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Huge boost for the space shuttle — Rockwell International

Aerospace industry soars

By C. Colburn Hardy
Special to the Chronicle

The cyclical aerospace industry is on the upswing again. Volume is edging up, profit margins are improving and overall prospects for both stability and growth are the best in years. Deficits, bailouts and cancelled contracts are pretty much past; the energy crisis will have a selective impact but, overall, should not be too onerous; and new management teams are concentrating on profits rather than volume.

With most aerospace stocks selling at low multiples, there will be opportunities for every type of investor. Speculators may hit it big (or lose their shirts with bankruptcies). Patient investors should do well with the right choice of shares of major corporations. More aggressive buyers who prefer smaller, quicker profits can consider stocks of sub-contractors who will profit regardless of who wins the big awards.

In 1974, total aerospace shipments are expected to hit $24.7 billion, down slightly from an estimated $24.9 billion this year. By fiscal 1975 , they could be well over $27 billion.

Profit margins, reflecting operating efficiencies, labor peace and the lack of major write-offs on military programs, are targeted at 3 per cent, up from 2.7 per cent in 1973 and 2.4 per cent in 1972. Backlogs are bigger and, with the need to replace inventories shipped to Israel, should rise sharply. Congress has already restored almost $3 billion for the fiscal 1974 defense budget and is expected to boost total appropriations to over $80 billion next year.

Continued on page 4

Auto industry wins in profits

By Sidney Brown
Chronicle Staff

The auto industry, which was exempted from price and wage controls last week, has been the winner by a mile in the profits race over the years.

Motor vehicle and equipment profits since 1969 through 1973 (estimated) have risen 117 percent, going from $2.6 to an astounding $5.7 billion. Between 1972 and this year's expected returns, the adjusted after-tax profits could advance 57 percent.

In comparison, the 170 larger manufacturing corporations are expected to increase their profits by about 54 percent since 1969, and 33 percent in the current two years. Petroleum refiners, the runners-up in the profits race, lagged behind the total (170 manufacturers) with a 45 percent rise since 1969, but edged ahead of the total in the latest two years with a gain of about 36 percent.

Manufacturing currently accounts for about two-thirds of the total profits generated by nonfinancial corporations, according to the Department of Commerce. The 170 companies in the manufacturing sector account for approximately 60 percent of the profits, 50 percent of the assets, and about 45 percent of the sales of the more than 200,000 manufacturing corporations in the nation.

Companies in the petroleum refinery and auto industry groups account for more than 90 percent of total profits and sales in their respective industries.

Profits of nonmanufacturing industries were stable to declining since early 1972, and in the first half of this year were about level with the first half 1972.

Lowest profit industries

Nondurable manufacturers topped their previous 1966 peak last year, and durable manufacturers exceeded their 1966 record this year, based on first half returns.

Still considerably below their 1966 levels are the transportation, communication and utilities areas. Transportation, now needed more than ever because of the oil crisis, suffered the hardest.

Before-tax profits of large manufacturers over the 1969-1972 period grew at a 7.5 percent rate, according to the Federal Reserve, compared with 4.3 percent for all nonfinancial corporations and 5.2 percent for manufacturing.

Margin profits were higher for the 170 larger manufacturers than for all manufacturing. At 10.7 percent they were more than twice the margins for all companies. The Federal Reserve, after working two years in developing a new series on manufacturing companies, published the figures

Continued on page 8

James J. Needham

Big Board fears threat

The bell was tolling, faintly to be sure, at the New York Stock Exchange last week, as well it might in view of proposed legislation that moved out of a Senate Securities subcommittee which reports to the Senate Banking Committee chaired by Senator Harrison Williams.

Perhaps for the first time in its history, the Big Board could see threatened its absolute power to control the securities industry, since the bill reported out of the subcommittee would create a national stock market system that would give the Securities & Exchange Commission jurisdiction over both the pieces

Continued on page 8

Inside! Puerto Rico Supplement page 17

Those small investors are only laying back

Philadelphia—Preliminary results of a comprehensive study of the role of the small investor, which were disclosed last week, debunk the "myths" that the small investor has lost money in the stock market and that he has left the market.

The study by nationally known educator and consultant Irwin Friend and others at the Rodney L. White Center for Financial Research of the Wharton Graduate School of Business found:

—Contrary to popular belief, individual investors have not left the market, instead, they are trading less.

—Individuals of small means fared fully as well in stock market as individuals of moderate or large means.

Individuals hold as much stock today as they did 10 years ago.

