oct. 31 net assets were $181.6 million, or $8.73 a share, against $117.4 million, or $7.08 a share, a year earlier.

* * *

Vance, Sanders & Co., Inc. reports sales in the last six months of the fiscal year that ended Oct. 31 amounted to $79.1 million, against $74.4 million in the first six months of the year. The fiscal year-end total of $153.5 million compared with $219.6 million for the prior fiscal year. Earnings for the latest year were 97 cents a share, against $1.45 last year.

* * *

For the fiscal year ended **Oct. 31**, net income of **Wellington Management** was a record **$1,355,827**, equal to $1.50 a share of common stock. This compares with net of $1,301,814, or $1.44 a share, in the previous fiscal year.

Anderson Joins Miles Burgess

SAN FRANCISCO, Calif.—Miles Burgess, Russ Building associated with Distributors Group, Inc., as Western Distributor of Group Securities, Inc., has announced the appointment of Donald A. Anderson, of San Diego, to assist him in representing Group Securities in Southern California.


Donald A. Anderson

Mr. Anderson, has been a registered Representative with Dempsey-Tegeler & Co., for the past three years, serving for a time as Manager of their La Jolla office. Prior to his investment business experience, he served as agent and manager with the John Hancock Life Insurance Co., specializing in pension and profit-sharing plans and estate planning.

Group Securities, Inc., recently observed its thirtieth anniversary; its mutual fund shares are held by more than 50,000 investors in all parts of the U. S. and throughout the world.

N. Y. Sec. Dealers Annual Dinner

The New York Security Dealers Association will hold their 38th annual dinner on Friday March 13th in the Grand Ballroom of the Waldorf-Astoria.

B. C. Morton Branch

TAMPA, Fla.—B. C. Morton Organization Inc. has opened a branch office at 812 East River Drive under the direction of James Roof, Jr.

Natural Gas Regulation: Dilemma or Promise?

By Harold C. Woodward, Commissioner, Federal Power Commission, Washington, D. C.*

Commissioner Woodward scores the Commission for exceeding its jurisdictional authority to regulate interstate sales of natural gas in several regions which he details. He supports, however, the concept of "area pricing," commends the reduction made in the backlog of cases, and agrees with the double-checking done to make sure that recent refunds were passed on to the customers. Mr. Woodward, a Republican, was recently reappointed to a five-year term on the F. P. C. His criticism centers on what he says has been the tendency to go beyond what the law provides, such as prohibiting intra-state sale of gas delivered in interstate pipes, and to make decisions which from a long-run point of view stifle free enterprise and the profit incentive system, such as leasehold sale which is not a sale in interstate commerce.

I am the third member of the Commission to address the ING Association of America in the short two years since the majority shifted from appointees of the previous administration to those of the new one. There have been sharp changes in the Commission during this period, in its organization, its methods of operation, its philosophy, and its regulatory direction.

Harold C. Woodward

Honeymoon Is Over

By Washington standards, this is no longer a new Commission. In fact, the press in recent weeks has been carried away with the theme that the honeymoon is over. We have had time to study the industry's problems and to seek solutions. Two years ago Chairman Swidler described the regulatory directions he hoped the then new Commission would follow, and last year Commissioner O'Connor reported on the Commission's record in its first year. Today I am going to take a new tack, applying sandpaper to what I consider some of the rough edges of regulation, looking at the intricate problems which sometimes seem to defy unanimous answers. I cannot offer any instant solutions to these problems. "Instant"—is one thing regulation certainly is not. However, I hope to provoke discussion and thinking in some of the cloudy, gray areas of disagreement where all is not black and white and where many wise knowledgeable men find contradictory solutions.

We can start with the premise that we are all in harmony on the goal we are pursuing. We want a dynamic industry which will seek out, produce, transport, sell and distribute abundant supplies of natural gas at price levels high enough to provide incentive to business and low enough to protect the consumer and encourage him to use more of this fuel. We must, of course, take into account the wise use of a depleting natural resource. Sound policies and business practices in regulation can achieve this goal to encourage a forceful industry to remain prosperous in the years to come, warming our homes in the winter, cooling us in summer, cooking our food, heating our water, lighting our patios, fueling our industries, and performing numerous other miracles as technological breakthroughs bring about new ways to utilize this wonder source of energy.

We have come a long way down this road—sometimes, I think, despite ourselves. Mistakes have been made both by the regulators and the regulated. Disagreements do not always arise where they logically should. Sometimes it seems that there are as many disputes within the Commission and within the industry as there are between the two.

For a good many years the industry has looked hopefully to the Federal Power Commission for understanding, guidance and leadership in moving toward the utopian goal I have just described. All have been realistically aware that there is no panacea, that the problems have to be solved one at a time.

A Dissenting Member

The Commission during the past two years has faced up to many of the most complex and basic regulatory problems of our generation, and numerous others must be solved in the near future. Those who have read my dissents know that I have not always agreed with the solutions reached by the majority. I believe the Commission must regulate in such a way as to encourage rather than discourage enterprise, and in some of its actions I felt that the decisions will set up roadblocks rather than advance the common cause of the regulated, and that the public interest will suffer in the long run.

While the need for Federal regulation is recognized, there is a subtle danger inherent in the regulatory process. There is the danger that under regulation, private initiative will be killed, resources will not be allocated in the most efficient manner, and the overall cost of service will be increased.

The Federal Power Commission's decisions have a strong bearing not only on the future of the natural gas industry, but on the entire economy of this nation. The big question is whether we are moving into a regulatory era which holds out promise to the industry, or whether we are laying down a series of decisions which could hamper progress and push us down a dead-end street where we will face the dilemma of a stalemate situation which presents only a choice between unsatisfactory solutions.

I don't question the fact that we are still on the main road now. I caution only that we are walking in a land of pitfalls and must tread carefully. We must avoid the buy-now-pay-later philosophy, whereby we might achieve temporary lower prices of immediate benefit to the consumer, but make him or his children pay for it later by having to use his expensive household appliances to burn scarce supplies of gas bought at premium prices.

The rough edges of regulation turn up in unexpected places, in unrelated cases, and often without pattern. I have attempted to spotlight them through dissents, whenever I see a situation which I believe may adversely affect the future stability and progress of of the natural gas industry, and thus harm the consumer—who in the long run represents the whole purpose for the existence of the industry and its regulators. These cases are the exceptions, and not the rule, and I sincerely believe the present Commission generally is embarked on a sound course of regulation which will protect the public interest. I am not crying wolf, but there are a few disputed areas which I believe should be kept in the open and under discussion. We should not plunge beyond the point of no return until we are on the right road.

A Matter of Statutory Limits

Broadly speaking, I believe a government regulatory agency should content itself with administering the laws as enacted by the Congress, and interpreted by the courts. A regulatory agency must abhor any action which goes beyond the limits of its statutory authority. **I know of no statute which confers power on a regulatory agency to write its own legislation when it feels the existing laws are inadequate.** In the case of the Federal Power Commission, findings in accordance with the Natural Gas Act, as interpreted by the courts, must represent the outer limits of its power. Due and proper regard of principles of laws, for the legal process, and for the distribution of the law-making power between the branches of our government, compels my opposition to the assertion of Commission power over matters which the law has not made subject to Commission authority. Jurisdiction is established by law, and remains as thus established until changed by the legal processes available through Congress. **Any reach for powers beyond those which are clearly set forth by the statute,** would represent a breach of public trust and endanger our whole concept of utility regulation as practiced in this country.

I cannot conceive of any responsible regulatory official holding back on administering a law just because he personally did not agree with it. Had I been one of the framers of the Natural Gas Act, I might have written parts of it differently. But in my present position, charged with the responsibility of administering that statute, I am committed to carrying it out fully in no way falling short of the letter of the law as I see it. If I did not believe this, I could not be a member of the Federal Power Commission.

Agrees to Area Pricing

Producer regulation is one of these facts of regulatory life. The Natural Gas Act, as viewed by the Supreme Court of the United States, says that the Federal Power Commission must regulate the interstate rates and sales of independent gas producers, and we are doing so without reservation. The many complex problems associated with any such regulation have been discussed, debated, disputed, contested, emphasized, belittled, moralized, and litigated ever since 1954, and I'm sure that any lecturing by me on this subject at this late date would add little to this already over-exposed subject. I will say only that I am in full agreement with other members of the Commission that area pricing—while no panacea—offers the best and surest hope for solution of this aging problem and will in the long run bring some order out of the general chaos which now prevails and which has endured during all of the years of producer regulation.

However, the Commission's solutions to some of the other intricate regulatory problems are not so clear-cut to me. My general regulatory philosophy is to resist the expediency of asserting jurisdiction where there is strong doubt that the power exists. Carried a step further, I believe in the regulatory program which will encourage industry growth, not one which will inhibit it with a pattern of decisions which lays a series of booby traps in the path of progress, forcing the industry to move slowly and cautiously instead of boldly and imaginatively as it should. The Commission, within the framework of the Natural Gas Act, must follow a course which will stimulate the industry to even greater performance, not retard it by making it fearful that its plans and programs will come crashing down, tripped by a new jurisdictional device.

Separate Return on Well-Mouth

For example, the problem of providing the incentive necessary to attract capital to natural gas pipeline exploration and development activities is an area of disagreement among many knowledgeable people. I believe that pipelines, **as well as producers,** must be encouraged to explore for new gas, and the Commission's recent reversal of a long established pattern of incentive is a matter of serious concern to me. Almost a year ago, in my dissent to the Commission's opinion in the El Paso Natural Gas Company rate case (Opinion No. 366), I said that "without question a separate rate of return on well-mouth must be allowed." Failure to include an added increment for incentive, I said, "will not only have resounding effect on the parties involved but will produce unfavorable repercussions which will reverberate throughout the structure of the natural gas industry as a whole." My strong views on this problem have not waned during the intervening 11 months, but rather have been strengthened. I reiterated this stand in the Southern Natural opinion (379) last February, and I reemphasized the matter here, because I believe that the treatment accorded pipeline production properties has a strong bearing on the future of the natural gas industry, and through it, on the economy of the nation as a whole. I repeat, then, that the function of the Federal Power Commission is to regulate in such a way as to encourage, rather than discourage enterprise, for the benefit of the overall public interest. We cannot afford to give narrow consideration to matters of such long-run economic significance. Incentives are necessary not only to balance supply with demand but also for the purpose of bringing costs down to a minimum level. There must be built into the regulatory system incentives for efficiency, drive, better planning of construction and programming of operations. How are we going to achieve incentive regulation? This to me is a central question before us. I do not say that I have the answer. I can say that I would welcome, as I believe my colleagues on the Commission would welcome, suggestions and advice from interested members of industry and government.

Income Tax Dissent

In my view, another barrier was erected on the regulatory obstacle course early this summer when the Commission spelled out the method to be used in computing the Federal income taxes to be included in the cost of service of a regulated company when that company has joined in a consolidated tax return with affiliates. By taking the action it did—ruling that the economic advantage arising from the filing of a consolidated tax return must be passed on to a company's rate payers—I believe the Commission stepped across a line set up by Congress, which has never committed management judgments to an administrative agency.

This is another example of a situation where the Commission could have granted legitimate and necessary incentives to private enterprise while at the same time fully protecting the consumer rate payer. Allowing the company the full advantage provided by the consolidated return does not harm the rate payer. It does not bring about higher consumer rates. It simply does not operate to reduce them.

The Commission's Cities Service Gas Company opinion (No. 396, issued July 15, 1963), to which I dissented, was based on the false premise that as to industries regulated by it, the FPC has the authority to limit the effect of a mandate of Congress as expressed in Section 1501 of the Internal Revenue Code. Depriving a company of a tax allowance, which would be routinely granted to it by the Commission if it were not for its having a common owner with an unregulated and unrelated petroleum business, should not be done without persuasive reasons based upon sound rate-making policies which impose no confiscatory rates, which equitably balance consumer and investor interests, and which take fully into consideration the impact of such action upon national economic policies.

At the root of regulation is economic policy. The problem of economic growth in the United States is crucially important, and investment is inseparably related to economic growth.

Under the majority view, the consolidated return would not result in stimulating investment and growth, because it has the effect of converting non-jurisdictional losses within the parent company's system into a rate reduction for gas consumers. I held that the majority opinion was not supported by persuasive reasons based in sound policy.

The precise intent of Congress in granting the privilege of the consolidated return to an affiliated group of corporations was to encourage companies to expand their overall businesses for the betterment of the National and international economy and to eliminate any tax disadvantages of doing such through subsidiaries.

Any contrary interpretation by a regulatory agency is a clear deprivation of property without due

Continued on page 22

PUBLIC UTILITY SECURITIES

BY OWEN ELY

San Diego Gas & Electric Company

San Diego Gas & Electric, with annual revenues of nearly $100 million, serves electricity and gas to a population of about 1.2 million in San Diego and adjacent areas. Electricity contributes about two-thirds of revenues and gas nearly one-third while revenues from steam service are negligible. Citrus fruits and grains are the principal farm products in the area while leading industries are shipbuilding, aircraft and missile manufacturing and electronics. The U. S. Naval base is also important. Residential sales contribute 43% of electric revenues, commercial and industrial 49%, agricultural 3% and miscellaneous 5%; residential and commercial business provide over 92% of gas revenues.

The company has enjoyed excellent growth with revenues increasing from $36 million in 1953 to nearly $100 million currently. Share earnings in the past decade, while somewhat irregular, have increased from $1.16 to an estimated $2.15 for this year; and dividends have improved from 80 cents to the present indicated rate of $1.28. The price of the common stock during this period advanced from a low of 13 to an approximate high of 40 in each of the past three years.

The company is planning for continued rapid growth. On the basis of long-range forecasts of increases in population and in the use of electricity, it plans to spend some $714 million on additions to its electric system during the years 1964-80, which amount compares with gross electric plant of only $264 million at the end of 1962. For the year 1963 total capital expenditures are estimated at $33 million, and for the two following years at a total of $63 million. The company plans to install fourteen new electric generating units through 1980, arranging from 100,000 to 500,000 kw each and totaling about 3.3 million kw. Four would be atomic power plants, four conventional steam plants and six gas-turbine driven.

The company has planned jointly with Southern California Edison to build and operate an atomic power plant of nearly 400,000 kw capacity, on land formerly used as part of a Marine Corps base. Construction is expected to begin as soon as various regulatory agencies have approved the plans. Another special project would be a sea-water conversion plant, which would be financed and owned by a local Government agency, but operated on a contract basis by San Diego.

The company now has four steam plants with a total capability of 951,000 kw; and a 210,000 kw unit will be added in 1964. Peak load in 1962 was 750,000 kw. It is expected that further steps will be taken to set up a California Power Pool with three other electric utilities, thus providing for greater interchange of power.

The 1962 construction program of about $21 million was financed by sale of 500,000 shares of common stock through a 1-for-9 rights offering in Oct. 1962. 1963 requirements are being taken care of through bank loans, with permanent financing postponed to 1964. Early this year the company refunded 375,000 shares of $1.12 preferred stock through private placement of an issue of 92 cents preferred.

The company obtains its gas supply from Southern Counties Gas, a subsidiary of Pacific Lighting. It recently signed a new ten-year contract for 215 million cf of gas daily, an increase of 10 million cf a day. In addition to distributing gas to some of its customers, San Diego uses gas to generate about 90% of its power output.

Some irregularity in earnings has resulted from the fact that in California the utilities are not permitted to adjust their electric rates for changes in the cost of gas used as boiler fuel; thus in 1961 earnings dropped sharply before the company was able to obtain a rate increase from the state commission to take care of the extra cost. Rate of return at times dropped below 5%. A rate increase in Sept. 1961 was allowed by the commission to offset higher costs for purchased gas and bolster the diminishing return. In 1962 the return on rate base was 6.4% for the electric department and 6.11% in the gas division.

The company recently received a refund of $1,472,000 from a subsidiary of Pacific Lighting representing the settlement of old rate cases of El Paso Natural Gas. San Diego had not increased the rates to its own customers, except for some automatic escalation. Hence the company belives it is entitled to retain the money, having absorbed the higher cost of gas, but the state commission has instituted proceedings to determine whether it may order the money refunded to San Diego's customers, and in this connection has ordered a general rate investigation. A prehearing conference was scheduled for Dec. 5.

Earnings for 1963 are estimated at $2.15 a share compared with $2.05 a year before. Assuming that there is no material change in the company's present rate schedule, earnings are expected to continue in an up-trend during 1964.

The stock has been selling recently around 36½ (approximate 1963 range was 40-35). Based on the current dividend rate of $1.28 the stock yields 3.5% and sells at 17 times earnings. The latter figure compares with an industry average around 20.

Joins McDonnell Co.

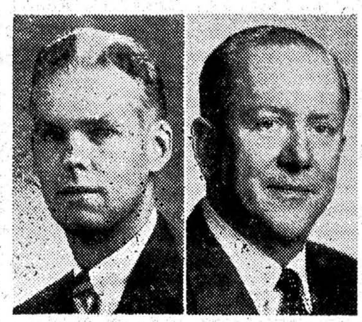
BOSTON, Mass.—Johnstone R. Law has become associated with McDonnell & Co., Inc., 211 Congress Street. Mr. Law was formerly with Glore, Forgan & Co. and prior thereto was a district representative of Broad Street Sales Corporation.

With McCarley

ROXBORO, N. C.—Bedford E. Love is now representing McCarley & Co., Inc., of Asheville. He was formerly Roxboro representative for Carolina Securities Corporation.

Bank of America Advances Two

SAN FRANCISCO, Calif. — Two senior executives have been elected to Bank of America's Managing Committee by the bank's Board of Directors.



C. H. Baumhefner D. C. Sutherland

The new members are D. Clair Sutherland, Senior Vice-President in charge of business relationships, and Clarence H. Baumhefner, Vice- President and Cashier.

Their election was announced by Rudolph A. Peterson, President of the bank and Chairman of the committee.

Mr. Sutherland, named head of business relationships a year ago, has overall responsibility for the bank's major client and correspondent bank relationships, business development, advertising and public relations.

Before assuming his present post he was in charge of statewide real estate and Timeplan lending and commercial loan activities in northern California. He held this responsibility at the San Francisco Head Office from 1955 until last January and was named Senior Vice-President four years ago. A banker 31 years, he spent eight years in Los Angeles offices before moving to the head office in 1955.

Active in business and professional organizations, Mr. Sutherland is Vice-President of the San Francisco Chamber of Commerce.

Mr. Baumhefner, as cashier, has overall responsibility for deposit activities as well as bond investment and government securities operations. He has been Vice-President and cashier for the past seven years.

Joining the bank in San Francisco in 1930, Mr. Baumhefner held southern division responsibilities in the Cashiers Department at Los Angeles Headquarters during the 40's and moved to the head office in 1950 as assistant to the cashier.

He is active in San Francisco commercial organizations and is a member of the finance committee of the U. S. Chamber of Commerce.

Hirsch & Co. Honors

Yale Cooper, Co-Manager of the 1182 Broadway, New York City office of the New York Stock Exchange-member firm of Hirsch & Co., was honored by a gathering of his long-time associates in the company and his friends from around the country, marking his 40th anniversary with the investment firm.

Mr. Cooper joined Hirsch & Co. on Dec. 23, 1923 as a messenger. He advanced within the company while studying at New York University and Columbia College, and was made Co-Manager of the 1182 Broadway office in 1940. While handling a wide number of phases in the investment business, he has specialized in the supervision of mutual funds and investment trusts.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money and capital markets continue to move pretty much in the lower reaches of the trading ranges which they have been in during the immediate past. The money available for the purchase of short-term Government securities is still large but it is not presenting too much of a problem to the powers that be in their efforts to keep near-term rates here in line with those in other free world money centers.

At the same time the funds seeking an outlet in long-term bonds appear to be ample enough so that yields on Government bonds should still be fluctuating within the area which is considered to be in line with other money rates. It would be a favorable factor in the capital market if the new bond offerings which are being floated would be priced to meet competitive capital market conditions. Overpricing of new offerings is not a constructive force in the new issue market.

Despite the many opinions around that short-term interest rates will have to move up and down from time to time in order to keep these rates within the competitive limit range with similar rates in other free money centers, there does not appear to be too many strong feelings yet that long-term interest rates will do more than be affected very moderately by such actions, when, as and if they should take place.

Future Monetary Policy

It is evident that the monetary authorities are going to keep near-term interest rates in a competitive range in order to give as much help as is possible to our balance of payments problem so that pressure is taken off the dollar and our gold holdings to some extent. This kind of pattern, along with the foreign exchange deals which have been worked out with Central Banks in other free monetary centers, together with use of the International Montary Fund when needed, are considered to be the first lines of defense of the dollar and our gold holdings.

However, these measures which have been taken so far will not bring about a permanent or basic solution of our balance of payments problem. We must take the kind of action which will cut down the flow of funds abroad so that the dollar will no longer be a defensive currency and our gold holdings will be in a more secure position. The recent betterment in our balance of payments deficit indicates we are determined to solve this problem so that we will be able to meet changing international monetary conditions, especially if there should be a worsening of the world economic pattern because of inflation, boom and bust and eventually deflation.

Pressure on Long Rates

The fact that the monetary authorities have been much more aggressive in their actions not only to defend the dollar and our gold holdings but also to keep the pattern of interest rates in line with our international monetary needs, seems to indicate that the more or less passive policies of the past have been given up for the foreseeable future at least. It seems evident that the powers that be are going to try to keep short-term rates high enough or low enough to help our balance of payments problem as much as possible, while at the same time efforts will be made to keep long-term rates from going up to levels that would be detrimental to the economy.

This most likely means that the Federal Reserve Banks will continue to make purchases or sales of Government securities all along the list from the longest to shortest maturities depending upon conditions as they develop. Also the Treasury, working along with the Federal Reserve System, is tailoring its debt management policy so that it also coincides with the money management program of the Federal Reserve Board.

Emphasis on Short-Term Borrowing

The new money raising and refunding operations of the Treasury for the foreseeable future are expected to be taken care of mainly through the sale of short-term issues. These offerings of near-term obligations would be in line with the monetary policy of keeping these rates on the firm side so that they will be competitive with similar rates in other world money centers.

Smithers Issues Statement on Aerospace Corp.

In response to a number of inquiries, F. S. Smithers & Co., 45 Wall Street, New York City, has clarified its business relationship with Aerospace Leasing Corp., of El Segundo, Calif.

Aerospace Leasing, in a press release dated Nov. 25, 1963, announced that F. S. Smithers & Co. had extended the aircraft leasing company a line of credit.

Charles L. Lea, Jr., a partner in Smithers, stated that the 106-year old Wall Street firm had not given the leasing company a line of credit. Mr. Lea said that Smithers has entered into an arrangement with Aerospace in which leases for aircraft will be placed by the investment firm with private investors, if such leases meet the essential business criteria.

F. S. Smithers & Co., a member of the New York Stock Exchange, is a comprehensive investment banking firm whose services range from the public underwriting of municipal bonds to the private placement of equity securities. Additionally, the firm is active as a broker and dealer in securities for others and for its own account.

With J. B. Maguire

BOSTON, Mass.—Clement W. Deasy is affiliated with J. B. Maguire & Co., Inc., 31 Milk Street.

NEWS ABOUT BANKS AND BANKERS

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

The First National City Bank, New York announced the promotion of John D. Hashagen, John W. Heilshorn and John C. Goodridge to Vice-Presidents.

* * *

The First National City Bank, New York on Nov. 17 opened a new branch in Liniers, Buenos Aires.

John H. Andren has been elected a Senior Vice-President in the international division of **Manufacturers Hanover Trust Company, New York.**

Mr. Andren joined the Bank in 1928 and was appointed an Assistant Manager of the Foreign Dept. in 1946. He was elected an Assistant Vice-President in 1951 and has been a Vice-President in charge of the Bank's European branches since 1956.

Election of Charles M. Eckert, Richard S. Ellwood, Richard A. M-C. Johnson, and George P. Kappesser as Vice-Presidents of **Morgan Guaranty Trust Co. of New York** was announced Dec. 19 by Henry Alexander, chairman of the board.

* * *

Eugene J. McCabe and John W. Pross have been elected Vice-Presidents of the **Irving Trust Company, New York.**

* * *

The Irving Trust Company, New York, also announced the election of Albert M. Braatz and Ellsworth J. Burns as Vice-Presidents.

Eliot Averett, William R. Biggs, James Carey and Gerald L. Sheldon have been appointed Executive Vice-Presidents of **The Bank of New York.**

* * *

The capital funds of the Commercial Bank of North America, New York have been increased by $3,650,000 through the sale of $2,250,000 of debentures and 45,617 shares of capital stock.

* * *

The Dry Dock Savings Bank, New York elected Dorothy H. Hyland a Vice-President.

* * *

The Bank of Gouverneur, Gouverneur, New York received approval to increase its capital stock from $150,000 consisting of 1,500 shares of the par value of $100 each, to $300,000 consisting of 3,000 shares of the same par value.

* * *

The Glen National Bank of Watkins Glen, New York changed its title to **The Glen National Bank and Trust Company.**

The State Street Bank and Trust Company, Boston, Mass. announced the promotion of John T. G. Nichols 3rd and Winthrop B. Walker to First Vice-Presidents. N. Preston Breed, R. Forbes Perkins and Harold A. Cahalin were elected Senior Vice-Presidents.

At the same time, Henry C. Schulz, Jr., was appointed Vice-President and Comptroller, and E. Stuart Franckum and Robert H. Northup Vice-Presidents.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 18 approved the conversion of the **First Bank and Trust Company, Fords, Perth Amboy, New Jersey,** into a National Banking Association. The bank will be operated by its present management under the title, **"First Bank and Trust Company, National Association."**

The capital structure for the converted bank remains the same, $4,492,815.18.

* * *

The **First National Bank of Jersey City, N. J.** announced the promotions of John S. Fennelly to Vice-President.

* * *

The **Philadelphia National Bank, Philadelphia, Pa** has announced a major realignment of top management effective Jan. 11.

Frederic A. Potts, President, will become chairman, a post previously vacant. He will continue as Chief Executive Officer.

G. Morris Dorrance Jr., a Vice-President, was named President. John McDowell, Executive Vice-President, was named Vice-Chairman, a new position.

* * *

Joseph W. Chinn, Jr., of The **Wilmington Trust Co., Wilmington, Del.** has been made Chief Executive Officer. George P. Edmonds, who has been Chief Executive Officer, will continue as Chairman. New Senior Vice-Presidents are J. Sellers Bancroft, G. Burton Pearson, Jr., and Donald R. Welles.

* * *

The **Bank of Nokesville, Inc., Nokesville, Va.,** merged with the **Bank of Occoquan, Occoquan, Va.,** under charter of The Bank of Nokesville, Inc., with title **The Bank of Prince William, Woodbridge, Va.**

* * *

The Comptroller of the Currency James J. Saxon on Dec. 27 approved the application to merge **First National Bank of Akron, Akron Ohio,** and **The Mogadore Savings Bank, Mogadore, Ohio.**

* * *

The **Merchandise Bank of Chicago, Ill.** named Roy W. Andersen a Vice-President.

The newly organized **First National Bank & Trust Company of Mountain Home, Mountain Home, Arkansas** opened for business Dec. 14, with a capital of $150,000 and surplus of $150,000.

Its officers are:

C. N. Kent, Jr., President; R. F. Lawyer, Executive Vice-President and Cashier; Robert J. Pratt, Assistant Cashier; Mary Love Rukgaber, Assistant Cashier; Thomas B. Tinnon, Trust Officer.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 18 approved the conversion of the **First State Bank, Jackson, South Carolina,** into a National Banking Association. The bank will be operated by its present management under the title, **First State National Bank.**

The capital structure for the converted bank remains the same $270,650.69.

* * *

The **Florida National Bank at Key West, Key West, Florida** changed its title to **Florida First National Bank at Key West.**

* * *

The Comptroller of the Currency James J. Saxon on Dec. 18 announced preliminary approval of applications to organize new National Banks in Florida, at Miami, with the title, **First National Bank of Coconut Grove,** with an initial capitalization of $400,000 and at Boynton Beach, with the title, **"First National Bank of Boynton Beach,"** with an initial capitalization of $500,000.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 17 approved the conversion of the **Bank of Auburn, Alabama,** into a **National Banking Association.** The bank will be operated by its present management under the title, **Auburn National Bank of Auburn.**

The capital structure for the converted bank remains the same, $939,859.00.

* * *

The Comptroller of the Currency James J. Saxon Dec. 20 announced preliminary approval of the application to organize a new National Bank in Arizona, at Phoenix, with the title, **Continental National Bank,** with an initial capitalization of $3,595,000.

* * *

The announcement of the retirement of Edwin E. Adams, Chairman of the Board of **The Bank of California, N. A. San Francisco, Calif.** was made on Dec. 17. He will continue as a member of the Board of Directors. It was also announced that the Bank does not intend to fill the position of Chairman.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 17 announced preliminary approval of the application to organize a new National Bank in Colorado, at Denver, with the title, **South Colorado National Bank,** with an initial capitalization of $315,000.

* * *

The **Bank of America, San Francisco, Calif.,** announced the election of two Executives to its managing committee. They are D. Clair Sutherland, a Senior Vice-President, and Clarence H. Baumhefner, Vice-President and Cashier.

* * *

The **United States National Bank of San Diego, San Diego, Calif.** changed its title to **The United States National Bank.**

* * *

The Comptroller of the Currency James J. Saxon on Dec. 17 announced preliminary approval of applications to organize new National Banks in California, at San Francisco, with the title, **Commonwealth National Bank of San Francisco,** with an initial capitalization of 5,000,000, and at Salinas, with the title, **"The National Bank of Monterey County,"** with an initial capitalization of $1,250,000.

* * *

On Dec. 20 at Marina del Rey, with the title, **Marina del Rey National Bank,** with an initial capitalization of $1,000,000 and at Los Feliz area of Los Angeles, with the title, **Los Feliz National Bank,** with an initial capitalization of $1,500,000.

The Market . . . And You

BY WALLACE STREETE

Stock market followers will likely greet the New Year with mixed emotions. It will be good-bye to tax-loss and profit selling with its resultant depressing effects of the last few days. But what lies ahead?

Hopes for a tax-cut have been rekindled to the extent that some economists are already counting on where the additional disposable income will go. But some of the older Wall Streeters are reminding their younger brethren that even tax cuts are not inevitable, judging on how many former hopes have been dashed.

Meanwhile the stock market refuses to be coerced into making any definite moves until the year-end uncertainty is cleared away, or at least eased. The bulls can find an abundance of good news in the many New Year forecasts.

Industrial production and factory workers' earnings have set new records. Auto production appears poised for another 7 million year total. Evidence of higher interest rates and growing fears of inflation seem to be laying the groundwork for higher investment in equities.

Some Uneasy Signs

Yet there are also signs of some uneasiness. Stock market leadership is admittedly weak in the waning days of 1963. Pre-Christmas selling to establish tax profits has succeeded in shading a colorless market from recent historic highs.

The big question remains, of course, of the extent of selling to establish gains for '64. It is unlikely an expected retreat will turn into a rout, but some of the more pessimistic seers are raising this possibility. Underlying factors for a new rise remain strong as the Gross National Product approaches the $600 billion mark.

Non-High Laggards Are Numerous

The fact that the current market has been dominated by selectivity is drawing more attention to the many issues still far below their historic highs.

Bargain-minded investors who are seeking stocks at depressed prices on the theory that the more likely direction will be up rather than down can find a multitude in today's market. These include former favorites such as Westinghouse Electric, Raytheon, United Aircraft, Spiegel, Bell & Howell, Indiana General, and Financial Federation.

High-Yielding Tobaccos

There are also plenty of other stocks around for gloom seekers who prefer investments that are often shunned. These include the tobacco stocks. Now selling at excellent yields ranging up to nearly 7%, the tobaccos are expected to take another pounding when the U. S. Public Health Service releases its report on the alleged dangers of smoking.

The cigarette stocks are generally selling well below their peaks but the tobacco companies are enjoying steady consumption gains and higher profits. The impact of the Federal report cannot, of course, be fully anticipated. Yet much of the damage may already have been discounted.

Companies like Reynolds, Philip Morris, P. Lorillard and American can hardly be classed as growth vehicles and consumption could drop, if only temporarily. But these companies are cited as reasonable risk ventures now selling at price/earnings ratios of between 11 and 13.

"Plenty of Power"

Utilities are also attracting more attention. Seldom the market leaders and lacking any semblance of glamor, the electric utilities in particular are drawing a more favorable following. Revenues are expected to climb next year to $14.5 billion from $13.7 billion this year.

A high level of business activity and industrial production is expected to keep demand for power growing without any let-up. While rate structures are often uncertain, the regulated utilities have shown they can turn in profits sufficient to pay attractive dividends.

Electric utility stocks with higher than average profit gains anticipated for 1964 include American Electric Power, Boston Edison, Consolidated Edison, Consumers Power, and Virginia Electric Power. Gulf States Utilities and Washington Water Power are among recent recommendations.

Gas utilities are also expected to show further gains in '64, but the growth rate of most companies appears to be slowing from the rapid increases of a few years ago. The industry will benefit from the removal of the long-standing rate cases that have cost companies an aggregate of $400 million in refunds.

On Recommended Lists

Electric equipment and electronic manufacturers are drawing many favorable year-end recommendations. General Electric, Radio Corp. of America, and Zenith are among those cited for future earnings possibilities.

General Electric, which has ranged between 71¾ and 86 this year, is headed for near record sales and profits and likely to boost both marks next year. Earnings this year are expected to come close to the record level of $3.19 a share in 1959. The company is widening its computer activities and will soon announce more powerful models for scientific uses.

Although the current profit return from computers is not as great as other products, the long-range outlook from leasing revenues is said to be excellent. GE is also expected to boost its appliance volume as family formations head upward. Utility equipment orders are recovering from the 1962 drop and should help sales totals in '64.

Zenith, termed an outstanding consumer electronics stock in a recent study, is expected to boost this year's anticipated earning rate of $2.40 a share to as high as $2 70 next year. Boasting a strong financial position, Zenith has increased its dividends for the last six years and now pays at the rate of $1.50 annually, including a 30-cent extra.

[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.]

SECURITY SALESMAN'S CORNER BY JOHN DUTTON

Investor Types

(Concluding Article)

Sooner or later you will run into **the little old lady who starts out by admitting that she doesn't know anything about investing.** For a while she will be content to consult with you and abide by your verdict that she should invest in only the most conservative securities. After a while she begins to read a bit. Then one day she will call you on the telephone and ask you what you think of some stock that she just read about in a financial publication. Later on she may even take an advisory service and by now she is starting to talk investment like an old "pro" around the boardroom. Possibly she has some good ideas, but others based upon a very superficial approach to her investment situation just do not fit into her portfolio.

Respect Their Opinions

When an intelligent person gets the "stock bug," and they have time to read and study, you should respect this sound approach to investment. At no time discourage anyone in this pursuit of knowledge but listen patiently and when they have good ideas, or crib them from others, by all means listen. There isn't any person I have ever known that can't learn something by listening when it comes to "news" about business, companies, the market, or individual securities. Never try to talk down to any client, but by all means in your power retain the dignity and unbiased position of a friendly and experienced advisor.

Some salesmen are afraid to admit that an amateur student of investments might have information that could counter some of their own pet ideas. This is wrong. Listen — consult — and never try to upstage any person who intelligently studies securities—whether they are men or women investors. There is always too great a possibility that they can second guess you — and sooner or later they will. So ride along and help them to make the best decisions possible.

The Bargain Hunters

The fellow who always wants to "buy for less." There are those who have a congenital compulsion to buy a bargain. If they go into a store to purchase a standard article they haggle with the salesman. If they are buying for their office or business they think they have to obtain a price concession or they haven't made a good trade. They are the kind of people that might give a thousand dollars to a worthwhile charity but if you offer them a block of bonds to yield 3½% they want them on a 3.60 basis. If they give you an order to buy or sell a stock it is usually at a limit, or below a price where it might ordinarily trade.

The human desire to grab a bargain was clearly illustrated the Friday the market broke when President Kennedy was assassinated. The next Monday our office had many orders at prices a point or two above the Friday closing. Of course, none of these orders were executed.

I presume this was duplicated all over the country. I had one man who is extremely successful in business who buys tax exempts from me call me and ask: "Do you execute orders in stocks?" I replied that I was certainly a mighty poor salesman when I had been doing business with him for about three months and I had never told him that I would be glad to buy his stocks for him. He then said: "O.K. buy me 500 Telephone," at a price that was three points under the Friday close. Naturally, I didn't argue with him but dutifully placed his order; good for two days, and he went merrily on his way—sans Telephone.

The Salesman's Hedge

There are various stages of this desire of people to try and chisel off a point, or half point on some bonds, or a block of stock. In its more flagrant form this compulsion to drive a hard bargain can best be handled by **expecting** the buyer to always ask you to cut price if he is a buyer, or "up it" if a seller.

When working as principal it is ethical, in my opinion, to QUOTE a price that is slightly above or below where you can trade, so that if you get into a hassle you can do business at a price that is fair to the customer and to your firm, as well as your self. This does not mean quoting fictitious markets, or markets not related to a fair and reasonable markup that a dealer must enjoy in order to properly conduct his business. But it does give you an opportunity to trade with this type of individual on the **only basis** that he will trade . . . and your competitors must do the same. Your time and your work are valuable. You cannot change markets or make special concessions to anyone. In the bond market a 3.50% yield for a particular kind of security, is a 3.50% yield.

There are no bargains in the securities markets unless you go to an auction sale of items that the public have not evaluated—John Doe's money and Richard Roe's money are all the same in this business. Anyone who thinks their account is so valuable that a dealer in securities has to cut prices just for them is in for a rude awakening because this business is not conducted that way.

If you tried to educate habitual chiselers you could talk to them until you ran out of words and they would not change. So if you expect to do business with them —QUOTE THEM THE PRICES THAT THEY CAN USE AS A TARGET FOR THEIR PROPOSALS and you will find that you can fill their orders AT THE CORRECT RETAIL OFFERING PRICE. This naturally does not apply to agency business. The market is open from 10 to 3:30, five days a week, and they can place their open orders at prices they choose just as long as they are realistic. Sometimes their G.T.C. orders are completed . . . just be sure you check with them regularly so that they are reminded of their liabilities in case lightning should strike.

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

J. L. Tierney Joins Edward D. Jones & Co.

John L. Tierney, Jr., has become associated with Edward D. Jones & Co., 101 North Fourth Street, members of the New York Stock Exchange and other leading exchanges, as a registered Representative and will service individual and institutional accounts. Mr. Tierney was formerly with White & Company, Saint Louis.

Burr Named in Fund Drive

R. Peters Burr, a partner in F. S. Moseley & Company, has been named Chairman of the Investment Bankers Committee of the Bushiness and Professional Division of the 84th anual United Hospital Fund appeal in Manhattan and The Bronx. His appointment was announced today by John E. Thilly, Chairman of the Division. Mr. Thilly is Senior Vice-President of First National City Bank.

Assisting Mr. Burr on his committee will be: Philip D. Baker, a partner of White, Weld & Company; Fred L. Heyes, Vice-President, Dillon, Read & Company, Inc.; Ralph Hornblower, Jr., partner, Hornblower & Weeks; Charles F. Morgan, a partner of Morgan, Stanley & Company; Blancke Noyes, partner, Hemphill, Noyes & Company; Robert F. Seebeck, a partner of Smith, Barney & Company; and Frederick S. Wonham, a partner of G. H. Walker & Company. They will attempt to reach their quota of the Fund's $3,000,000 goal by seeking the solicitation of contributions from executives and privately-owned firms in the investment banking field. The money raised will be distributed among the Fund's 79 member voluntary hospitals according to the amount of free and below-cost care they will give the medically needy this year. Last year 1,667,500 such cases were treated.

Joins W. E. Hutton

BOSTON, Mass. — George H. Pendergast has joined the staff of W. E. Hutton & Co., 75 Federal Street. He was formerly with Reynolds & Co.

The State of TRADE and INDUSTRY

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

An encouraging picture of the economy's progress and prospects unfolds from the end of the year monthly analysis of the economy by the First National Bank of Chicago.

According to the Bank's December monthly publication "Business and Economic Review."

"The assassination of President Kennedy on Nov. 22 stunned the world and brought business and economic activity in the United States to a virtual halt. One should not reasonably expect an event of this nature and magnitude to be without repercussions, and preliminary figures indicate an interruption in the pace of business. However, the transference of power has been smooth and remarkably swift. This, together with the previously demonstrated resiliency of the American economy to withstand jolts, a resiliency many underestimate, should permit the basic underlying strengths in the economy to reassert themselves and the upward trend in activity to be resumed.