Friend was aided in the study, the second such study he has conducted on the subject, by Professors Marshall E. Blume and Jean Crockett. Friend is the Richard K. Mellon Professor of Finance at the school and director of the research center. Blume has been serving as the center's acting director.

According to Friend, who disclosed the results of the study at a seminar at the center, which was attended by about 80 persons from the academic, business and fianancial communities, investors with adjusted gross incomes of less than $25,000 realized marginally higher returns than those with larger incomes in 1970, while the reverse occurred in the 12 months ending June 1972.

Investors aware of taxes

Friend said the study also found a marked tendency for investors to hold stocks with lower dividend yields as their income rises. He said this phenomenon, which was more pronounced in 1970 than in 1960, may mean investors are now more aware of the tax implications of their investments.

"As might be expected," he said, "small investors tend to hold lower risk stocks than their richer counterparts." He added that the tendency was not so evident among stocks listed on the New York Stock Exchange as it was, say for mutual funds.

Friend's study has been going on for a year and a half and final results are expected to be published in May 1974. The study was financed by a $150,000 National Science Foundation grant.

Data for the study was compiled from Internal Revenue Service information on a "highly stratified" group of more than 6,000 stockholders. Data was also obtained from a 1963 survey of 2,000 consumers by the Federal Reserve Board, which detailed their assets, liabilities and stock holdings

Investors tied to the stock market through mutual funds, trust departments or with stock in street name were not included in the study.

A socio-economic picture

"We have a picture of stock holdings and total risk holdings," Friend told the gathering. He said the picture is presently broken down into economic groups, but final results will be broken down into a variety of socio-economic and demographic areas including age and region. Results will cover the 11-year period from 1960 to 1971.

"We had very good information on dividend payments," Friend said, describing the type of information obtained from IRS and Fed materials.

He said the study indicated "a very impressive movement to a more egalitarian distribution of holdings from the early part of this century to 1960." Friend also noted that a similar movement occurred in the after-tax distribution of income and assets.

However, information on what has taken place since 1960 suggests that there has been no further movement toward egalitarian distribution.

He said statements by Wall Streeters and financial commentators that the small investor is trading less are "impeccable." He added: "The small investor has become a smaller part of total volume."

"What about this supposed wholesale exodus?" he asked and then noted that about 67 per cent of all stock is presently held by individuals. He said this percentage would be proportionally higher for stocks listed on the New York Stock Exchange.

Rise in total value

Furthermore, he added, the data clearly indicates that the total value of individual stock holdings has risen, and this is attributable in part to rising stock prices. Additionally, he said, more stock is owned by individuals now, than in 1960.

"Wall Street has a lot of reasons they attribute for the decline of the small investor," Friend said. He cited: special treatment of institutions by brokers; higher commission rates for small investors (which he said is not a major factor); poor performance of the market since 1968; and the liquid state of the market—the institutions are presumed to have made the market a lot less healthy place to be in.

Referring to the market's illiquidity, he said, "I don't put much credence in that statement. There is no published evidence to prove it."

He said the biggest change to occur in the role of the small investor since 1960 is that "he doesn't patronize the brokerage firms so much."

In other presentations at the seminar:

—Blume and others disclosed the results of studies, which showed that beta coefficients could be used to determine risk in bonds. Beta coefficients are already used to measure the sensitivity of unanticipated changes in prices and dividends of common stocks. Jane Tripp of Continental Illinois Bank and Trust suggested that beta coefficients are viable measures of risk for bonds. She also said that returns on bonds of poorer quality were considerably less than those on bonds of high or moderate quality over the last five years.

—Wharton Professor John S. Bildersee said that he had found that agency-issued securities have consistently commanded higher yields in the marketplace than Treasury securities, even though the holding periods and returns from both of these securities are highly correllated.

—Wharton Professor John R. Percival found that the yields of bonds tend to adjust to change in the anticipated direction resulting from a change in the rating of a bond by Moody's or Standard & Poor's.

—Dr. Craig Simmons, an economist with the Securities Commission, said that "over the long run, first-time public offerings should outperform seasoned issues," if they survive. He said, aftermarket premiums of new issues should be directedly related to the risk assumed by underwriters distributing the issue. Furthermore, he said, low quality offerings should command higher rates of return than high quality offerings, since risk acceptance is compensated by the expectation of higher returns. Simons based his statements on a study of 1971 first-time public equity offerings.

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Wharton model sees gloom

While the economic outlook has been clouded even further by the fuel crisis, and a mild recession is in the offing, one significant favorable element in our economy next year will be a stronger U.S. balance of trade position, according to the University of Pennsylvania's Wharton School of Business' short term econometric model.