"Over-all business activity has been good as production, sales, new orders and employment showed October increases, which in some cases were substantial and in almost all cases were healthy. The output of the nation's factories, mines and utilities rose to surpass the record high of last July. The major factor in the October advance was a 9% increase in automobile production. Car output in November and December is estimated at 747,000 and 737,000 units, respectively, bringing total auto assemblies for the year to 7.6 million, second only to the record 7.9 million units of 1955.

"Slight increases were reported in the production of most other consumer goods and of industrial and farm machinery as well. Utility output rose fractionally while mining output declined slightly.

"New orders for durable goods, an indicator of future production levels, rose in October, although the increase was not so sharp as that of the preceding month. New orders for steel climbed during the month, continuing a recovery from the low levels of last summer. The backlog of orders for all durable goods in October totaled about 8% more than a year ago.

"Sales also rose in October. Manufacturers' sales increased 1% but remained slightly below the record level of last July. Retail sales, although running about 5% ahead of last year, have changed little in recent months. In October, however, they advanced 2% to surpass the record achieved in mid-summer. For six of the ten months of 1963 for which data are available, retail sales have registered declines, so the October advance was most welcome.

"Consumer purchases of durable goods in October were 5% higher than in September and up 7% from a year ago. October sales of automobiles totaled almost 770,000 units, up 6% from a year ago and the highest monthly total on record. Buying of nondurables edged up only 1% to a level 4% above the same month a year ago. Preliminary data indicate that retail sales in November declined slightly.

"The vacillation of retail sales so far this year has not been due to any hesitancy in personal income, which has risen in every month but one this year. The gain in October, the biggest month-to-month increase in a year and a half, also was 50% greater than the average monthly rise so far this year. A large share of this increase resulted from military pay boosts. However, the persistent rise in income has contributed to some consumer optimism. This was revealed in the latest survey of buying plans and is likely to be reflected in sales in the year ahead.

A sampling by the Census Bureau in mid-October indicated that 8.9% of the nation's households were planning to buy new automobiles in the succeeding year as compared with 8.4% in mid-July. Approximately 21.5% of the households were planning to purchase a major appliance, up from 20.2% in July. However, the percentage of those planning to invest in a new house declined slightly.

Expenditures for new construction were little changed during October, equaling a seasonally adjusted annual rate of $66.4 billion. Private housing starts, however, advanced 8% to a seasonally adjusted annual rate of 1,876,000 units, 22% above a year ago. The October figure was a record for the period since 1959, but one cannot be certain this total was not exceeded in some months of earlier years when these figures were reported on a different basis.

Despite the upward trend of the economy and the expansion in employment, it has not been sufficient to reduce the rate of unemployment. This rose to 5.9% of the labor force in November, up from 5.5% in the preceding month.

Interest Rates Register Gains In 1963

Interest rates rose in most sectors of the U. S. money and capital markets during the first ten months of 1963. Although it is still too early to assess the long-term impact of the assassination of President John F. Kennedy, the performance of interest rates in the past ten months has led analysts to predict guardedly that interest rates in the next few months will remain at or near present levels with possibly a slight upward movement.

The rise in interest rates in 1963 contrasts to the patterns in 1962, when long-term rates declined generally and short-term rates registered only small gains.

Better business news in 1963 and the rapid rise in stock prices dissipated some of the earlier uncertainty of the economic outlook. These psychological factors were reinforced by the slight shift in monetary policy. Security offerings in the capital markets remained large, while the rate of growth in time deposits showed signs of slackening.

Interest rates on short-term obligations advanced almost as much in the five month period following late May 1963 as they had in the previous 24 months. The business optimism encouraged by the continued expansion of economic activity and the further firming of Federal Reserve policy, including the increase in the discount rate in July, contributed to the post-May rise in interest rates."

Bank Clearings Advance 3.4% Above Year-Ago Week

Bank clearings, compiled and published by the *Chronicle*, in the latest statement week ending Dec. 21, rose 3.4% in dollar volume above the year-ago week. They were $39,009,259,778 in the week ending Dec. 21 compared to $37,722,548,628 in the 1962 week.

Our preliminary totals for the latest week-to-week change reveal a healthy Christmas season rise of 6.5% over $36,621,070,098 for the prior week ending Dec. 14, 1963.

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

Week End. Dec. 21—	1963 (000 omitted)	1962 (000 omitted)	%
New York	$22,759,756	$22,533,638	+ 1.0
Chicago	1,475,612	1,544,567	— 4.5
Philadelphia	1,332,000	1,237,000	+ 7.7
Boston	988,017	936,133	+ 5.5
Kansas City	592,650	606,996	— 2.4

Steel Output Dips Again for the Second Week in a Row After Rising Seven Consecutive Weeks, Leaving Year's Cumulative Output 11.0% Above Last Year and 6.9% Above the Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Dec. 21 was 2,003,000 tons (*107.5%) as against 2,037,000 tons (*109.3%) in the Dec. 14 ending week. It marked the second consecutive weekly decline after seven weekly increases in a row.

Output last week was off 1.7% from the previous week and more of the same is expected for this Christmas holiday week. Nevertheless, the steel industry has already out-produced all of last years' 98,144,000 net tons having reached 107,016,000 tons Jan. 1 through Dec. 21, 1963. There's every indication that the year will close out at 108,500,000 tons —the highest since the 112.7 million tons in 1957.

The 1963 low of 1,742,000 tons occurred in the week ended Aug. 17 and the high of 2,626,000 tons in the week ended May 25, which was unequalled in the past two years and last equalled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline from May 25 through the week ending Aug. 17. Then followed 15 weekly advances in output out of the succeeding 18 weeks.

Last week's output was 7.5 percentage points above the 1957-59 base period's average weekly output and was approximately 13.7% larger than that for the year's lowest output week (1,761,000 tons) ending Aug. 24. The latest statement week's output was 6.9% above the 1,874,000 tons produced in the year-ago week.

Cumulative Total Continues to Level Down

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 107,016,000 net tons (*112.6%) which is 11.0% above the Jan. 1-Dec. 22, 1962 production of 96,429,000 net tons. The latest week's index for the cumulative total faltered at one-tenth of 1% below the index of 112.7 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. 21	Dec. 14
North East Coast	95	101
Buffalo	111	107
Pittsburgh	97	96
Youngstown	93	90
Cleveland	113	120
Detroit	155	164
Chicago	115	118
Cincinnati	122	118
St. Louis	106	109
Southern	106	108
Western	110	115
Total Industry	107.5	109.3

*Index of production based on average weekly production for 1957-1959.

Holidays to Curtail Steel Activity; First Quarter Looks Good

Steel orders, shipments, and production will drop this week because of the Christmas holiday, but they'll rebound after the first of the year, *Steel* magazine said today.

From all indications, steel demand will be at least as good in the first quarter as it has been in the last three months. The market will probably be stronger than it was in the early part of 1963. It won't get the artificial boost from strike hedging it got then, but it will have a broader base.

Automakers are planning to build two million or more cars in the first quarter in an all-out effort to boost dealer inventories to normal levels.

Structural fabricators are forecasting unusually strong demand for plates and shapes to be used in Midwest building projects.

Railroad carbuilders have fat order books.

Machinery manufacturers have big backlogs.

Thanks to automakers, appliance firms, and other producers of consumer durables — all of whom are ordering briskly—December bookings are on a par with last month's or slightly ahead.

December shipments may equal or exceed last month's.

Despite their holiday cutbacks, steelmakers will produce about 8.9 million ingot tons this month vs. 8.5 million tons in November.

Ingot production this week is expected to be less than the 2,037,000 tons that *Steel* estimated the industry poured last week.

In the scrap market, only light trading is expected over the holidays. *Steel's* price composite on the prime grade, No. 1 heavy melting, used in steelmaking held last week at $27 a gross ton for the second week.

Auto Steel Shipments Second to 1955 High

Steel shipments to the automotive industry will be the second highest in history this year, *Steel* magazine predicted.

U. S. mills will ship about 16.9 million product tons to makers of autos, trucks, trailers, buses, and automotive parts—customers who will account for 22.2% of steel shipments to all markets.

Automotive shipments will top last year's by 11.5% and be second only to those of 1955, when automakers and their supplier's took 18.7 million tons of steel and built a record breaking 9,183,574 cars and trucks. This year, they'll turn out 9,060,000 cars and trucks, their second biggest total.

The total shipments of finished steel mill products in 1963 will be 76 million tons—largest since those of 1957.

With end-of-year demand higher than expected earlier in the year, this year's production of over 109 million tons will far surpass last year's output (98.3 million tons) and be the largest since that of 1957 (112.7 million tons).

May All Errors Be So Erroneous

Business this year is shaping up far better than most forecasters expected, *Steel* magazine said in its Dec. 23 issue.

The standard forecast for 1963 was that business would slip downward until mid-July. The experts didn't expect an uptrend until the latter part of the year. What actually happened was that steady gains were registered in the first half, and a record high plateau was maintained in the second period.

By July, said forecasters, output (as registered by the Federal Reserve Board's index) would be around 115. Instead it soared to a record 127. The error is the sort of mistake businessmen enjoy.

What about 1964 business?

Forecasters believe it will be substantially better than 1963's.

Demand for Steel Continues Unabated

Steel demand is still going up and he peak is not yet in sight, *Iron Age* magazine reported.

December shipments will be up from November, and January will bring another increase of from 5 to 10%.

The national metalworking weekly said that on the basis of predictions for the first half of 1964, production will increase to about 5 to 6% higher than the current rate. It will then level off until the factors in the market stabilize or become more clear.

Current production is at an annual rate of 106 million tons. If first half predictions of 56 million tons are realized, this means that a rate of 112 million tons will have to be reached — probably some time in February or March.

Iron Age said some mills are revising their first quarter predictions upward. These are based on current orders now coming in for January and February delivery.

A cross section of mills shows January orders are running from just "better" to as much as 10 to 20% better than for December. Some major steel users which had placed their January orders are already coming in with supplemental buys, just as occurred in December.

Looking ahead, there are some significant factors to keep in mind, both positive and negative.

First, production is expected to hit the average or higher than average level for the year in the first quarter. This is at a time when consumption is normally at a seasonal low.

In these winter months, linepipe, tinplate, rebars, plates, structurals, standard pipe and other products are in their slow seasons.

But, at the same time, this underscores the top-heavy dependence of the current market on automotive demand, and, to a lesser extent, appliances.

Any falloff in auto sales could quickly reverse the current market trend. For this reason, the steel industry has its eyes focused on auto sales for the first indication of any trend—either up or down.

1963 Car Output One Million Units Higher Than in 1962

Car and truck production in the U. S. during 1963 now leads 1962 output by more than 1,000,000 units, *Ward's Automotive Reports* said.

Auto output last week, however, although above almost all other weeks in history—will reflect a normal decline preceding the holiday.

The statistical agency said car makers had scheduled 185,084 assemblies last week, a 1.6% drop from the 188,144 cars made two weeks ago, but 12.2% ahead of 164,997 units counted in the pre-Christmas period a year ago.

Ward's said most of the decline was reflected in General Motors Corp., which has trimmed 10,000 units from its schedules last week in a cutback of Saturday overtime work from as many as 20 plants working the extra day.

The GM cutback, however, is temporary. The company is expected to set a record in monthly output during entire December, and will resume some overtime after Christmas.

GM is expected to produce its 4,000,000th car of 1963 by Christmas Eve—the first time in automotive history that any producer has made this many cars in an entire year.

One GM plant, at Fremont (Calif.), was expected to resume operations after being struck since Dec. 11 in issues arising from lack of a local labor contract. Workers at the plant were relocated from nearby Oakland last June.

Meanwhile, Ford Motor Co., which for the first time since early November had all its plants in operation this week, assembled cars at 15 of 16 sites on Dec. 21; Chrysler Corp., nearing its first 1,000,000-unit year since 1957, operated four plants on that day. American Motors Corp., at Kenosha (Wis.), ended its work for the week after a second shift on Dec. 20.

Still-producing Studebaker Corp. phased-out forever its U. S. car production last week.

The industry will reach a new record in December output, and including trucks, bringing the years unit production total past 9,000,000 units.

Last week's passenger car output found GM Corp. producing 49.7%; Ford 28.7%; Chrylser Corp. 15.1%; American Motors, 5.7%, and Studebaker, 0.8%.

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

Loading of revenue freight in the week ended Dec. 14, totaled 540,308 cars, the Association of American Railroads announced. This was a decrease of 17,872 cars or 3.2% below the preceding week.

The loadings represent an increase of 39,335 cars or 7.9% above the corresponding week in 1962, and an increase of 7,037 cars or 1.3% above the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Dec. 14, 1963, are estimated at approximately 11.9 billion, an increase of 12.3% above the corresponding week of 1962 and 11.8% above 1961.

The 63 class I U. S. railroad systems originating piggyback traffic reported loading 16,307 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Dec. 7, 1963 (which were included in that week's over-all total). This was an increase of 1,749 cars or 12.0% above the corresponding week of 1962 and an increase of 3,798 cars or 30.4% above the 1961 week.

Cumulative piggyback loadings for the first 49 weeks of 1963 totaled 756,063 cars for an increase of 85,839 cars or 12.8% above the corresponding period of 1962, and 197,083 cars or 35.3% above the corresponding period in 1961.

Intercity Trucking Up 3.6% Above Last Year's Week

Intercity truck tonnage in the week ended Dec. 14 was 3.6% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 2.2% below that of the previous week of this year.

The year-to-year increase continues the long series of tonnage gains which began in late June of this year. In 21 of the last 26 weeks volume has been ahead of the 1962 level. The week-to-week findings follow the pattern of generally declining tonnage which has been found at this season in previous years.

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

The terminal survey for last week showed increased tonnage from a year ago at 19 localities, with 14 points reflecting decreases from the 1962 level. One terminal area, Philadelphia, showed no change from last year. Truck terminals at Dallas-Ft. Worth showed the largest year-to-year gain — up 18.8%, while six other trucking centers registered increases of 10% or more. Significantly, none of the trucking areas reflected decreases in excess of 10%.

Compared with the immedately preceding week, eight metropolitan areas registered increased tonnage, while 26 areas reported decreases.

Lumber Output Plunges 12.5% Below Year-Ago Week

Lumber production in the country totaled 196,793,000 board feet in the week ended Dec. 14, according to reports received from regional lumber associations. Output was 12.5% less than that for the year-ago Dec. 15 week.

The week-to-week production tally also shows a similar decline. It dropped 12.9% from the Dec. 7, 1963, week output of 226,005,000 board feet.

Compared with 1962 levels, production fell 12.5%, shipments dropped 2.4% and new orders rose 3.6%.

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

	Dec. 14 1963	Dec. 7 1963	Dec. 15 1962
Production	196,793	226,005	225,123
Shipments	223,154	209,866	228,871
New orders	232,629	222,446	224,484

Electric Energy Data Unavailable This Week

Business Failures Down in Latest Week

Continuing on an uneven weekly course, commercial and industrial failures turned down to 232 in the week ended Dec. 19 from 257 in the preceding week, reports Dun & Bradstreet, Inc. Casualties ran below the comparable 1962 level of 249 and the 1961 level of 285 as well as easing 7% below the prewar toll of 249 in 1939.

Failures with liabilities of $100,000 or more dipped to 29 from 37 a week earlier and 35 from a year ago. Among smaller casualties involving losses under $100,000 there was a decline to 203 from 220 in the previous week and 214 last year.

The toll among retailers slipped to 99 from 112, among manufacturers to 39 from 49, among wholesales to 23 from 28, and service businesses to 22 from 23. In contrast, increases lifted construction casualties slightly, to 49 from 45. No industry or trade group suffered as many casualties as in the similar week a year ago.

In most geographic regions, business tolls declined or held even during the week. Failures in the Middle Atlantic States fell to 70 from 82, in the Pacific States to 45 from 53, East North Central States to 30 from 35. In contrast, four regions reported increases—the New England States to 15 from 13, West South Central States to 16 from 10, Mountain States to 14 from 12 and the South Altantic States to 30 from 29. Year-to-year trends continued to be mixed by regions, with three reporting a rise in casualties from last year and six reporting declines.

Whosale Commodity Price Index Unavailable

Wholesale Food Price Index Unavailable

Yule Purchases Pile Toward Peak

Christmas buying accelerated to a frenzied pace in the week ended Wednesday, Dec. 18, swelling overall retail volume substantially above last year's similar period. While extreme cold and storms hampered shopping in some areas of the Southwest and Midwest, wintry blasts tended to help activity in the Northeast by giving a late boost to outerwear purchases. Spectacular headway was attained in an array of gift items ranging from mohair sweaters to pool tables. Toy sales, because of their slow start, so far have not piled to anticipated levels although they are now moving at a fast clip. In home goods, housewares and small electrics zoomed ahead, but interest in appliances and home entertainment items dwindled to a lacklustre pace in most areas. Consumers zestfully continued to purchase new cars, despite much concentration on gift shopping.

The total dollar volume of retail trade in the week ended in the latest Wednesday-ending week ranged from 7 to 11% higher than a year earlier, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England 0 to +4; West North Central, West South Central, and Mountain +3 to +7; Middle Atlantic and Pacific +5 to +9; South Atlantic +8 to +12; East South Central +9 to +13; East North Central +10 to +14.

Nationwide Department Store Sales Rise 7% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index rose 7.0% for the statement week ending Dec. 14 compared with the like period in 1962.

In the four-week period ended Dec. 14, 1963, sales equalled (remained unchanged from) last year's comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Dec. 14), the 12 department store districts' retail dollar volume increased 4.0% (adjusted) over that rung up for corresponding period a year ago.

Sales last week mounted 13.4% according to the Federal Reserve System, department store sales confined to the New York Federal Reserve District for the week ended Dec. 14 rose 6.0% in the current four-week period compared to last year's period. They were up 4.0% 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. 14 ending week were up 6.0% from the corresponding period a year ago, sales in the latest four weeks were down 2.0% and cumulative sales from Jan. 1 to Dec. 14 were up 3.0% from year-ago period.

Dec. 21 N. Y. C. Department Store Sales Show 9.0% Gain Over Year-Ago

A *flash figure* for New York City's sales for the Dec. 21 ending week revealed a plus 9.0% pick up but the four-week N. Y. C. flash figure dropped 3.0% from last year's period.

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. 14-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 3.0%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Two insoluble probems are plaguing Congress as its first session comes to a close. One is the method of procedure in the handling of business in the House and Senate—in other words the House and Senate rules which the liberals are shouting now prevent action on important measures, such as the civil rights and the tax bills. The fact is that the civil rights bill has done more to delay action by Congress than any other measure. The other problem is the question of Presidential succession brought to the fore again by the tragic death of President John F. Kennedy. Determined efforts will be made in the session which begins in January to change existing procedures regarding accession to the Presidency.

The liberals of the House are demanding too much. For example, they want to change the time old seniority system. Under their plan a man would not be appointed to committee chairmanships or memberships according to his length of service but by the so-called leaders of the body which in effect would make them complete bosses. The conservatives in fact are fearful that if the "liberals" demands are met the whole concept of government will be changed and Congress will become merely a rubber stamp for the Executive branch and the President's bright young aids.

What this would mean, for instance, is shown in the current foreign aid proposal. The Congress has cut more than a billion dollars from the President's request and the two Presidents, Mr. Kennedy and Mr. Johnson, have repeatedly cited it as wrecking our foreign policy. Now Mr. Johnson, still bemoaning the cut, says the Administration can live with it. As a matter of fact, foreign aid still has a balance of some eight billion dollars.

Senator Mike Mansfield of Montana, the Democratic leader of the Senate, in a recent radio and television interview with Republican Senator Keating of New York advanced three proposals which might well speed up procedures in that body and make it more responsive to the majority will. He said: "There are a number of things that we can do. I think we would up-date Congress and retain at the same time some of the old traditions. I think, for example, the Pastore rule of germaneness might be given consideration. I think also the idea that each Senator has a right to object to any unanimous consent request should be curtailed drastically. And I think that we ought to do something about the cloture rule which calls for two-thirds of those present and voting to enforce the rule and reduce it from two-thirds to three-fifths of those present and voting."

If these proposals of Senator Mansfield were adopted, procedure in the Senate might really be speeded up. As the rule stands today a Senator may rise and speak on any subject he desires as long as he wishes. A rules amendment offered by Senator Pastore, Rhode Island Democrat, would require that when unfinished business is before the Senate there must be three hours of debate limited strictly to the question before the Senate each day. Senator Mansfield's second proposal to curtail the right of a individual Senator to block unanimous consent to the taking up of any measure will be vigorously opposed, as much as the opposition to curtailing cloture has been opposed. His idea is that refusal of a unanimous consent should be made effective only by majority vote.

Shell Investments Secondary Offered

Nesbitt, Thompson & Co., Ltd., Montreal, and associates have completed a secondary offering in Canada of 693,400 shares of Shell Investments Ltd. 5½% cumulative redeemable first preferred stock (par $20) with exchange warrants priced at $25.75 per share to yield approximately 4.27%.

Headquartered in Toronto, Shell Investments is a holding company, in turn controlled by Royal Dutch Petroleum Co., The Hague, Netherlands.

Managing Profit Sharing Funds for Investment Goals

Continued from page 3

all the factors involved in each specific case. Probably the most important consideration should be the nature of the industry and the circumstances of the company itself. For example, the case of a growing company in an expanding industry is very different from that of a mature one whose earnings are subject to cyclical fluctuations. Or further, a plan with a preponderance of relatively youthful, career-minded members must be viewed differently from one with a majority of members in the upper age groups who are more concerned with financial security than the prospects offered by the company's future growth.

Alternative Fund as a Compromise

One way of solving this problem is to set up two funds, one holding the company's own stock and the other being a general investment fund Each employee can then be given the choice as to how his participation in he joint funds should be allocated. This, of course, involves a number of practical problems and a good deal of administrative work, which there is no need for me to dwell upon here. However, it does provide a solution and certainly helps to overcome the difficulty of catering to the varying requirements of employees in different age groups.

It would be appropriate at this point to mention a very important consideration regarding the responsibility of the trustees of a profit sharing fund. A profit sharing fund is a trust and, although the trustees may be the employers or owners of the company providing the contributions, once these are in the fund they become the property of the beneficiaries. The trustees are therefore responsible to the beneficiaries for the assets in the fund and are governed by the same "prudent man" concept which applies to the investment of any trust fund. If no choice is given to the employees and it is decided to include a substantial amount of the company's own stock in the portfolio, in other words a larger than average holding, it is essential that this be communicated to the plan members. It is most important that they be informed and kept constantly informed of the amount of the company's own stock in the fund.

Factors Affecting Investment Policy

Turning now to the general question of investment policy, I first want to outline the major factors which must be taken into account in determining that policy. These may be divided into three main groups:

(1) The basic objective of the plan and its subsidiary provisions.

(2) The nature of the contribution flow.

(3) Intangible factors.

It can be assumed that the basic objective common to most deferred profit sharing plans is the provision of retirement benefits. However, of prime consideration is whether the profit sharing fund is the only vehicle for providing such benefits or is part of an overall retirement program which includes a separate pension plan. A more aggressive investment policy can usually be followed for a profit sharing fund which is intended to supplement the benefits of a pension plan. Other factors which must be taken into account include the age distribution of the plan members, the provisions of the plan covering vesting rights, severance payments, early retirement, death and other benefits, and the extent to which these and the regular retirement benefits are payable in a lump sum rather than on a pension basis. One must also consider whether the plan is contributory and, if so, allow for the rights of members to withdraw their own contributions.

Another group of factors which has to be considered relates to the nature of the contributions to the fund The contributions form the raw material with which the investment manager has to work and the frequency of their flow and the constancy of their size have an important bearing on the planning of the investment program. Of course there can never be any certainty regarding a company's future profits and, hence, the amount of its contributions to the fund. However, there are certain basic considerations, such as the nature of the industry and the degree of stability of the company's profits, which can be used as a guide. Where marked fluctuations in the size of the contributions are anticipated, with periods when there will be no contribution at all, particular attention must be paid to the provision of liquidity reserves to meet benefit payments.

A company whose earnings are closely related to the business cycle presents another problem because the periods of the highest contributions are likely to coincide with high levels of the stock market. Conversely the smallest contributions, or perhaps no contribution at all, will probably be available when the market is depressed and the most attractive buying opportunities are being presented. The investment manager must, under these conditions, consider the extent to which his investment program should attempt to "even out" the purchase of common stocks, so that he is not continually applying the largest amounts of new money to their purchase at the higher market levels The frequency with which contributions are made must also be taken into account. When these are made on an annual basis there is a good argument, at least at high market levels, for spreading the purchase of common stocks over three or four instalments during the year so that advantage may be taken of any market decline.

In addition to the factors which I have mentioned, all of which relate to known or to some degree determinable conditions, there are various intangible factors to which recognition must be given in the determination of an investment policy. Under this heading I include such items as the types of employees involved, the extent of their understanding of investment matters, the relationship between employer and employees, the quality and extent of company communications with employees, and so forth. A fund whose plan members are familiar with the vagaries of the stock market and who have a good relationship with the employer lends itself much more readily to a heavy investment in common stocks than one in which wide fluctuations in the value of the fund are liable to have damaging effects on employee goodwill.

The Basic Diversification of the Portfolio

I have so far dealt with the question of the company's own stock and discussed some of the major factors which have to be considered in determining the most appropriate investment policy for a particular fund. In view of the many variations in plan details it is impossible to present a blueprint for an investment policy which can be applied to all funds. However, I think that the basis for formulating a policy can be arrived at by first examining the investment objectives of a typical fund and then deciding upon the most suitable diversification of the portfolio between the major investment groups to achieve these objectives.

The investment objectives of a typical deferred profit sharing fund may be summarized as follows:

(1) Provision of the maximum benefits for retiring employees.

(2) Introduction of a degree of stability to the fund.

(3) Satisfaction of liquidity requirements.

The objective of providing retirement benefits, assuming that the age distribution of the plan members is fairly even, lends itself most readily to a long term approach. This does not mean that every investment must be made on a long term basis to the exclusion of shorter term holdings. However, most experienced investors have found that over a long period of time the most satisfactory overall performance is obtained by having the bulk of their investments in longer term holdings. While, therefore, advantage should be taken of attractive shorter term opportunities as they occur, I believe that important emphasis should be placed on investments offering long term attraction.

Superior Long Term Results From Stocks

Based on historical evidence the most satisfactory long term investment performance is given by common stocks as opposed to fixed income investments. Statistics available[1] show that from 1879 to 1962 the total return on a broad cross-section of common stocks amounted to 8.0% compounded annually, 4.8% coming from dividend income and 3.2% from capital appreciation. Over the same period of time the yield on a representative list of fixed income investments was 4.4% per annum. In the years since World War II, from 1946 to 1962, the total return on a similar cross-section of common stocks has been 13.0% compounded annually, against a yield of 3.5% per annum on fixed income investments.

There can of course be no guarantee that future experience will follow the patterns of the past. However, if one accepts the premise that the economy of this country will continue to grow on a secular basis and this this growth will be reflected in the level of corporate profits, there is, I think, a strong argument in favor of common stocks as the means of achieving the most satisfactory long run investment performance. This argument is given support if one takes into account inflationary trends in the economy. Although efforts have been made to curb the forces of inflation there is considerable historical evidence for believing that, particularly in a growing economy, some degree of continuing inflation must be expected. We believe that the common stocks of companies showing an upward earnings trend provide better protection against a decline in the purchasing power of the dollar than any other medium of investment with comparable marketability.

If one agrees that common stocks give the most satisfactory long run investment performance, it could be argued that the ideal portfolio for a profit sharing fund is one devoted wholly to equity investments. This would indeed be the case if marked fluctuations in the value of the fund presented no problem and there were no need to provide liquidity reserves to meet benefit payments. However, most funds have to take these other factors into account and to this extent their portfolios must deviate from the "ideal" of 100% investment in common stocks. Thus, the primary investment policy decision, the basic diversification of the portfolio between fixed income investments and common stocks, is determined by the amount of fixed income investments needed to satisfy the stability and liquidity requirements of the fund.

The need for stability derives from a combination of a number of the factors which I mentioned earlier. The main consideration is that violent fluctuations in the value of a fund penalize those who retire or otherwise become entitled to benefits at the lower levels of the market. Even for plan members not receiving benefits, fluctuations in the value of shares in the fund are disconcerting, although the damaging effect on goodwill is reduced if the employees have a knowledge of the workings of the stock market and are helped in their understanding by effective communications from management.

Meeting Liquidity Needs

The liquidity requirements which may have to be satisfied are of three kinds. First, there is the need to meet known benefit payments becoming due in the near term which will not be met by contributions. Second, there is the reserve to meet contingencies such as severance or death benefits. Finally, it may be desirable from time to time to hold a liquid reserve for investment purposes. This may be used to spread the purchase of common stocks over the year where there is an annual contribution, or to provide a reserve for stock purchases in cases where there are wide fluctuations in the size of contributions or a temporary cessation of stock buying is indicated by market conditions

The liquidity needs to which I have just referred are all of a relatively short term nature. In view of the many unknown factors involved it is not usually feasible to try to meet liquidity requirements which may occur several years ahead. The relative stability of long term fixed income investments usualy enables such holdings to be used to meet unforeseen liquidity needs without a significant loss of capital, provided that they have reasonable marketability. However, where the age grouping of plan members indicates an unusually large number of retirements at some future point of time, say ten or fifteen years hence, it may be possible to take this into account when acquiring longer term fixed income investments. The purchase of corporate bonds with this length of maturity would probably involve too great a sacrifice of yield to make this worthwhile, but opportunities may be sought to acquire mortgages or private placements which will provide a return of capital during the period when the heavy benefit payments have to be made.

Having determined the amount of fixed income investments needed to satisfy the stability and liquidity requirements of the fund, one has the basis for setting up the portfolio. Of course this basic diversification will be subject to adjustment to meet changes in circumstances and as the fund grows the proportion of the liquidity reserve will usually decline. In any event the ratio of fixed income investments to common stocks should never be regarded as a rigid figure to be adhered to blindly. At high levels of the market it may be desirable to reduce the amount of new contributions applied to common stocks and, at lower market levels, to step up common stock purchases at the expense of fixed income investments.

The Selection of Investments (1) Common Stocks

I shall now turn to the question of the choice of investments for a deferred profit sharing fund. On the assumption that the most suitable portfolio for the vast majority of funds will have a strong emphasis on equity investments, I shall deal first with the selection of common stocks. It will, I imagine, have become apparent from my previous remarks that when I refer to common stocks I am thinking mainly in terms of issues which offer investment attraction on a long term basis.

The selection of any stock must be based on thorough research and should take into account economic and industry conditions, quality of management, financial soundness, a past record and earnings outlook. A realistic estimate of future earnings is particularly important in the case of the so called "growth" stocks because they normally sell at a higher than average multiple of current earnings and the prospects for earnings improvement must be sufficiently attractive to justify this. Care in selectivity should be regarded as being of far greater importance than the forecasting of market movements. Attention must of course be paid to the price of a stock and the general market level, but a mistake in timing will usually, in the long run, prove much less costly than a mistake in the judgment of the worth of a stock. If there is a fairly regular flow of contributions into the fund advantage may be taken of market declines to purchase further quantities of the stock at lower prices.

Although I am referring to

1 Based on figures from the following sources: The Cowles Commission, 1939; Standard & Poor's Corporation; W. C. Greenough's "A New Approach to Retirement Income" Appendix "A"; Institute of Life Insurance.

growth stocks as long term investments this does not mean that they should be considered as permanent holdings in the portfolio regardless of changes in circumstances. The performance of the company and the factors affecting its earnings outlook must be followed very closely and, if any deterioration appears, due to economic or technological factors or any other reason of a fundamental nature, a prompt reappraisal should be made to decide if the stock should continue to be held.

Worthwhile Speculative Investments

At certain stages of the business cycle stocks whose earnings have pronounced cyclical characteristics may offer interesting opportunities of a shorter term nature. However, investment in such issues introduces the problems of making correct economic forecasts and anticipating market movements, and in view of the risks which such timing usually involves, these holdings should be limited to moderate proportions. Similarly, from time to time "special situations" may occur offering shorter term investment attraction. While one should avoid issues of a speculative nature, when the fundamentals of a stock are sound and the downside risk is limited, there is no reason why advantage should not be taken of such oportunities.

There may also on occasions be a place in the portfolio for stocks of companies whose earnings are fairly stable without showing any particular growth trend. Such issues normally sell at a lower multiple of earnings than growth stocks and frequently offer an above average yield based on a well secured dividend, thus providing some degree of protection against market declines. They may therefore be useful investments when opportunities for the purchase of growth or cyclical isues at attractive prices are limited.

Before leaving the subject of equity investments I want to emphasize that there is no reason why the stocks chosen for a deferred profit-sharing fund should be restricted to well known names or those listed on the major stock exchanges. There are many lesser known companies, both listed and unlisted, which offer good investment opportunities. Provided that the selection of each stock is based on sound research and the activities of the company continue to be closely followed, the inclusion of such issues in the portfolio can enhance its over-all performance quite considerably. However, I must introduce a word of warning here. The majority of these lesser known issues, and particularly those traded over-the-counter, have a restricted marketability which may present problems if there is a deterioration in the situation. Holdings of such stocks should therefore be limited to an amount appropriate to the normal size of their market.

(2) Corporate Bonds and Mortgages

I now come to the investments which are intended to introduce an element of stability into the fund. To compensate for the absence of appreciation potential offered by these investments one should seek the maximum possible yield compatible with security of principal. In the case of corporate bonds this is usually obtained from issues in the medium quality range with the longest maturities. A selection of bonds in the AA, A and BBB categories of the recognized rating services should provide adequate security, while the choice of maturity must be made with reference to the relative yields obtainable on different issues at the time of purchase.

I should point out that in using the term stability in reference to corporate bonds I am referring to relative stability compared to that of common stocks. The price of a long-term corporate bond, regardless of its quality, will be subject to fluctuations during the course of its life as a result of changes in long-term interest rates. Although such fluctuations will usually be relatively much smaller than those of common stocks, they may involve some loss of capital should a sale be necessay to meet unexpected benefit payments a number of years before maturity.

Government guaranteed and insured mortgages offer particular attraction as stable investments as not only do they provide security of principal but they usually offer a more attractive yield than that on corporate bonds of satisfactory quality. A further feature of mortgages is that they are self-liquidating, so that during the course of their life the capital repayments may be used to meet benefit payments. The limited marketability of mortgages probably precludes relying on them exclusively to satisfy the stability requirements of the fund. However, as the only real need for marketability is to provide future liquidity to meet contingencies, once these requirements are satisfied there is no reason why further additions to the fixed income sector of the portfolio need be in marketable investments.

I have made on mention of convertible bonds up to this point because we believe that their appeal for this type of portfolio is usually rather limited. One of the advantages normally offered by convertible issues is that they provide a higher yield than that obtainable on the stock. However, as a profit-sharing fund is not faced with the problem of having to earn an assumed actuarial rate of interest, the relative significance of yield as a factor in comparing the attraction of the bond with that of the stock is not as great as it is in the case of a pension fund. Further, a profit-sharing fund is not normally bound by restrictions on the proportion of common stocks held in the portfolio, which in the case of some pension funds gives a bond with equity participation definite attraction. When a convertible bond is selling below parity there may be a leverage factor which makes it attractive as a purchase relative to the stock, but at higher market levels the premium which usually has to be paid for the conversion feature may substantially reduce or even eliminate the protection against downside risk compared to that of the stock.

(3) Short Term U. S. Government Issues and Commercial Paper

The most suitable investments for satisfying near term liquidity requirements are the issues of the U. S. Government or Government agencies, or good quality commercial paper. There is little to comment on with regard to these investments, except to point out that, as the yields they normally provide are relatively low and the only attraction they have to offer is that of liquidity, the holdings should be limited to the amount required to perform this function.

We do not consider that straight preferred stocks or sale-leasebacks are suitable investments for a deferred profit-sharing fund. The holder of a preferred stock does not have the protection of a specific maturity which is given by bonds or mortgages, so that if there should be a deterioration in the company's situation the price of the stock may stay depressed indefinitely. The yield advantage which preferred stocks once had over bonds has been virtually eliminated by the demand for these issues from insurance companies and corporate investors, who enjoy tax advantages on preferred dividends. An interesting conversion feature may sometimes outweigh these objections, although here the judgment must be based more on the outlook for the stock in relation to the conversion terms.

Sale-leasebacks are generally unsuitable for deferred profit-sharing funds due to the existence of a residual equity feature, the value of which cannot be accurately determined in advance. Therefore, plan members who receive benefit payments based on a valuation of the fund during the life of such a lease are being deprived of their share of this residual value.

Mutual Funds for Smaller Profit Sharing Funds

The question of the use of mutual funds and the pooled investment funds operated by many banks comes more under the heading of fund administration than investment policy. They can provide very useful investment vehicles for smaller profit-sharing funds when the trustees do not wish to become involved in detailed investment matters or to place these in the hands of a corporate trustee and/or an independent investment advisor. However, the choice of the types of mutual or pooled funds to be used must be made with reference to the plan's objectives and requirements, so that the comments I have made are still relevant in this respect.

It has not been my intention to provide an exhaustive list of the various investment opportunities available. For example, conventional mortgages and real estate can provide very useful and rewarding investments, but I think that these should normally be confined to situations where the trustees have an intimate knowledge of property values and developments in the area or such information is available from a thoroughly reliable source. Such investments, in common with all of those used in a profit-sharing fund, must be considered on their merits and within the framework of the over-all investment policy. The object of having such a policy is to ensure that the best possible use is made of the investment opportunities avaliable in order to meet the requirements of the fund, while providing the most satisfactory over-all performance. Investment is not an exact science and mistakes in judgment are bound to occur. The important thing is to ensure that the investment program is so designed that the consequences of such mistakes will be minimized and not affect the attainment of the major objectives. A carefully planned investment policy, based upon a sound appreciation of all the factors involved, will go a long way towards achieving this.

*An address by Mr. Sieff before the 16th Annual Conference of the Council of Profit Sharing Industries, Los Angeles, California.

THE SECURITY I LIKE BEST...

Continued from page 2

the 2% average increase for the industry.

Net earnings, as reported to shareholders, rose from $278,000, or 17 cents a share to $2,499,000, or $1.51 a share in 1962 on the 1,662,355 shares presently outstanding.

Certain adjustments should be made in computing the real earning power. One adjustment is to include the appropriation to "deficiency reserves." Deficiency reserves required by statutory accounting are based on older mortality tables, whereas life insurance companies have been basing their rates on up-to-date tables. Since these appropriations will eventually flow back to surplus as the policies they apply to go off the books, for all practical purposes, these appropriations should be included in earnings.

Another important influence which restricts reported life insurance earnings is the fact that normally it costs a typical life insurance company at least the entire first year's premium to put new business on the books, while income is deferred over the life of the contract. As a result, it is customary to adjust upward by an amount approximating the value of the increase in insurance in force during the year. Using values of $15 per $1,000 of ordinary non-participating insurance, $6 per $1,000 of ordinary participating insurance and $5 per $1,000 of group non-participating insurance, United States Life's fully adjusted earnings in 1962 amounted to $4,290,000, or $2.59 per share.

The company distributes but a small part of earnings in dividends, plowing back the greater part for future growth. Cash dividend is 20 cents a year but periodically stock dividends have been paid. In 1956 the shares were split 2 for 1 and a 100% stock dividend was declared. Then in the same year rights were given to buy one new share for each ten shares held, at $26 a share. In December, 1958, a 25% stock dividend was paid and in June, 1961, a 20% stock dividend. At a special meeting called for Jan. 8, 1964, stockholders will be asked to vote on increasing the authorized shares so that at the board's discretion another 20% stock dividend may be distributed. Following payment of the stock dividends in 1958 and 1961, the company maintained, unchanged, cash dividends on the increased amount of stock.

United States Life's capital funds have increased from $9,394,000 on Jan. 1, 1957 to $17,214,000 on Dec. 31, 1962. Life insurance shares offer considerable leverage. The company's capital, at 1962 year end, amounted to 13% of assets.

The management is cost conscious. In 1962, at an expenditure of $765,000, of which $715,000 is being amortized over ten years, an IBM 1410/1401 was installed, replacing the IBM 650 purchased in 1955.

United States Life is a medium-size company where rate of growth can continue to outdistance the industry average over the long term. A well established company such as United States Life is to be preferred over the newly organized life insurance concerns, because it takes many years before a company has sufficient insurance in force to enable it to operate at a profit.

The future of the life insurance industry appears bright. The Bureau of the Census estimates that population will increase from 180.7 million in 1960 to 196.2 million in 1965 and 214.2 million in 1970. This is an increase in ten years of 18½%. However, in ages 20 to 29, the period of family formations, a growth is anticipated of 40%. Mortality rate is apt to improve further as medical science advances. A breakthrough in the field of cancer and heart disease might mean that the younger generation may live longer. As persons live longer, policy holders, of course, pay premiums for a longer period of time.