Recent data show that our nation's net export position is quite strong, with a surplus of $7.6 billion for the 1973 third quarter. But even with a slowdown in world trade, Wharton economists expect a continuance of present performance of exports over imports.

However, aside from the maintenance of good performance in the trade area, these economists have come up with a bearish outlook, with much of the blame aimed at the fuel crisis. Assuming that a shortfall of U.S. petroleum supplies of two million barrels per day through the 1974 first half, the model shows moderate declines in real Gross National Product during that period. For the entire year it forsees a substantially flat economy with real output up by only 0.6 per cent over 1973.

Inflationary trends will be aggravated too by the sharp boost in fuel prices, and at the same time unemployment should be increasing to over 6 per cent by the end of next year.

The outlook for profits also is not bright, according to the model.

While these economists call the situation more uncertain than usual, one thing that is certain is the fact that if the fuel crisis worsens, so too will the economy.

Surveys of investment anticipations appear to be optimistic for next year. But not so with the Wharton forecast. While it agrees that business fixed captial formation has shown continued strength and could be a source of demand for the economy next year, it points out that the projected boom in capital outlays is partly an inflationary phenomenon that may not materialize.

Without the energy shortfall, the Wharton simulation projects a real rate of 2.1 per cent for next year.

Although the model views government policy as being important at this time, it also does not see a solution in aggregate fiscal or monetary policy. Fiscal policy continues to be neutral. Expenditures have been held in check and should be somewhat above budget targets. The budget may swing back moderately into deficit as the economy slows next year.

Regarding monetary policy the Wharton economists foresee an easing of interest - while the money supply may already be picking up. But for the most part, overall policies can do little with the current slowdown and fuel stringency. Consequently, the model calls for specific policies to handle fuel allocations and to deal with price increases.

Homeowners payments lag

Average effective interest rates on conventional home mortgage loans increased further in November, but at a much slower pace, according to the Federal Home Loan Bank Board.

The rate charged borrowers purchasing newly built, single family homes with conventional mortgage loans during the first five business days of November by major lenders averaged 8.36 per cent, compared to 8.31 per cent in early October. The rise reflects a 7 basis-point increase in the average contract interest rate on such loans - to 8.19 per cent, which was partially offset by a decline in single time fees and charges from 1.20 to 1.06 per cent of principal. The average term to maturity for existing home loans did not change last month, but the average loan-to-price ratio declined to 75.3 per cent from 76.6 per cent.

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Commonwealth of Massachusetts

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Dated January 1, 1974
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Amount Each Year	Due Each January 1	Yield Scale Lot A B C
$5,545,000	1975	4.20%
5,540,000	1976	4.20
5,540,000	1977	4.20
5,540,000	1978	4.20
5,535,000	1979	4.20
5,535,000	1980	4.20
5,405,000	1981	4.25
5,405,000	1982	4.25
5,405,000	1983	4.30
5,075,000	1984	4.40
4,570,000	1985	4.50
4,565,000	1986	4.60
4,560,000	1987	4.70
4,560,000	1988	4.75
		Scale Lot B C
$4,490,000	1989	4.75-4.80%
4,490,000	1990	4.80-4.85
4,490,000	1991	4.80-4.85
4,490,000	1992	4.85-4.90
4,490,000	1993	4.85-4.90
4,490,000	1994	4.90-4.95
590,000	1995	4.90-4.95
450,000	1996	4.95-5.00
450,000	1997	4.95-5.00
		Scale Lot C
$ 235,000	1998-99	5.05%
235,000	2000-2001	5.10
235,000	2002-2004	5.15
85,000	2005-2012	5.20
85,000	2013-2021	5.25

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$8,550,000

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Aerospace industry soars to new heights

Continued from page 1

The energy crisis has turned a commercial aviation boom into a potential bust or, at best, stretched deliveries and new orders well into the future. Until the fuel shortage, non-military exports of $3.7 billion were offsetting the depressed U.S. market. Now, orders for private planes are minimal and the foreign situation is very much up in the air. Eventually, the need for more modern planes will force decisions but, meantime, there's little promise for general aviation.

U. S. is still giant

The U.S. still produces 80 per cent of all civilian aircraft in the world. With dollar devaluation, relatively slower inflation here and the lifting of the ban on military exports to Latin America, we hope to maintain this share of the market. Exports are essential. An efficient rate of production for large, complex airplanes requires a unit volume larger than the domestic market can absorb.

There are three major problems: (1) the newly structured European aerospace industry. Companies and nations are entering into corporate ventures and mergers to pool resources, broaden markets and reduce risks. Governments have already committed $4 billion in four major commercial aircraft projects aimed at the $30 billion market.