Another possible source of improved earnings is the higher return on investments. United States Life's average return after all expenses in 1962 was 4.45%, which was higher than the 4.34% for all domestic life insurance companies. Bonds bought years ago, when interest rates were lower, are being replaced with higher, yielding securities.

United States Life's outlook for next year is encouraging. Economists of repute are estimating a rise in Gross National Product from $580 billion in 1963 to $612 billion in 1964 and a proportional increase in personal income. The average disposable income per family is approximately $6,500, while the average family policy is approximately $11,400. The family policy is equal to only 21 months of income, giving a current market potential for increased size of policy.

The industry which I think is outstanding is the life insurance industry. The company, in my opinion, which has real growth possibilities is The United States Life Insurance Company. The stock is widely held among over 11,600 shareholders, including individuals, trust funds, pension funds, mutual funds and colleges. The stock, currently traded in the Over-the-Counter Market at approximately 84½, compared with this year's range of 70-96, appears attractive for long term capital gains.

Fahnestock to Admit

Fahnestock & Co., 65 Broadway, New York City, members of the New York Stock Exchange, will admit Donald Agnew to limited partnership in the firm effective Dec. 31.

With Cowen Co.

Bernard Wenstein, Dr. E. Maurice Moretti and Harry Grahame have become associated with Cowen & Co., 45 Wall Street, New York City, members of the New York Stock Exchange. All were formerly with Jacques Coe & Co.

Now Individual Dealer

AMITYVILLE, N. Y.—Burton E. Mason is now conducting his investment business as an individual dealer from offices at 200 Bayview Avenue. He was formerly a principal of the Suffolk Group, Inc.

Changing the Tax Bill to Accomplish Its Growth Goal

Continued from page 5

national income and Federal revenue.[7]

Furthermore, graduation tends to blur into a theory of equalization or semi-equalization of income, or perhaps more exactly, a redistribution of wealth. But redistribution assumes a standard of distributive justice different from the standards of our market economy. It assumes that the market knows least and government knows best. But what is our market economy but the American people, constantly and voluntarily adjusting the incomes of each and every one of us, financially rewarding those who produce more and financially penalizing those who produce less? This democratic market system, this incentive system, is precisely the means by which, I am convinced, we have become the richest and freest people in all the world.

The Russians Seems to Know Better

Even the Russians seem to be catching on to this incentive idea—deviating sharply from the Marxist-Leninist concept of from each according to his ability and to each according to his need—for a recent issue of *Voprosy Ekonomiki*, official periodical of the Soviet Institute of Economics, disowns "petty bourgeois egalitarianism" and explains in an article:[8]

"The many years of experience in the organization of social labor under socialism have shown that equalitarianism is incompatible with the interests of the development of socialist production. . . . In order to create the abundance of products . . . the principle of personal material incentives to all personnel . . . is of major significance. . . . It is necessary to give industrial and institutional management the right to raise the salaries of persons showing maximum initiative, capacity, and conscientiousness. . . . At the same time it is necessary to improve the system of bonuses to managerial, engineering, technical, and office personnel."

Yet while the Russians seem to have learned the lesson of incentive remuneration — of additional return for additional effort (the phrase is the President's, as cited earlier)—we seem to be moving in the opposite direction: toward less return for greater effort. For, despite all the talk of the evils of heavy progression, the bill before you increases the rate of progression between the lower bottom and top rates. The combined effect of proposed rate and structural changes in H.R. 8363 provides a reduction of tax liability of 38.3% to the lowest bracket, decreasing to a reduction of 26.2% for the $3,000 to $5,000 bracket, 19.9% in the $5,000 to $10,000 bracket, 16.4% in the $10,000 to $20,000 bracket, 15.1% in the $20,000 to $50,000 bracket, and 12.6% in the $50,000 and up bracket. Plainly, tax relief at the lowest bracket is better than three times that of the highest bracket. Indeed, some 1.5 million taxpayers presently in the lowest brackets of taxable income are to be lopped off the rolls. This is unfortunte, for part of the checks an balances in our democracy is not only that each citizen has a share in our political direction but a share in the cost of democracy.

At any rate, discriminatory treatment toward the middle and upper brackets is, I believe, shortsighted, for in the long run equal treatment for all brackets would have redounded to the advantage mainly of the lowest brackets as capital formation accelerates.

In sum, while a flat rate may be the ideal, I believe that a realistic goal of the Committee should be a flattened curve of graduation, with a maximum rate of 50%.

Part II
Dividend Credit Repeal

In his 1963 Tax Message to the Congress, the President recommended repeal of both the $50 exclusion and the 4% credit. The House increased dividend exclusion to $100 but repealed the dividend credit in two stages.

I believe dividend credit should be restored. Discrimination against equity investment——and hence against capital formation—exists because dividend income is the only income under our combined individual and corporate income tax structure subjected to some degree of double taxation.

The main thing to keep in mind, ot seems to me, is the impact of dividend credit repeal on our investment climate. Investment is the key to growth and hence discrimination against investors amounts to discrimination against growth. The proposal to raise from $50 to $100 dividend exclusion would cost the Treasury an estimated $70 million in lost tax revenue, but repeal of dividend credit as it now stands would release some $370 million to the Treasury. Hence we see that the investor group would be taxed an additional $300 million. Clearly this makes investment less attractive and therefore is a step backward from our goal of advancing economic growth — of improving the investment climate, of equipping our economy for new jobs.

Repeal of the 4% dividend credit would tend to have one other distorting effect on the investment picture: This is the fact that the high corporate tax rate has encouraged long-term corporate borrowing at the expense of equity financing largely because of the full deductibility of interest payments. To be sure, the 4% credit has not apparently corrected the disproportionate share of corporate debt in total company financing, but this is probably attributable to the relatively small relief accorded to investors. (Canada, in contrast, has a $100 exclusion coupled to a 20% credit.)

In sum, the 4% dividend credit should be restored in H.R. 8363.

Part III
The Theory of Growth Through Deficits

As cited in the introduction to this paper, the President and his Council of Economic Advisors, through their program of tax reduction and structural reform, would stimulate consumption by those currently employed in order to increase aggregate demand which in turn according to them, would accelerate capital formation and provide jobs for the unemployed.

To my way of thinking, however, the question remains whether the problem of the American economy is inadequate demand of inadequate capital formation. I believe it is wholly the latter. And I believe that tax reduction to stimulate consumption via an increase in deficit-financed dollars is self-defeating because of the impact on inflation. Moreover, because of the critical nature of our balance of payments, resumed inflation could be an invitation to a dollar crisis.

Permit me to examine some of the implications of the Administration's approach. If capital formation is the source of growth, we must be concerned with the rate of capital formation in the United States. The rate is not encouraging. Economist Simon Kuznets has pointed out in his National Bureau of Economic research study, *Capital in the American Economy*, that *net* capital formation as a percentage of Gross National Product has been falling for a long time. The fall has been from 14.6% of GNP in the period 1869-1888 to 7% of GNP in 1946-1955, measured in constant prices. It follows that the rate of saving has similarly fallen off. Ironically, as the rate of savings has been falling, the rate of technological advance has been, apparently, rising, with the result being a relative shortage of capital and the shelving of many fruitful investment projects—projects which could create jobs and more of the good things of life at less cost for more people. As Dr. Kuznets observed, the persistent bottleneck in the exploitation of new technical knowledge has been the scarcity of capital funds. And noting the United States population boom upon us, especially of new entrants into the labor force and of new family makers, he writes: "The demand for capital over the coming two and a half or three decades is likely to be large."[9]

Dr. Kuznets' data dealt with the situation as it had deevloped up to 1955, before the contemporary slow-down in capital formation began. As indicated by the amended table, if his data were projected through the intervening years, they not only would confirm his thesis but would reveal an alarming extension of the trend. In constant dollars, business expenditures for plant and equipment dropped sharply back after 1957 and had not returned to the 1957 level at the end of 1962. If such expenditures had increased at an annual rate of 4% over these years, the total in 1962 would have been nearly $10 billion greater, or enough, I believe, to have held the unemployment rate down to a much less disturbing level.

To be sure, economists who hold that consumption is the right road to greater growth and employment argue that there is overcapacity (euphemistically, "economic slack") in railroads, textiles, steel, coal, lead, zinc, paper, timber, and so on. It should be noted that overcapacity statistics are generally deficient, as the Joint Economic Committee's subcommittee on economic statistics held in its report last year on "Measures of Productive Capacity." (The subcommittee's distinction between "engineering" capacity and "economic" capacity is significant.)

Overcapacity Due to Its Excessive Cost

So I believe the Administration's stress on overcapacity misses the point. For the real point is not simply overcapacity, but the nature and causes of excess capacity—the composition of capacity, the relative age and efficiency of plant and equipment, and the cost structure, including wages, of output. Overcapacity, in short, seems to be a function of cost and, hence, of price. If cost and price are excessively high—that is, high in the mind of the purchaser or the consumer—there will be but a partial sale or perhaps no sale at all.

Basically, then, overcapacity is a matter of excessive costs leading to excessive prices. Much of our overcapacity stems from marginal, high-cost, obsolescent plant and equipment. To an extent, the new equipment tax credit and the Treasury's accelerated depreciation schedules ameliorate this situation. More should be done on this score.

Much of our overcapacity also stems from obsolete work practices and excessive union bargaining power which raise the unit cost of production and lessen effective demand. This latter problem, I know, is not a direct legislative concern of this Committee; nonetheless, inasmuch as tax reform and demand-type tax cuts have been made the fulcrum for pushing back unemployment, I believe it is a mistake to assign to tax measures, however important, such an exclusive burden.

That the Administration has such a goal in mind, however, there can be little doubt. Commenting on Dr. Walter W. Heller's appearance before the Senate Labor Subcommittee on Employment and Manpower, John D. Pomfret in a New York *Times* dispatch of Oct. 28, 1963, commented as follows: "A chief economic policymaker insisted today that the best attack on high unemployment must be a tax cut to stimulate demand and thereby create jobs."

Yet just what is the source of jobs, of employment? From where do wages spring? Perhaps it seems too elementary to state that wage rates depend on the marginal product and that, therefore, wages—and jobs—can only come from production — that is, from *sold* production. Hence wages are paid essentially by customers — i.e., consumers. In short, employers are but intermediaries. In effect they don't pay wages, they don't create jobs; consumers do—if they are willing to pay what they consider a reasonable price.

But suppose the consumer won't pay what he considers too high a price for a pair of shoes or a ton of coal. What then? Then employment turns to disemployment to unemployment. In other words, in substantially insulating trade unions from competition, and thereby in aiding and abetting in a cost-price spiral, public policy has apparently given trade unions too much of a seemingly good thing, with the result that trade unions have all too often priced many of their members out of markets, out of jobs. Worsening the problem of "hard-core" national unemployment, the wage floor was raised 15 cents in September 1961, and was given yet another lift of 10 cents in September 1963.

Note two relatively slack industries in our economy: steel and coal. In both, unemployment is quite heavy. In both, wage rates are quite high. Is this a coincidence? I think not. I think the demand for labor is highly elastic. Permit me to quote from Paul H. Douglas' study, *The Theory of Wages*, in which Senator Douglas offered some most interesting arithmetic: "If wages are pushed up above the point of marginal productivity, the decrease in employment would normally be from three to four times as great as the increase in hourly rates so that the total income of the working class would be reduced in the ratio indicated above."[10]

At any rate, if I rightly understand the underlying theory of the Administration, it rests on the premise that an increase in the Federal deficit through a tax cut will yield a net addition to consumption, i.e., total demand, for it is abundantly clear that there is little official wish for actual reduction in Federal spending to accompany the tax cut.

Yet we must ask ourselves: Can demand be created out of thin air, out of monetized debt? Or might not such a policy be self-defeating, defeated by the inflation to which it necessarily gives rise? The answer appears to be that the policy of debt monetization was long tried in the decade of the Thirties to little avail, for we

7 *Capitalism and Freedom*, (Chicago: University of Chicago Press, 1962), p. 175.

8 Quoted by *First National City Bank of New York Monthly Economic Letter*, December, 1959.

9 (New York: National Bureau of Economic Research, 1961), pp. 391, 459.

10 (New York: Macmillan, 1934), p. 501.

GROWTH TRENDS
(Billions of 1962 Dollars)

	Gross National Product		—Personal Income—		Personal Consumption Expenditures		Business Expenditures for Plant & Equipment	
Year	Actual	4% Annual Growth Rate	Actual	4% Annual Growth Rate	Actual	4% Annual Growth Rate	Actual	4% Annual Growth Rate
1957	$478.5	$478.5	$374.6	$374.6	$303.6	$303.6	$38.8	$38.8
1958	471.1	497.6	376.5	389.6	306.3	315.7	31.2	40.4
1959	502.6	517.5	396.6	405.2	323.6	32[illegible].3	32.6	42.0
1960	515.8	538.2	408.1	421.4	334.3	341.4	35.6	43.7
1961	525.5	559.7	420.2	438.3	341.3	355.1	34.4	45.4
1962	553.9	582.1	440.5	455.8	356.7	369.3	37.4	47.2
1962 Deficiency*								
Dollars	$28.2		$15.3		$12.6		$9.8	
Percent	4.8%		3.4%		3.4%		20.8%	

*4% Growth less Actual.

still had over 10 million unemployed almost right up to Pearl Harbor. Again, quite a number or our partners in the Alliance for Progress—most notably Brazil—are case histories in the futility of persistent debt monetization. In fact, we have officially prevailed upon Brazil to stop inflating its currency and credit and to plug its balance of payments.

Dollar Integrity

Our own balance of payments problem turns in part, I believe, on the integrity of the dollar, and the integrity of the dollar in turn rests on maintenance of its purchasing power, on avoidance of inflation. To be sure, there has been an appearance of stability in our price level in recent years and the appearance of stability in our balance of payments in recent weeks. I believe steadiness in our gold reserve, after a loss of $7 billion, is traceable to the numerous swap transactions and other arrangements we have concluded with foreign central banks and the International Monetary Fund.

And I believe the relative steadiness in our price level is still temporary and is traceable to the fact that our easy money policy and large budget deficits have caused an outflow of American capital so that the inflationary effects are seen mostly in Western Europe and Japan. As John Exter, Senior Vice-President of the First National City Bank of New York and formerly a Federal Reserve System official and head of the Central Bank of Ceylon, has commented:[11]

"The paradox is that easy money has been so futile. It has increased the reserves of other banking systems, not our own. As money has run out of our reservoir in the form of payments deficits, it has run into others' reservoirs in the form of payments surpluses, so the whole of our $7 billion gold loss since 1957, plus perhaps as much as three billion in dollars that other central banks have willingly absorbed, has flowed from us to them."

So all this steadiness in our price level and balance of payments may well be illusory. A red flag is up. Our gold stock as of last Wednesday amounts to $15.6 billion. But this amount does not include $800 million owed to the IMF. This leaves us with a real balance of $14.8 billion, and of this amount there is a 25% reserve requirement against Federal Reserve note and deposit liabilities, or about $12 billion. So, in effect, we have but $2.8 billion of gold to cover more than $25 billion of foreign short-term dollar balances. Perhaps this was the reason why Dr. Heller in Paris recently indicated support for a revised system of international liquidity to cope with the world's balance of payments problems and most especially our own. But this proposal, like the proposed interest equalization tax, simply misses the point.

Another angle in the economic growth situation that might be made is the profit squeeze. Quite some correlation exists between the lag in growth and the lag in profits. The First National City Bank of New York has noted that the return on net assets of leading corporations has declined from a high of 13.3% in 1950 to 11.3% in 1956, and has never been above 10% since 1958. In 1962 it was 9.1%. Economist George J. Stigler of the University of Chicago has demonstrated in his new book, *Capital and Rates of Return in Manufacturing Industries*, published by the National Bureau of Economic Research, that there is a close relationship between rates of capital investment and long range rate of return in manufacturing. Thus the profits lag has unquestionably contributed to the investment lag, to slower economic growth.

11 Address before the Conference on the Atlantic Community, sponsored by the University of California and the Atlantic Council, San Francisco, March 29, 1963.

What Keynes Said in 1931

The role of profits cannot be over-estimated. As the late Lord Keynes noted in discussing the sorry economic conditions in Britain in 1931:

"We live in a society organized in such a way that the activity of production depends on the individual business man hoping for a reasonable profit, or at least to avoid an actual loss. The margin which he requires as his necessary incentive to produce may be a very small proportion of the total value of the product. But take this away from him and the whole process stops. This, unluckily, is just what has happened. The fall of prices relative to costs, together with the psychological effect of high taxation, has destroyed the necessary incentive to production. This is at the root of our disorganization. It may be unwise, therefore, to frighten the business man or torment him further."

There are important public policy implications in this observation of Maynard Keynes. The profit squeeze is of course created from costs pressing upon prices. From where have these costs arisen? I have already commented on the labor problem. Another clue may lie in the fact that the U. S. Government has, through its foreign aid program since World War II, furnished about $120 billion to foreign governments and peoples. The Government has undergone a vast increase in size—and cost. In 1932, for example, the combined revenues of Federal, state and local governments in the U. S. amounted to 17.3% of the net national product; in 1942 the percentage rose to 21.3; in 1952 to 31.8; and in 1962 to 34.1%.

In other words, the growth of government is extensive and greatly adds to the cost of goods sold, and clearly affects the value of the dollar. One out of every eight civilian workers in the U. S. is employed by government, Federal, state, and local; workers on public payrolls number 9.5 million. In no way have state and local governments lagged behind the Federal Government: From 1942 to 1961, according to the Tax Foundation, the nation's population increased by 36%, while in the same period state and local spending rose 138% in constant dollars. Senator Byrd estimates that in the two-year period beginning July 1, 1962, the Federal Government will have hired 86,000 additional workers. Ironically, while the number of farms has gone down markedly by about 2.2 million since 1946, the number of employees in the U. S. Department of Agriculture has gone up dramatically, to an estimated 121,000 as of last July 1, compared with some 53,000 as of July 1, 1953. So while Federal farm spending amounted to $125 per farm in 1946, it rose to $495 per farm in 1954, and to $1,720 in 1962.

In view of all this, the last point I wish to make is to express my agreement that this Committee study carefully the upcoming Federal budget for fiscal 1965 to see if it incorporates the Administration's pledge to exercise an "even tighter rein" on spending.

*A statement by Dr. Peterson to the Senate Committee on Finance, Washington, D. C.

du Pont Expands Training Class

The nationwide investment firm of Francis I. du Pont & Co., a pioneer since 1955 in conducting formal classroom training programs for registered representatives, will step up its training program by 50% in 1964, it has been announced by Charles Moran, Jr., managing partner.

The number of classes, each consisting of approximately 35 young men from all over the country, is being increased from two to three per year.

The current class, composed of 32 young men from 17 States, was graduated in New York City yesterday, after six months of comprehensive training in all aspects of the securities market. Each man acquired a basic knowledge of the general economy, and instruction in the mechanics of securities, basics of research, and salesmanship techniques.

The new registered representatives, averaging 27 years of age, represent a wealth of experience in a variety of fields. David J. Rogers, 29, was a navigator in the Air Force for four years, while John Oliver owned and managed a hardware store in El Dorado, Kansas. Gerald R. Thorson taught grade school in a Minneapolis suburb, while Harold L. Anderson served as vice-president in charge of sales for a hearing aid manufacturer in Peoria, Illinois.

Most have had college training in business and finance; one is a graduate of the U. S. Military Academy.

Although differing in background experience, the graduates share the same enthusiasm for their new careers. To Deane L. Adland, a former instructor at American University, Bierut, Lebanon, being a registered representative means an opportunity "to sell my opinion to others. It will enable me to have my ability measured by my output, which is the best test of individual efficiency."

George W. Fischer, 23, a Bronxville, N. Y., resident, regards his new position as a "challenging undertaking," one that will afford him an opportunity to succeed in "a fascinating field, marked by constant change and interesting people." Mr. Fischer's decision to become a registered representative was prompted by his parents, "whose active interest in the stock market convinced me to persuade others of the benefits of investing."

The quality of Francis I. duPont & Co.'s training program is reflected in the caliber of its instructors. Says John Rice, the firm's training director: "Our candidates have the advantage of being taught by industry leaders and by graduate school professors who serve as consultants to American business. The knowledge they convey is practical, as well as academic."

Before being accepted into the program, each trainee takes a series of tests, which probe his qualities of ambition, ethical standards, personal leadership and social sensitivity. The results, measured against his educational and business experience, indicate his ability to comply with the firm's established requirements.

To qualify as a registered representative, the candidate is required to pass a series of stringent examinations given by the New York Stock Exchange. After graduating, he is assigned to one of the firm's offices, frequently in his home town.

Michael Morales, who will be working out of the Honolulu office, considers his recent training "an important contribution to my future. Taking the course in New York City acquainted me with the financial world, and made me aware of its dynamic operations. This is certain to be one of my most valuable experiences."

Predicts Advances in Japanese Public Relations Methods

Rapid growth for public relations as a business in Japan was predicted Dec. 13 by Eizo Takeda, partner of Standard Advertising, Inc. of Tokyo after he completed five weeks in the United States observing various phases of communications techniques.

Mr. Takeda's firm, which engages in both public relations and advertising, is the Far East affiliate of Dudley - Anderson - Yutzy, one of the oldest and largest public relations firms in the United States.

"Public relations has been known as a business in Japan for only about five years and until recently emphasis has been mainly on publicity," Mr. Takeda said. "The role of counseling is not nearly as far advanced as in the United States but there is a growing realization of what public relations can accomplish to gain support of a company's business policies, or to help win acceptance of a product. I predict that one of the next big advances in Japan will be in the area of communications to the general public, including public relations, advertising, marketing and sales promotion."

Standard Advertising was founded in Tokyo in 1957 by Kenkichi Oki, who holds a B. S. degree in Business Administration from New York University. Prior to forming his firm he had 22 years of varied experience in network broadcasting, and as a newspaper advertising manager and publisher. Mr. Takeda, who had been with publications in Tokyo, joined the firm in 1958.

The numerous prominent industrial and financial concerns served by Standard in Japan include the Yokohama Rubber Co., Sanyo Electric Co. and The Bank of Tokyo.

Dudley-Anderson-Yutzy handles public relations activities in the U. S. for Standard's overseas clients, with Standard fulfilling a like function for D-A-Y's clients in Japan.

In addition to its New York headquarters, D-A-Y has regional offices in Washington, Atlanta and Denver, and field representatives in 39 other key cities in the U. S. and Canada. Other foreign representatives are in London, England; Paris, France and Brussels, Belgium.

Trust Co. of Ga. To Erect Building

ATLANTA, Ga.—An office building in Atlanta containing 500,000 square feet or more is in the planning stage for the Trust Company of Georgia. Charles E. Thwaite, Jr., Chairman of the Board of the Atlanta bank, said that the directors had authorized planning for a building to cost approximately $12,500,000 exclusive of the land. The Trust Company controls by ownership or lease about 50,000 square feet of land area in the block bounded by Edgewood Avenue, Pryor Street, Auburn Avenue and Equitable Place. The bank owns another 40,000 square feet to the east of this block.

Only half of the 50,000 square foot area will be used for the new building. The rest will be devoted to landscaped open space as part of a general plan to improve the beauty of Atlanta.

Architects have in mind a building of 20 stories or more. The first three or four floors will have about 25,000 square feet each, and the rest of the building will be in the form of a tower with 20,000 square feet per floor. Abreu & Robeson, Inc., are working on the preliminary plans.

Mr. Thwaite said: "Our directors are planning the Trust Company of Georgia building as a real asset to Atlanta. This will be a building of character, one of the finest in the city. Our plans are flexible at this time but we are determined that the final product will be a structure of which all Atlanta can be proud."

Speaking of the present building which was constructed in 1891, Mr. Thwaite said: "It distresses us greatly to think of demolishing a fine old building which has been such a part of the history of Atlanta. All of us at the Trust Company have much affection for the building. We would not think of razing this magnificent structure if it were possible to keep it and at the same time have a first-class overall development of the property. The new structure which we propose will be just as magnificent as the original building was 70 years ago. I feel confident that our new building will merit the admiration of all and soon become a treasured part of our skyline."

In order to provide complete banking services during the construction period, the Trust Company plans to move its offices into the present garage. This structure will be comfortably equipped with carpeting, heating and air-conditioning and acoustical ceilings. Bank officials believe that these quarters will be entirely convenient for customers while construction is under way.

To Be Corporation

As of Jan. 1, the partnership of Seiden & de Cuevas, 63 Wall Street, New York City, members of the New York Stock Exchange, will be dissolved, and a new member corporation Seiden & de Cuevas Incorporated will be formed. Officers will be Melvin R. Seiden, President and Treasurer, and John de Cuevas, Exchange member, Vice-President and Secretary.

Natural Gas Regulation: Dilemma or Promise?

Continued from page 12

process of law by taking away from the non-utility subsidiaries and the parent company valuable property rights which belong to them. No company owes anyone a duty either moral or legal to incur, or to continue to incur, losses in non-jurisdictional business so that jurisdictional rates can be reduced.

The Commission in recent months has made other decisions which reach to the fundamentals of regulation. In each case where I saw a pattern emerging which I feared would discourage incentive, I have dissented. Incentive is a basic ingredient in our free enterprise system, and regulation cannot afford to stifle it through interpretations of the laws which tend to smother rather than nourish a business which is so essential to our national well-being.

Holds Leasehold Sale Was Intrastate

I saw a shade of this pattern in a case revolving around a gas field called Rayne, when the Commission held that acquisition of natural gas in the form of a leasehold purchase by a pipeline company from producers was subject to its jurisdiction, and was not in the public interest. I saw here an assertion of jurisdictional authority on the basis of an unsupported and obscure dissertion in a complete reversal of its prior position which had been affirmed by the courts.

This leasehold sale was not a sale in interstate commerce. Actually, it affected only rights and interests in real property located wholly within this state of Louisiana. I see here a course which could destroy the rights of parties to court review and in effect render court decisions meaningless. The Commission in my view went even a step beyond misapplication of the statute, by further attempting to force the parties to revise their contracts. The Natural Gas Act is the only source of the Commission's authority, and there is nothing in that statute which confers such absolute power on the Commission. The FPC cannot, by decree, force a meeting of the minds of the parties to a case. I dissented, too, to the Commission's attempt to impart retroactive effect to its findings of public convenience and necessity. Under the statute, the Commission must make findings of present or future, rather than past, public convenience and necessity.

Intra-State Sales

Another area of concern to me has been the assertion of jurisdiction over some natural gas sales which I consider wholly and unquestionably intra-state. While it has been more recently breached than observed, there is still a statute which excludes such sales from Federal Power Commission jurisdiction — specially Section 1(b) of the Natural Gas Act. As recently as two months ago the Commission handed down a decision taking jurisdiction over sales which clearly did not involve commerce between any point in a state and any point outside thereof, as spelled out in the statute, but only commerce between two points in the same state. In enacting the Natural Gas Act, Congress not only prescribed the intended reach of the Commission's power, but also specified the area into which this power was not to extend.

That the Natural Gas Act does not embrace intrastate commerce is clear from the Act itself and from judicial interpretations thereof. Thus, I am seriously troubled by a decision such as this which stretches the law to fit a particular circumstance and fails to give effect to court decisions holding to the contrary.

The case in point, of course, is the Commission's opinion No. 395, involving Montana-Dakota Utilities Co. and several gas producers, where it was held that there was a loss of identity of the intrastate gas because it was commingled with an interstate stream. Clearly, the intrastate gas is separated from the gas stream in the main line and metered before any portion of the gas stream leaves the state of North Dakota. Both law and precedent support the assumption that the mere commingling of gas does not convert the entire stream into an interstate sale. I take the common sense approach that if the sales are non-jurisdictional when the gas is transported in separate pipelines, then they should not become jurisdictional merely because the gas to be sold under the intrastate contracts is transported in the same pipeline as interstate gas. Any contrary holding runs against the grain of sound business sense as well as twisting the law to achieve an end which the law was never intended to reach.

These are but a few of the regions where I fear that regulation has moved in ways which discourage enterprise and thereby work against the long run interests of the consumer. I do not question the motives of those who disagree with me. We are all dedicated to the same interest—the public's.

Accomodating Cross Purposes

The industry must remember that the whole responsibility for the future does not rest entirely on the shoulders of the regulators. The natural gas industry is now a highly developed complex of production, transmission and distribution facilities which reaches nearly every major market area in the United States. The three distinct segments of this industry — producer, pipeline, and distributor—are interdependent and should work as a whole, not at cross-purposes when they appear before the regulatory bench. The Federal Power Commission cannot lead if the industry seems to be going in three separate directions in achieving the same goal. Producers must have rates high enough to provide incentive, but their product must reach the consumer at a price which will encourage him to further invest in appliances to burn this fuel.

The natural gas industry must remember that the Federal Power Commission also regulates the interstate electric power industry and thus has the difficult role of overseeing two industries which in many respects are competitive. Certainly this competition will heighten in the next two decades as all electric homes—including space heating — become feasible. If natural gas prices should climb too high, or if the consumer loses faith in the future of the industry, the industry may face serious problems within the next two or three decades when giant power grids are transporting huge blocks of low-cost electric energy over long distances.

Warns of Future Electric Competition

Competition between the electric power and the natural gas industries can and should benefit the consumer, as does competition in the automotive or appliance manufacturing businesses. But if the natural gas industry fails to hold a fair share of the consumer market because of inadequate preparation, then the whole national economy will suffer from any inadvertent decline in what is now our sixth largest industry. The natural gas industry must keep a watchful eye on the future day when giant generating stations can produce vast amounts of electric power both by the present conventional means and by devices which now are not so conventional, such as atomic power, solar energy, and other so-called exotic sources. With the early advent of extra-high-voltage long distance transmission, the natural gas industry soon must face a novel competitive situation which will require some sharp adjustments in its present thinking.

I'm sure that all of you are aware of the Commission's National Power Survey, now in its final stages. Through this survey, the first of its kind ever conducted, we are formulating broad guidelines for a fully interconnected and coordinated electric power supply system for the entire nation in the 1970's and 1980's, designed to supply the consumer with abundant supplies of low-cost electric energy.

The regulatory decisions of today must be shaped in a way which will help the natural gas industry not only maintain but to exceed its present strong position as an important energy source. Natural gas can and, with imaginative industry programs and wise regulatory policies, will contribute substantially to the nation's energy needs for many more decades. It is not any easy course that lies ahead for any of us, but it is one which is full of challenge and opportunity in furthering the national interests.

Checking Up On Refunds

In a related vein, the Commission's recently completed survey to determine the extent to which local distributing companies have passed along rate refunds to ultimate consumers appears to have created some adverse industry comment, generally to the effect that we overstepped the line in moving into this area. I disagree. The Commission has made tremendous strides in clearing away its pipeline rate case backlog. Within two years the Commission disposed of about 100 pipeline rate cases, ordering refunds of $424 million. We would be derelict in our duty if we were not concerned with what happened to those refund dollars.

Our first survey, carried out in cooperation with the National Association of Railroad and Utilities Commissioners, covered refunds made by pipeline companies to distributors in 36 states and the District of Columbia between July 1961 and November 1962. Subsequent surveys, either completed or in progress, have traced refund dollars in individual cases.

The results of these surveys have spotlighted for public attention instances in which local distributing utilities have or have not passed on to their customers the full amount of the refunds received from their interstate pipeline suppliers. The wide press and radio coverage given to these state-by-state, utility-by-utility reports apparently tarnished the public image of some local distributing utilities who felt their retention of refunds was fully justified. However, the justification for the retention of refunds was something our study did not cover. On the other hand, community relations were enhanced for those utilities which flowed through most or all of their refunds.

In instances where the utilities were justified in keeping the refunds, their side of the story appeared generally to have been adequately covered by the local newspaper stories I have seen. In any event, the Commission feels the public has a right to know the facts, and we are convinced that this public attention in the long run will benefit both the industry and the consumer.

In all our planning, policy-making, and decisional process, none of us must lose right of the fact that the consumer is the key to the success of the industry. If he becomes disillusioned by intro-industry squabbles and loses faith in the future of natural gas, then this great enterprise will falter. The consumer must be unequivocally assured, both by the quality of regulation and the integrity of the industry, of a continuing unreserved effort to supply him with a steady, unrestricted flow of gas at reasonable prices for decades to come. None of us can afford to let today's expediencies, whether they result in too much or too little regulation or bring immediate increases or decreases in the price of gas, affect the future well-being of this industry.

Summary Review

In closing, let me summarize and review.

We want a dynamic industry which will seek out, produce, transport, sell, and distribute abundant supplies of natural gas at price levels which will provide incentive to business and, at the same time, protect consumer interests.

Incentives must be built into our regulatory system because they are basic ingredients of our free enterprise society. Regulation must not stifle incentive through interpretation of the law which may tend to supress rather than nourish an industry which is so essential to the national economy.

Regulatory jurisdiction is established by law, and remains as thus established until changed by the legal processes available only through the Congress.

We should devote all our wisdom, expertise, judgment, knowledge and resources toward the advancement of policies that seek to benefit the industry and the public interest as a whole now and in the years to come.

*An address by Mr. Woodward delivered in his absence due to illness by fellow Commissioner L. J. O'Connor, before the Independent Natural Gas Association, New Orleans, La.

Stabler, Herrold Join P. R. Firm

C. Norman Stabler and Charles H. Herrold have joined the staff of Wolcott, Thomsen & Co., Inc., 605 Third Avenue, New York City, public relations counsel, as vice presidents, it was announced by T. C. Thomsen, president.

Mr. Stabler is well known in the business-financial community as business columnist, business-financial editor of the Herald Tribune, and author. He was associated with the Herald Tribune until 1960 when he joined Lazard Freres, investment bankers, as public relations counsel. He is author of the book, "How to Read the Financial News," soon to be republished by Harper & Row.

Mr. Herrold was previously associated with Selvage & Lee and M. K. Mellott Company, where he was vice president of financial public relations. He served United Press International as a Washington correspondent and spent several years as newspaper editor and reporter in Pennsylvania after graduation from Temple University. He is a member of Sigma Delta Chi, New York Deadline Club, and National Press Club.

Chicago Trade Bd. Receives Slate

CHICAGO, Ill.—The nominating committee of the Chicago Board of Trade has submitted the following slate which will be voted upon at the annual election to be held Jan. 20:

Chairman of the Board: Bernard P. Carey.

Vice-Chairman of the Board: Robert L. Martin.

Second Vice-Chairman of the Board: Richard M. Withro.

Directors: (five to be elected for three year terms): Donald O. Cuthbert, Joseph J. Kane, Roy C. Loftus, James McAnsh, Robert W. Richards, Leslie Rosenthal, Donald R. Ryan and William Silverstein.

Nominating Committee: (to serve for three years) James J. Coughlin and Gardiner B. Van Ness, Jr.; (to serve for one year) James T. McKerr.

Committee of Appeals: (to serve for two years) John O. Epeneter, William P. Fanning, Thomas A. Gelderman, Sidney C. Hamper and Paul F. McGuire.

Committee of Arbitration (to serve for two years) John Doherty, Anthony G. Forbeck, Jr., William J. Mallers, Philip W. Upp, Jr. and Richard O. Westley.

With DeHaven & Townsend

PHILADELPHIA, Pa. — DeHaven & Townsend, Crouter & Bodine, Land Title Building, members of the New York Stock Exchange and other leading exchanges, announce that Jerry A. Atkisson is now associated with their Philadelphia office as a registered representative.

Central National Corp. Names Patricof

Alan J. Patricof has been elected an assistant vice president of Central National Corporation, 100 Park Avenue, New York City.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Dec. 21	2,003,000	2,037,000	1,995,000	1,874,000
Index of production based on average weekly production for 1957-1959	Dec. 21	107.5	109.3	107.1	100.6
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Dec. 21	0.655	0.665	0.650	(a)
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 13	7,619,360	7,596,510	7,580,410	7,341,810
Crude runs to stills—daily average (bbls.)	Dec. 13	8,520,000	8,654,000	8,615,000	8,423,000
Gasoline output (bbls.)	Dec. 13	31,817,000	32,692,000	31,170,000	30,456,000
Kerosene output (bbls.)	Dec. 13	3,329,000	3,662,000	2,986,000	3,368,000
Distillate fuel oil output (bbls.)	Dec. 13	15,080,000	13,851,000	14,234,000	14,071,000
Residual fuel oil output (bbls.)	Dec. 13	5,270,000	5,010,000	4,759,000	5,523,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Dec. 13	182,893,000	181,111,000	176,569,000	182,277,000
Kerosene (bbls.) at	Dec. 13	36,890,000	38,330,000	38,198,000	33,841,000
Distillate fuel oil (bbls.) at	Dec. 13	180,275,000	187,503,000	191,761,000	164,599,000
Residual fuel oil (bbls.) at	Dec. 13	49,121,000	49,723,000	52,682,000	51,516,000
Unfinished oils (bbls.) at	Dec. 13	84,372,000	*86,075,000	85,613,000	84,803,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 14	540,308	558,180	587,822	500,973
Revenue freight received from connections (no. of cars)	Dec. 14	493,585	472,086	512,528	475,644
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 14	9,465,000	*9,500,000	9,550,000	7,872,000
Pennsylvania anthracite (tons)	Dec. 14	(a)	433,000	377,000	370,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Dec. 19	$716,800	$604,700	$1,023,000	$480,600
Private	Dec. 19	431,200	271,400	567,500	151,600
Public	Dec. 19	285,600	333,300	455,500	329,000
State and Municipal	Dec. 19	282,500	182,000	352,500	313,800
Federal	Dec. 19	3,100	151,300	103,000	15,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Dec. 14	263	*232	143	246
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 21	(a)	18,993,000	17,727,000	17,500,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 19	232	257	309	249
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 16	6.368c	6.368c	6.368c	6.196c
Pig iron (per gross ton)	Dec. 16	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Dec. 16	$27.17	$27.17	$26.50	$25.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 20	30.600c	30.600c	30.600c	30.600c
Export refinery at	Dec. 20	28.550c	28.600c	28.400c	28.450c
Lead (New York) at	Dec. 20	12.500c	12.500c	12.000c	10.000c
Lead (St. Louis) at	Dec. 20	12.300c	12.300c	11.800c	9.800c
‡Zinc (delivered at)	Dec. 20	13.500c	13.500c	13.000c	12.000c
Zinc (East St. Louis) at	Dec. 20	13.000c	13.000c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Dec. 20	23.000c	23.000c	23.000c	22.500c
Straits tin (New York) at	Dec. 20	130.750c	128.250c	128.125c	111.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 23	88.59	88.59	88.72	90.48
Average corporate	Dec. 23	87.99	88.13	88.27	88.54
Aaa	Dec. 23	90.63	90.91	91.19	92.64
Aa	Dec. 23	89.09	89.37	89.64	90.48
A	Dec. 23	87.99	88.13	88.27	88.40
Baa	Dec. 23	84.17	84.17	84.17	83.28
Railroad Group	Dec. 23	86.24	86.24	86.38	85.33
Public Utilities Group	Dec. 23	88.81	88.81	89.37	90.20
Industrials Group	Dec. 23	88.81	89.23	89.09	90.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 23	4.06	4.06	4.03	3.67
Average corporate	Dec. 23	4.56	4.55	4.54	4.52
Aaa	Dec. 23	4.37	4.35	4.33	4.23
Aa	Dec. 23	4.48	4.46	4.04	4.38
A	Dec. 23	4.56	4.55	4.54	4.53
Baa	Dec. 23	4.85	4.85	4.85	4.92
Railroad Group	Dec. 23	4.69	4.69	4.68	4.76
Public Utilities Group	Dec. 23	4.50	4.50	4.46	4.40
Industrials Group	Dec. 23	4.50	4.47	4.48	4.40
MOODY'S COMMODITY INDEX	Dec. 23	373.5	370.4	368.5	370.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 14	340,115	340,670	355,061	313,136
Production (tons)	Dec. 14	363,337	344,596	368,355	344,373
Percentage of activity	Dec. 14	97	89	97	95
Unfilled orders (tons) at end of period	Dec. 14	513,930	539,376	610,077	426,310
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Dec. 20	98.74	*99.64	99.62	98.99
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 29	2,910,760	3,855,410	3,849,990	3,809,070
Short sales	Nov. 29	1,344,030	625,370	718,930	800,400
Other sales	Nov. 29	2,170,460	3,266,150	3,082,070	2,939,600
Total sales	Nov. 29	3,514,490	3,891,520	3,801,000	3,740,000
Other transactions initiated off the floor—					
Total purchases	Nov. 29	406,200	690,610	923,400	766,190
Short sales	Nov. 29	153,400	60,200	134,100	83,200
Other sales	Nov. 29	297,900	761,820	795,100	589,410
Total sales	Nov. 29	451,300	822,020	929,200	672,610
Other transactions initiated on the floor—					
Total purchases	Nov. 29	1,093,162	1,359,047	1,720,700	1,448,250
Short sales	Nov. 29	287,950	213,950	199,800	185,880
Other sales	Nov. 29	960,335	1,324,500	1,210,624	1,340,873
Total sales	Nov. 29	1,248,285	1,538,450	1,410,424	1,526,753
Total round-lot transactions for account of members—					
Total purchases	Nov. 29	4,410,122	5,905,067	6,494,090	6,023,510
Short sales	Nov. 29	1,785,380	899,520	1,052,830	1,069,480
Other sales	Nov. 29	3,428,695	5,352,470	5,087,794	4,869,883
Total sales	Nov. 29	5,214,075	6,251,990	6,140,624	5,939,363
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. 29	1,589,543	2,148,334	2,036,988	1,869,787
Dollar value	Nov. 29	$105,225,600	$158,462,462	$129,461,452	$85,046,760
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Nov. 29	1,259,247	2,164,807	2,310,762	2,242,189
Customers' short sales	Nov. 29	26,024	36,786	27,178	34,719
Customers' other sales	Nov. 29	1,233,223	2,128,021	2,283,584	2,207,470
Dollar value	Nov. 29	$69,093,035	$129,059,781	$125,378,092	$100,124,217
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 29	355,350	769,780	847,130	849,080
Short sales	Nov. 29	------	------	------	------
Other sales	Nov. 29	355,350	769,780	847,130	849,080
Round-lot purchases by dealers—Number of shares	Nov. 29	705,410	701,160	548,500	467,540
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. 29	2,102,920	1,276,300	1,545,240	1,653,970
Other sales	Nov. 29	17,367,190	26,047,970	27,507,230	26,951,350
Total sales	Nov. 29	19,470,110	27,324,270	29,052,470	28,605,320
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Dec. 17	100.0	*100.2	100.3	100.6
Farm products	Dec. 17	93.0	*92.7	94.6	98.1
Processed foods	Dec. 17	100.8	*101.4	101.7	100.7
Meats	Dec. 17	86.5	*98.0	88.6	98.2
All commodities other than farm and foods	Dec. 17	101.1	*101.0	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
BANK DEBITS — BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM			
Month of November (000's omitted)	$296,600,000	$337,100,000	$288,200,000
BANKERS DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of November 30:			
Imports	$571,376,000	$562,544,000	$524,592,000
Exports	842,314,000	806,525,000	719,328,000
Domestic shipments	10,101,000	11,395,000	13,601,000
Domestic warehouse credits	35,908,000	34,140,000	131,024,000
Dollar exchange	53,910,000	89,300,000	173,140,000
Based on goods stored and shipped between foreign countries	1,230,190,000	1,228,603,000	914,053,000
Total	$2,743,799,000	$2,732,507,000	$2,475,738,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of November:			
Manufacturing number	186	217	200
Wholesale number	123	127	124
Retail number	479	578	590
Construction number	198	207	193
Commercial service number	129	133	109
Total number	1,115	1,262	1,216
Manufacturing liabilities	$197,942,000	$32,777,000	$34,069,000
Wholesale liabilities	12,842,000	11,715,000	8,386,000
Retail liabilities	26,832,000	23,603,000	24,107,000
Construction liabilities	20,325,000	12,981,000	16,095,000
Commercial service liabilities	4,171,000	10,758,000	16,184,000
Total liabilities	$262,112,000	$91,834,000	$98,841,000
COAL OUTPUT (BUREAU OF MINES)—Month of November:			
Bituminous coal and lignite (net tons)	38,195,000	44,340,000	37,288,000
Pennsylvania anthracite (net tons)	1,405,000	*1,809,000	1,664,000
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of November:			
Seasonally adjusted	127	127	120
Unadjusted	128	130	121
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK—Month of November	£58,619,000	£82,018,000	£25,725,000
NEW YORK STOCK EXCHANGE—			
As of November 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$5,621,000	*$5,524,000	$3,975,000
Credit extended to customers	24,000	29,000	24,000
Total of customers free credit balances	1,211,000	*1,176,000	1,151,000
Market value of listed shares	401,601,000	407,242,000	341,136,631
Member borrowings of U. S. Govt. issues	445,000	502,000	810,000
Member borrowings on other collateral	4,625,000	4,358,000	267,800
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Sept.	7,898	8,463	7,034

Timely Words

". . . the availability of liquid resources should not be such as to promote, or encourage countries to tolerate, the continuance of basically unsound domestic or international positions in the guise of temporary fluctuations. The basic dilemma is clear. If adequate resources are not available automatically, or nearly automatically, their usefulness in times of trouble may be problematic; but, to the extent to which they are automatically available, they may present a temptation to refrain from the necessary corrections of policy."—Reginald Maudling, British Chancellor of the Exchequer.

"Any improvements that might be thought out for our international monetary system—and there is always room for improvements—should not be concentrated only on the question of how best to finance balance-of-payments deficits, but also on the even more important question of how to provide sufficient incentives for curing them." — Ludger Westrick, Delegate from Germany.

Timely words of warning, these, uttered at the recent annual meeting of the International Monetary Fund in Washington. We can only hope that they gained and will hold the attention of the so-called "Group of Ten" now engaged in seeking to determine sound policies for the future in this difficult field of international finance.

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.

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**—Expected in early January.

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.

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.

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.

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.

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. (1/13-17)**
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.

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.

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

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.

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.

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.

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. (1/20-24)**
Nov. 4, 1963 filed $850,000 of 6% convertible subordinated debentures due Dec. 1, 1973, and 25,500 class A shares to be offered in units consisting of $500 of debentures and 15 shares. **Price**—$510 per unit. **Business**—Manufacture of new equipment principally for the food and drug industries. **Proceeds**—For working capital, and loan repayment. **Office**—1720 Military Rd., Tonawanda, N. Y. **Underwriter** — Doolittle & Co., Buffalo, N. Y.

Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price** —$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office**—4344 East Indian School Rd., Phoenix. **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. (1/13-17)**
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.

Continued on page 26

NEW ISSUE CALENDAR

December 26 (Thursday)

Life Insurance Co. of Kentucky ---------- **Common**
(Stein Bros. & Boyce, Inc. and Dempsey-Tegeler & Co. Inc.) 72,940 shares

December 30 (Monday)

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

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

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

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

Northern Plastics Corp. ---------- **Common**
(Shearson, Hammill & Co. and Loewi & Co., Inc.) 120,000 shares

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

San Jose Water Works ---------- **Common**
(Offering to stockholders—underwritten by Dean Witter & Co.) 90,000 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

Potomac Electric Power Co. ---------- **Common**
(Offering to stockholders—underwritten by Dillon, Read & Co., Inc. and Johnston, Lemon & Co.) 1,143,939 shares

January 13 (Monday)

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

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

Intercoast Companies, Inc. ---------- **Common**
(Schwabacher & Co.) 225,000 shares

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

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

Livingston Oil Co. ---------- **Common**
(Hayden, Stone & Co. and Shearson, Hammill & Co.) 950,000 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

Province of Santa Fe, Republic of Argentina ---------- **Bonds**
(No underwriting) $3,000,000

Republic Financial ---------- **Ben. Int.**
(First Columbus Corp.) $400,000

Royal Business Funds Corp. ---------- **Common**
(H. M. Frumkes & Co.) 130,000 shares

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

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

January 14 (Tuesday)

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

Norfolk & Western Ry. ---------- **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)

Baystate Corp. ---------- **Common**
(First Boston Corp.; Lee Higginson Corp.; and F. S. Moseley & Co.) 138,285 shares

Charvos-Carsen Corp. ---------- **Common**
(Arnold, Wilkens & Co., Inc.) $550,000

Hobam, Inc. ---------- **Units**
(Doolittle & Co.) $867,000

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

Valvco Corp. ---------- **Common**
(White, Weld & Co., Inc.; and Schneider, Bernet & Hickman, Inc.) 350,000 shares

January 22 (Wednesday)

Southern Pacific Co. ---------- **Equip. Trust Ctfs.**
(Bids 12 noon EST) $8,000,000

January 27 (Monday)

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

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

San Morcol Pipeline, Inc. ---------- **Units**
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

February 4 (Tuesday)

United Geophysical Corp. ---------- **Common**
(White, Weld & Co.) 232,075 shares

February 19 (Wednesday)

Great Northern Ry. ---------- **Equip. Trust Ctfs.**
(Bids 12 noon EST) $5,400,000

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

Continued from page 25

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.

● **Ipco Hospital Supply Corp. (1/13-17)**
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. (1/27-31)**
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. (1/6-10)**
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. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Kentucky Fried Chicken, Inc.
Sept. 27, 1963 filed 25,000 class A voting, and 25,000 class B non-voting common. **Price**—$10. **Business**—Company franchises certain restaurants in the U. S. to prepare and sell Kentucky Fried Chicken. It also sells or leases equipment used in preparation of this item. **Proceeds** — For the selling stockholder, Harland Sanders, Chairman. **Address**—Box 67, Shelbyville, Shelby County, Ky. **Underwriter**—None.

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. (1/13-17)**
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. (12/30-1/3)**
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 (12/26)**
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. (1/13-17)**
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.

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.

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 repay 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.

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.

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.

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 (1/6-10)**
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).

● **Province of Santa Fe, Republic of Argentina (1/13-17)**
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.

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.

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.

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. (1/13-17)**
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. 13, 1963 filed 90,000 common to be offered for subscription by common stockholders of record Jan. 3, 1963. Rights will expire Jan. 27. **Price**—By amendment (max. $30). **Business**—A public utility supplying water to residents of Santa Clara County, Calif. **Proceeds**—To repay bank loans, and for construction. **Office**—374 West Santa Clara St., San Jose, Calif. **Underwriter** — Dean Witter & Co., San Francisco.

● **San Morcol Pipeline, Inc. (2/3-7)**
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.

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.

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. (1/13-17)**
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.

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.

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 pharmaceu-

Continued on page 28

Continued from page 27

ticals. **Proceeds**—For marketing of existing products, and research and development on new preparations. **Address**—Route 202, Morristown, N. J. **Underwriter**—None.

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 being offered for subscription by stockholders of record Nov. 26 on an unlimited basis. Rights will expire Dec. 23. **Price**—At par. **Business**—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. **Proceeds**—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. **Address**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

U. S. Controls, Inc.
Aug. 8, 1963 filed $210,000 of 6¾% debentures due 1973 and warrants to purchase 31,500 shares to be offered for public sale in units of one $100 debentures and 15 warrants. **Price**—$100 per unit. **Business**—Development and manufacture of heating equipment and automatic control systems. **Proceeds**—For inventory, sales promotion, note prepayment and working capital. **Office** — 410 Fourth Ave., Brooklyn, N. Y. **Underwriter**—To be named. **Offering**—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter**—First Nebraska Securities Corp., Lincoln Neb **Offering**—Indefinitely postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Mont. **Underwriter**—To be named.

● **Varner-Ward Leasing Co. (1/13-17)**
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."

Consumer Cooperative Association
$9,000,000 of 5½% subordinated certificates of indebtedness due 1988 and 120,000 shares of 5½% preferred stock offered at par and $25 respectively, by the company, without underwriting.

Greater Nebraska Corp.
3,000,000 common shares offered at $2 per share by the company, without underwriting.

Issues Filed With SEC This Week

★ **Baystate Corp. (1/20-24)**
Dec. 23, 1963 filed 138,285 common, of which 113,285 are to be sold by certain stockholders and 25,000 by company. **Price**—By amendment. **Business**—A bank holding company. **Proceeds**—For debt repayment. **Office**—77 Franklin St., Boston. **Underwriters**—First Boston Corp., and Lee Higginson Corp., New York, and F. S. Moseley & Co., Boston.

★ **DeKalb-Ogle Telephone Co.**
Dec. 16, 1963 ("Reg. A") 12,847 common to be offered for subscription by stockholders on the basis of one share for each 31 held of record Dec. 28, 1963. **Price**—$10. **Business**—Furnishes telephone service in northern Illinois. **Proceeds**—For construction. **Office**—112 W. Elm St., Sycamore, Ill. **Underwriter**—None.

★ **Great Northern Ry. (2/19)**
Dec. 24, 1963 it was reported that this road plans to sell $5,400,000 of equipment trust certificates. **Office**—39 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Feb. 19 (12 noon EST), at above address.

★ **Potomac Electric Power Co. (1/8)**
Dec. 19, 1963 filed 1,143,939 common to be offered for subscription by stockholders on the basis of one new share for each 15 held of record Jan. 8. Rights will expire Jan. 22. **Price**—By amendment (max. $22). **Proceeds**—For construction. **Office**—929 East St., N. W., Washington, D. C. **Underwriters**—Dillon, Read & Co. Inc., New York, and Johnston, Lemon & Co., Washington, D. C.

★ **United Geophysical Corp. (2/4)**
Dec. 19, 1963 filed 232,075 common, of which 125,000 will be offered by company and 107,075 by certain stockholders. **Price**—By amendment (max. $17). **Business**—Company and subsidiaries render seismic and other geophysical services to firms exploring for oil and gas. **Proceeds** — For debt repayment, and other corporate purposes. **Office**—2650 East Foothill Blvd., Pasadena, Calif. **Underwriter**—White, Weld & Co., New York.

★ **Valvco Corp. (1/20-24)**
Dec. 23, 1963 filed 350,000 common. **Price**—By amendment. **Business**—Company plans to acquire and carry on business of Lunkenheimer Co., which manufactures various types of high pressure valves for commercial and industrial use. **Proceeds**—For acquisition of Lunkenheimer Co. **Address**—Cincinnati, Ohio. **Underwriters**—White, Weld & Co., Inc., New York, and Schneider, Bernet & Hickman, Inc., Dallas.

★ **Wade, Wenger Servicemaster Co.**
Dec. 9, 1963 ("Reg. A") 9,500 class B common. **Price**—$5. **Business**—Sale of franchises for on-location household cleaning and other services. **Proceeds**—For selling stockholders. **Office** — 2300 Warrenville Rd., Downers Grove, Ill. **Underwriter**—None.

★ **Welsh Panel Co.**
Dec. 10, 1963 ("Reg. A") 20,000 common. **Price**—At-the-Market. **Business**—Processing of hard and soft plywood sheets into finished wall panels. **Proceeds**—For a selling stockholder. **Address**—P. O. Box 329-Panel Way, Longview, Wash. **Underwriter**—Mitchum, Jones & Templeton, Inc., Los Angeles.

★ **Western Semiconductors, Inc.**
Dec. 16, 1963 ("Reg. A") 20,000 capital shares. **Price**—At-the-Market. **Business** — Development, manufacture and sale of semi-conductor products. **Proceeds**—For a selling stockholder. **Office**—2200 S. Fairview St., Santa Ana, Calif. **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.

★ **Baltimore Gas & Electric Co.**
Dec. 24, 1963 it was reported that the company plans to sell $25-$30,000,000 of bonds in mid-1964. **Proceeds**—For construction. **Address**—Lexington and Liberty Sts., Batlimore. **Underwirters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-First Boston Corp. (jointly); Harriman, Ripley & Co.-Alex. Brown & Sons (jointly).

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** — Investment Insurance Bldg., 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 sell $10,000,000 of bonds in the last half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,810,000 of 6% convertible debentures due 1975 to be offered for subscription by stockholders. **Business**—Manufacture of seat belts, business machine parts and parachutes. **Proceeds**—For expansion, loan repayment and working capital. **Office** — 1315 Versailles Rd., Lexington, Ky. **Underwriter**—S. D. Fuller Co., New York.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

Kansas City Power & Light Co.
Oct. 16, 1963 it was reported that the company plans to sell $18-$20,000,000 of first mortgage bonds in January 1965. **Address** — 1330 Baltimore Ave., Kansas City, Mo. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp. - Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.-Shields & Co. (jointly).

★ Laclede Gas Co.
Dec. 20, 1963 it was reported that the company plans to sell about $29,000,000 of first mortgage bonds in late 1964. **Proceeds**—For loan repayment, and the refunding of $19,000,000 of outstanding 3½% bonds due Feb. 1, 1965. **Office**—1017 Olive St., St. Louis. **Underwriters**—(Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Francis I. du Pont; A. C. Allyn & Co., Inc.; Stone & Webster Securities Corp.; Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Reinholdt & Gardner, (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 Ry (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.

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 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 pro-

Continued on page 30

Continued from page 29

gram. **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.

Businessman's BOOKSHELF

Alternative Guiding Principles for the Use of Monetary Policy—Harry G. Johnson—International Finance Section, Department of Economics, Princeton University, Princeton, N. J. (paper), single copies on request (additional copies, 25¢ each).

Beating the Stock Market—R. W. McNeel—Basic rules and attitudes for anyone who hopes to speculate successfully—Fraser Publishing Company, Wells, Vt. (paper), $2.95.

Business Statistics 1963 Edition—Fact book on the national economy—Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, $2.00.

Capital Sources and Major Investing Institutions—William C. Hanson—A handy reference guide to all significant sources of capital and to the major investing institutions; also included is the complex of U. S. Government lending agencies and the quasi-government international finance agencies—Simmons-Boardman Publishing Corp., 30 Church Street, New York, N. Y. 10017 (cloth), $15.

Discounted-Cash-Flow Method of Investment Analysis — George Terborgh—Machinery and Allied Products Institute, 1200 18th Street, N. W., Washington, D. C. 20036 (paper), $2.

Edison Electric Institute Statistical Year Book of the Electric Utility Industry for 1962—Edison Electric Institute, 750 Third Avenue, New York, N. Y. 10017.

Estate Planning—A compact source of basic help, a general survey of the estate planning field, and a consideration of all pertinent provisions of the Internal Revenue Code, including 1963 legislation to November, 1963, and applicable new regulations—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago, Ill. 60646 (paper), $2.

Financing for Greater Profits—A report designed to help the company president find his way through the maze of modern financing practice — William R. Heins, executive vice-president, Allied Concord Financial Corporation, 575 Madison Avenue, New York, N. Y. 10022 (single copies on request).

Florida Industrial Case Book—Allen Morris—Florida Power & Light Company, Miami, Fla. (paper).

Free Enterprise in the U. S. A.—Views of nine national leaders—Trenton Trust Company, Trenton, N. J. 08605 (paper).

Granville's New Key to Stock Market Profits—Joseph E. Granville—Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $12.50.

Granville's New Key to Stock Market Profits—Joseph E. Granville—Presentation of a new system for forecasting market action geared to provide buy and sell signals in advance of the actual price change; this technique designed to fill some of the gaps in the Dow Theory is based on an "On Balance Volume" theory which can be applied to the advance-decline line method of stock market analysis not only for the market as a whole but for specific stocks; the book also introduces two new techniques for improved forecasting of price potential via volume changes—Prentice Hall Inc., Englewood Cliffs, N. J. (cloth), $12.50.

How to Make a Fortune Today Starting from Scratch — William Nickerson—A guide for success in today's real estate market—Simon and Schuster, Inc., 630 Fifth Ave., New York, N. Y. 10020 (cloth), $4.95.

Long White Line: The Story of Abbott Laboratories—Herman Kogan—Random House, Inc., 457 Madison Avenue, New York, N. Y. 10022 (cloth), $5.95.

Monetary History of the United States 1867-1960 — Milton Friedman and Anna Jacobson Schwartz—Published by the Princeton University Press for the National Bureau of Economic Research, Inc.—Princeton University Press, Princeton, N. J. (cloth), $15.

Natural Gas—A Study in Industry Pioneering—American Gas Association, 605 Third Avenue, New York, N. Y. (paper).

New Opportunities for Depressed Areas—John D. Pomfret—Public Affairs Committee, Inc., 22 East 38th Street, New York, N. Y. 10016 (paper), 25¢.

New World of the Wall Street Journal—Selected stories, articles, editorials and cartoons from the Wall Street Journal—Edited by Charles Preston—Simon & Schuster, Inc., 630 Fifth Avenue, New York, N. Y. 10020 (cloth), $6.95.

1961 U. S. Master Tax Guide—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago, Ill. 60646 (paper), $3 (hard-bound edition for permanent reference, $8.50 per copy).

Personnel Problems in Industrial Research and Development—Earl B. French—New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y. (single copies free to New York State residents); 75¢ per copy for out-of-state orders and all orders of two or more copies.

Private and Public Pension Plans in the United States—Institute of Life Insurance, 488 Madison Ave., New York, N. Y. 10022 (paper).

Shifting of the Corporation Income Tax—An Empirical study of its short-run effect upon the rate of return—Marian Krzyzaniak and Richard A. Musgrave—Johns Hopkins Press, Baltimore, Md. 21218, $4.

Tax Program: Some Questions and Answers — A pamphlet designed to answer the questions most frequently asked by taxpayers about the tax program in H.R. 8363 now being considered by the Senate—Office of Information, Treasury Department, Washington, D. C. 20220.

Taxation of Foreign Investment Income—An Economic Analysis—Peggy Brewer Richman — Johns Hopkins Press, Baltimore, Md. 21218, $5.50.

The Big Sell—Pierre Berton—An expose of the black side of salesmanship and the deceptive techniques used by door-to-door, mail-order and telephone salesman, and a number of methods to thwart the heavy pressure selling—Alfred A. Knopf, 501 Madison Avenue, New York, N. Y. 10022 (cloth), $5.

The Relations Explosion: The Coming Boom and Shakeout in Corporate Relations—The Macmillan Company, 60 Fifth Avenue, New York, N. Y. 10011 (cloth), $4.95.

Trends in the Savings and Loan Field—Federal Home Loan Bank Board, Washington, D. C. (paper).

Working Capital—Flow of Funds analysis for Management Planning and Control—Colin Park & John W. Gladson—An analytical approach within the traditional framework of accounting theory and practice, but extending its inquiry into the impact of time theory on the basic nature of funds flow and the fundamental relationships among position, income and funds statements with an examination of past techniques in the light of decision-making needs rather and simple financial reporting—the Macmillan Company, 60 Fifth Avenue, New York, N. Y. 10011 (cloth), $7.95.

Why Journalists Favor Voluntary Unionism—Chamber of Commerce of the United States, 1615 H St., N. W., Washington, D. C. 20006—(paper), 75¢.

Women and Wall Street — Lotte Kahn — A guide to the market, with a feminine slant—Macfadden Bartell Corporation, 205 E. 42nd Street, New York, N. Y. 10017 (paper), 60¢.

Your Bank's Advertising: A Guide to help your bank plan and produce effective advertising—A kit of advertising material and suggestions designed to help small and middle-sized institutions plan, execute and evaluate successful advertising programs—Public Relations Department First National Bank in St. Louis, 510 Locust Street, St. Louis, Mo. 63101.

Your Investments—Leo Barnes—11th edition completely revised of a guide to increase capital and income — American Research Council, Inc., Larchmont, N. Y. (paper), $3.95.

Wm. Miller in Legal Aid Drive

William H. Miller, Senior Vice-President of the Manufacturers Hanover Trust Company, is heading the Commercial Banks Division of The Legal Aid Society's 1964 Campaign for funds.

He has the responsibility for The Development Division Bank. He is a Director of the Transcontinental Insurance Company of Hartford, The Legal Aid Society, and a member of Piping Rock Club, Madison Square Garden, and the Economic Club.

This is the seventh consecutive year that Mr. Miller has raised funds for the Society, which provides legal services and court representation to New Yorkers who cannot pay a private lawyer. The work is supported by voluntary contributions, and an intensive drive is planned to raise $1,250,000 to cover greatly expanded services in 1964.

Gen. Bond & Share Branch

DENVER, Colo. — General Bond & Share Co. has opened a branch office at 1615 California Street under the direction of William N. Sharp. Mr. Sharp was an officer of Schmidt, Sharp, McCabe & Co., Inc.

Hay & Co. Branch

CAMBRIDGE, Ohio — Hay and Company has opened a branch office at 827 Wheeling Avenue under the direction of Edward A. Hay.

New Branch Office

COQUILLE, Oreg.—Mutual Fund Associates, Inc. has opened a branch office at 914 West 16th St. under the management of Arthur R. Fletcher.

With Public Secs.

FALL RIVER, Mass.—Lionel C. Paradis and Harold M. Eisenberg are now connected with Public Securities Company, 18 Bedford Street. Both were formerly with Security Planners Associates.

N. J. Gov. Signs Security Gifts to Minors Legislation

TRENTON, N. J.—The traditional legal headaches involved in making gifts of securities to minors will no longer exist for residents of New Jersey, thanks to a new statute signed by Governor Hughes. Originally written with an effective date of May 1, 1964, it is possible the new bill will take effect early in 1964 since it has been acted upon in this year's legislative session.

James C. Kellogg III

The Uniform Gifts to Minors Act (Public Law 87-821), now in force in New Jersey and all States except Alaska, broadens the old so-called "model law" to permit gifts of money as well as securities. It also enlarges the giver's choice of custodians, and otherwise strips much of the red tape from a once-complex process.

Spearheading the drive for the Uniform Act in New Jersey was the Association of Stock Exchange Firms, national trade group for members of the New York Stock Exchange.

James C. Kellogg, III, of Spear, Leeds & Kellogg, ASEF's President and a resident of Elizabeth, N. J., points out that the law "has beneficial and far-reaching implications, not only for parents and others who wish to make gifts of securities and cash to minors, but for all segments of the financial community." He continued:

"Prior to the enactment of specific legislation, what began as a simple gift transaction often ended in a tangle of legal complications and expense, to the minor's detriment and the donor's confusion.

"While giving securities to a minor had always been possible (by having the securities registered in the minor's name) serious legal difficulties arose when the minor later attempted to sell the securities or reinvest the dividends. A broker, bank, or transfer agent, or any person dealing with a minor, did so at his peril, as the minor generally had the power to repudiate the contract or disaffirm a sale upon reaching majority. The only cure for this so-called 'minor's disability' was to have the courts appoint a guardian for him or—alternatively—to establish a living trust for the minor's benefit. Either way, the 'cure' was complex, expensive and cumbersome."

Mr. Kellogg recalled that G. Keith Funston, President of the NYSE, pioneered the drive for a "simple but effective method for giving and handling gifts of securities to children, to help them to understand better the workings of our free-enterprise economic system." Beginning in 1955, under the ASEF's sponsorship and promotion, the model law was enacted in a steadily-increasing number of jurisdictions. Now it, in turn, has been replaced by the more streamlined Uniform Act, and—according to Mr. Kellogg—"never has any new law had such nationwide and prompt acceptance.

"Those who desire to make gifts of securities or money to minors and who have hesitated because of legal complexities, are in for a pleasant surprise. The headaches just aren't there any more," Mr. Kellogg added.

NYSE Receives Interim Report In Haupt Case

The Board of Governors of the New York Stock Exchange at its meeting December 19th received an interim report of the Special Committee on Expense Recovery appointed by the Chairman on November 29. The report proposed a specific plan for recovery by the Exchange of its expenditures in connection with the liquidation of Haupt & Co., and was accompanied by a ruling of the Internal Revenue Service, obtained through the efforts of the Committee, which will make it possible for those member firms, member corporations or individual members who wish to do so to make deductible payments in 1963 of all, or part, of their reasonably estimated portion of the total expenditures of the Exchange in the Haupt matter.

The report of the Committee was accepted and unanimously approved by the Board.

The plan which the Committee adopted and recommended to the Board would base the recovery by the Exchange of the extraordinary expenditures which it has already incurred and to which it is committed in the Haupt matter primarily on volume of commission business done on the Exchange, as a commission firm, specialist or floor broker.

Pointing out that the public confidence which the Exchange's action in the Haupt case has inspired will inure to the benefit of the entire membership, the plan adopted by the Committee provides that charges also be made in relation to odd-lot dealer business done on the Exchange and that every member, member firm or member corporation, including inactive members, make some payment toward the recovery by the Exchange of its expenditures to aid the securities customers of Haupt.

The Exchange itself will also bear part of the Haupt expense. In accordance with the understanding reached at the week-end meetings held with representatives of member firms prior to the decision of the Board to advance Exchange funds to aid the Haupt securities customers, the Board of Governors has agreed that members will not be called upon to reimburse the Exchange for that portion of the liquidation expenses resulting from lease obligations of Haupt. Any such amounts will be absorbed by the Exchange out of its funds.

The plan for recovery adopted by the Committee and recommended to the Board and the membership provides:

(1) An increase of up to 50% in the present 1% charge imposed upon members, member firms and member corporations measured by their net commissions on their transactions effected on the floor of the Exchange, with a minimum charge in this respect of not less than $750 per member per year;

(2) An increase of up to 50% in the present charge of 1/8 of 1c per share on odd-lot purchases or sales made by members, member firms and member corporations as odd-lot dealers on the floor of the Exchange, and

(3) Such charges to be continued in effect for a period of not longer than that required for the recovery by the Exchange of its expenses in connection with the Haupt liquidation. (The maximum commitment of the Exchange is $12,000,000).

The plan will be subject to membership approval of a specific amendment to the Constitution which will embody the Committee's plan and which the Special Committee will submit to the Board at an early date for vote of the Board and membership.

When during the week-end of November 22-25 representatives of member firms urged the Exchange to act on their behalf in attempting the rescue of the Haupt customers, many of them expressed the wish to make payment this year of all, or part, of their fair share of the cost.

The Expense Recovery Committee has been successful in obtaining clarification of the tax status of payments made by the membership in 1963 in anticipation of the charges which will be imposed under the proposed amendment to the Exchange's Constitution.

The interim report covers only the expense recovery phase of the Committee's assignment. This Committee — the so-called Loeb Committee, headed by John L. Loeb, senior partner of Carl M. Loeb, Rhoades & Co. — was also charged with studying possible methods of establishing reserves or other means of dealing with this type of situation should it arise again in the future. The Committee in its report to the Board stated it will continue to meet to determine its recommendations for future handling of such matters. As the membership knows, another Special Committee of the Board—headed by C. B. Harding, senior partner of Smith, Barney & Co.—is actively studying possible means of tightening Exchange controls to avoid a recurrence of such a situation. The Board of Governors is attacking the basic problem from both ends —first, to seek to avoid such a recurrence and also to be prepared to handle such a problem on a pre-planned orderly basis if it occurs.

Rosenthal & Co. To Admit to Firm

Rosenthal & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1, will admit Jay J. Pack to partnership.

With Hirsch & Co.

Willy Bilgrey, Bernard W. Teitelbaum and Richard Weinberger, all formerly with Ira Haupt & Co., are now associated with the New York Stock Exchange firm of Hirsch & Co. as registered representatives in that firm's 655 Madison Ave., New York City, office.

DIVIDEND NOTICE

CITY INVESTING COMPANY

980 Madison Ave., N. Y. 21, N. Y.

The Board of Directors of this company on December 18, 1963 declared the regular quarterly dividend of 12½ cents per share on the outstanding Common Stock of the Company, payable February 5, 1964, to stockholders of record at the close of business on January 13, 1964.

HAZEL T. BOWERS, Secretary

Named Editor of Analysts Journal

Nicholas Molodovsky, Vice-President of White, Weld & Co., Inc., has been appointed Editor of the *Financial Analysts Journal*. He succeeds Pierre R. Bretey, Senior Vice-President of Hayden, Stone & Co., Inc., who has held the Editor's Chair for the past 16 years. Mr. Bretey becomes "Editor Emeritus."

Nicholas Molodovsky

The new Editor has been an Associate Editor of the Journal for several years. He holds a Doctorate from the Law School of the University of Paris and a M.A. Degree in Economics from Harvard.

Mr. Bretey holds Doctorates from New York University and St. Bernardine of Siena College. He is a past President of The New York Society of Security Analysts and of The Financial Analysts Federation.

John Stevenson, Partner of Salomon Bros. & Hutzler, has been named the Journal's Publisher. Warren Burns has been named Assistant to the Publisher.

The following have been appointed Associate Editors of the Journal: John M. Birmingham, Jr., Vice-President of Wellington Management Co., Philadelphia; A. Hamilton Bolton, President of Bolton, Tremblay & Co., Montreal; Landon T. Clay Massachusetts Investors Trust, Boston; Julian Gumperz, President of Basic Economic Appraisals, Inc., New York; Harlow J. Heneman, Jr., Vice-President of National Bank of Detroit, Detroit; Robert C. Heim, Vice-President and Director of Empire Trust Company, New York; Harlow J. Henneman, Partner of Cresap, McCormick and Paget, New York; and Patrick J. James, Vice-President of Chase Manhattan Bank, New York.

Also as Associate Editors: Richard W. Lambourne, Vice-President of Insurance Securities, Inc., San Francisco; Edmund A. Mennis, Vice-President of Wellington Management Co., Philadelphia; Joseph Mindell, Partner of Marcus & Co., New York; Thomas W. Phelps, Partner of Scudder, Stevens & Clark, New York; C. Reed Parker, Partner of Duff, Anderson & Clark, Chicago; Thomas C. Pryor, Partner of White, Weld & Co., New York; Ralph A. Rotnem, Partner of Harris, Upham & Co., New York; and Beryl W. Sprinkel, Vice-President and Economist of Harris Trust & Savings Bank, Chicago.

The Journal is published by the Financial Analysts Federation, which comprises 35 Financial Societies in the United States and Canada. Total membership approximates 8,300. Several thousand non-members also subscribe to the Journal.

William C. Norby, Vice-President of Harris Trust & Savings Bank, Chicago, is the Federation's President.

DIVIDEND NOTICE

BOSTON EDISON COMPANY

Preferred Dividend

A quarterly dividend o. $1.06 per share has been declared payable on the first day o. February 1964 to stockholders of record at the c.ose of business on **January 10, 1964** of the Company's Cumulative Preferred Stock, 4.25% Series.

Preferred Dividend

A quarterly div.dend of $1.19 per share has been declared payable on the first day of February 1964 to stockholders of record at the close of business on **January 10, 1964** of the Company's Cumulative Preferred Stock, 4.78% Series.

Common Dividend No. 299

A quarterly dividend of 36c per share on the Common Stock of the Company has been declared payable on the first day of February 1964 to stockholders of record at the close of business on **January 10, 1964.**

Checks will be mailed from Old Colony Trust Company, Boston.

ALBERT C. McMENIMEN
Treasurer

Boston, December 23, 1963

DIVIDEND NOTICES

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

—oOo—

At a meeting of the Board of Directors held today a final dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1963, payable in Canadian funds on February 28, 1964, to Shareholders of record at 3:30 p.m. on January 7, 1964.

By order of the Board.

T. F. TURNER,
Secretary.

Montreal, December 9, 1963.

CLEVITE CORPORATION
CLEVELAND, OHIO

is paying a dividend of 35 cents a common share on December 27. This is the company's 166th consecutive quarterly dividend.

STOCK DIVIDEND DECLARED

Directors have also declared a 2% stock dividend, payable January 23, 1964 to stockholders of record January 2, 1964.

CONSOLIDATED NATURAL GAS COMPANY

30 Rockefeller Plaza
New York 20, N. Y.

DIVIDEND NO. 64

THE BOARD OF DIRECTORS has this day declared a regular quarterly dividend of Fifty-Seven and One-Half Cents (57½¢) per share on the capital stock of the Company, payable February 15, 1964 to stockholders of record at the close of business January 15, 1964.

JOHN MILLER, Secretary

December 19, 1963

WASHINGTON AND YOU

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

WASHINGTON, D. C.—Congress has just ended the longest peacetime session in history. It will reconvene on Jan. 7, and presumably will not piddle around in 1964, as it did in 1963, because it must end or at least recess for awhile in July and August because of the Republican and Democratic National conventions.

As the first session of the 88th Congress came finally to an end there was much speculation among the political professionals about the 1964 session which looms as a spirited one as history shows most election year sessions have a little more zip and zing.

There are a good many people who believe that if President Lyndon B. Johnson is successful in the short session he will be on the way to election next November. If Congress fails him, he might go down to defeat, they contend.

Perhaps much will depend on whom the Republicans nominate for their Presidential candidates. And there apparently is going to be more attention given to the candidates for Vice-Presidents at both the San Francisco (Republicans) and the Atlantic City (Democrats) conventions, because there is a sharp realization today of the importance of nominating qualified and capable candidates for Vice-President.

Forecast for Congress

The National Committee for an Effective Congress, a non-partisan committee which assertedly operates on the principle that the quality and activities of Congress are matters of national concern, transcending local and special interests, is regarded as a worthwhile committee even though it is sometimes criticized of supporting mostly Democrats.

The Committee, after much research and analyzing, forecast these developments on Capitol Hill in 1964:

(1) An upbeat in Congressional performance as President Johnson tries to make a "can do" record and applies extraordinary persuasive skills to a new situation in which "Southerners will be less obstructive and Republicans more competitive for accomplishment credit."

(2) A Johnson effort to make Congress his running mate in a display of teamwork on taxes, civil rights, public works and welfare; the rhythm in the first 100 days of the New Year will reveal scope of accomplishment and determine Johnson momentum.

(3) GOP heartened by more fluid situation in large industrial states which become the political battleground; their hopes of White House in 1964 brighten should they select moderate ticket attractive for that area.

(4) Congressional elections in which Democratic candidates will provide coattails for Johnson in most of the country; and which will produce little numerical shift.

"Taking So Long to Do So Little"

The Democratic leadership in Congress flatly denies that the 1963 session was a failure, and cite their reasons in any effort to refute these contentions. The National Committee for an Effective Congress, with offices in both Washington and New York, in its year-end report contends that Congress had fallen to its lowest estate before the murder of President Kennedy. Republicans were preparing to campaign against "the Kennedys, Congress and corruption."

Democratic senators seeking reelection warned they would "run against the Senate," and there were signs that even President Kennedy might be obliged to "run against Congress," the Committee said.

"This lack of Congressional momentum was not due to the lack of quality or lack of concern on the part of individual members," said the National Committee. "The wild extremists of the radical right are almost all weeded out and, man for man, the 88th Congress possesses as much talent as that body has seen in recent years. But somehow the whole did not equal the sum of its parts. Why were they taking so long to do so little?"

Although there would not be general concurrence among Washington journalists, as would only be natural, in all the observations of the special report prepared in Washington for the Advisory Board of the NCE, the reasons for the asserted Congressional failure include:

No Mandate From Voters

First, the lack of popular consensus: there was no call from the voters clear enough to translate the New Frontier's issues into hard political demands. The singular exception to this was civil rights, on which the call came from both directions.

Second, the Democratic leadership had shown no ability to crack the party whip. In the House, John McCormack had not developed the authority and respect which were the source of Speaker Rayburn's power to forge majorities; and in the Senate, Majority Leader Mike Mansfield was amiable and well liked but much disregarded as Senators floated in their private orbits.

Third, the Southerners had dropped anchor. A deliberate slowdown was organized on all Congressional business; not just civil rights. Unrelated bills were sidetracked to be held as hostages for later bargaining to weaken the civil rights bill.

Finally, the Committee pointed out, the fact that everyone expected a long session removed any sense of urgency, and the whole tempo decelerated. Much gets done in Congress when members are backed against the wall of adjournment, but this time there was no wall.

There is some logic in the NCEC's contentions that the political fortunes of Lyndon Johnson are inextricably locked with the fortunes of Congress.

Johnson's "New Image"

"This is a made-to-order situation—for an expert political technician to be in the White House at a time when the unfinished business of the country lies locked in the legislative branch," said the special report. "Congressmen identify with Johnson; they feel comfortable with him and most members want him to succeed.

"There are internal changes in Congress and there are also changes in Lyndon Johnson. The new President can't go home again —and in the largest sense this liberates him. . . .

". . . There are signs that Johnson regards some of his old Texas ties as baggage no longer required—that the connection between wininng precincts in San Antonio and Harlem is more important to him. . . . Johnson's conversion to a standard bearer is essential to him if he is to win next year. He was not able to develop any significant support from metropolitan areas in his bid for the (presidential) nomination in 1960. In fact, Democrats in these states regarded him as the leader of the intra-party opposition. To the labor, civil rights and other groups, so important to the Democratic party in these states, Johnson was always more of a whipping boy than a leader.

"Johnson's recognition of this fact has been evident from the first hours of his presidency . . . Johnson does not have to worry about what to do, but only to do it, and do it well. For this, he needs Congress, during the next months and in the election itself. . . ."

[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.]

"Well, we're back to normal again—don't expect another smile from him until the office Christmas Party of 1964!"

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.

Mar. 13, 1964 (New York City)
New York Security Dealers Association 38th annual dinner at the Waldorf Astoria.

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.

J. R. Brownell With C. C. McCune & Co.

DAYTON, Ohio — John R. Brownell, Jr. has become associated with C. C. McCune & Co., Third National Bldg. Mr. Brownell for many years was an officer of Grant Brownell & Co.