The pool idea is politically popular but financially dubious. The consortiums have raised costs by 25 to 50 per cent and even government-controlled airlines find it cheaper to buy American. Belgium's Sabena saved 30 per cent by ordering 10 Boeing 737s instead of French Mercures. The A-300 airbus, designed to compete with McDonnell-Douglas's DC 10 and Lockheed's L-1011 has a break-even point of 400 planes but orders for only 38! These sales occurred after the crash of the Russian SST which virtually eliminated USSR competition.

So far, U.S. plane makers appear to have the advantage but national interest and subsidies can override logic.

(2) **The need for government assistance to finance aircraft.** The industry has made good use of credit guarantees from the U.S. Export-Import Bank but there's still no solution for the huge development costs: at least $10 billion for the presently planned commercial airplane programs. That's several billions more than the net worth of the entire aerospace industry!

One governmental committee has recommended that the development of military and civilian aircraft be tied together (with Department of Defense "DOD" financing). This would achieve a low-risk market for a single manufacturer.

(3) **The possibility that the Trade Reform Act may limit military exports.** From 1968-72, Congress, anxious to economize and reluctant to aid right-wing governments, banned military exports to some South and Central American and Middle East countries. Foreign firms now have a toehold in these markets.

This ban has been partially lifted and pending legislation gives Congress veto power on foreign military sales over $25 million.

This could hurt Northrop Corporation with its versatile F-5E fighter but would have little effect on on-subsidy sales such as Iran's multi-billion dollar purchases of F-4s. Profits on these cash sales are greater as the exporter qualifies for DISC tax credits.

There are, however, firm commitments from DOD and NASA (National Aeronautics and Space Administration). DOD proposed a $77 billion budget for this fiscal year but added $2.2 billion to replenish arms for Israel and is now studying the need for $4 billion more.

This is, comparatively, austere. Manpower has been slashed; Air Force strategic bomber squadrons have been cut to 28 from 40; the Navy operates only 191 escort ships compared to 328 last year, etc. Most of the new money will go directly to industry.

There have also been signifigant changes in DOD policy: (1) the doctrine of strategic sufficiency: to discourage nuclear attacks by maintaining retaliatory capabilities, primarily in missiles and submarines. This is in accordance with SALT (Strategic Arms Limitation Talks).

(2) The high-low force mix under which DOD buys more inexpensive, multi-mission weapons and fewer technologically superior items which are subject to the Fly-Before-You-Buy policy. This discards Robert McNamara's "Total Package Procurement" in favor of competitive prototypes and testing. It spreads the work rather than awarding a few huge contracts. This concept slows decisions but enables DOD to keep its options open with a choice of two or three planes or aircraft-weapons systems.

For fiscal 1974, the biggest allocation will be for nuclear submarines: about $2.25 billion: $922 million for SSN-688 attack boats and $1.5 billion for the Trident program. Initially, the Trident, successor to the Polaris-Poseidon subs, will carry 24 nuclear-tipped missiles with a range of about 4,000 miles.

This compares with 16 missiles with 2,500 miles range for present attack vessels. Current Pentagon plans call for 10 Tridents at a total cost (boats, missiles and a new base near Bangor, Wash. of $12.78 billion: almost $1.3 billion each.

Electric Boat Division of General Dynamics (GD) is responsible for the design and development of Trident and is expected to have the first sub operative in 1978. GD and Tenneco's Newport News and Dry Dock Division are also heavily involved in construction of the new attack subs and conversion of Polaris to Poseidon missiles. As with all shipyards, both are plagued with manpower shortages.

Other major beneficiaries of the huge Trident program are: General Electric (nuclear propulsion plant), Lockheed (missiles) and IBM (sonar). Plus thousands of subcontractors.

Largest allocation — General Dynamics' Trident submarine

The Navy is spending another billion dollars for a nuclear carrier being built at Newport News and $591 million for destroyers under construction by Litton Industries.

Air Force activities

The no. 1 item for the Air Force is still the B-1 bomber. Rockwell International has a $1.1 billion contract for three flight test planes and an airframe for structure and fatigue tests. GE is supplying the engines.

There's still some doubt whether a fleet of these planes will be built. Critics charge that costs will rise to more than $50 million each and that missiles will be more accurate and cheaper. But Rockwell insists that, even allowing for inflation, it will keep the per plane price to $35 million (without SRAM missiles) and meet the total target of $11.1 billion for a fleet of 240 bombers.

Rockwell is working under a cost plus contract but has already lost its incentive fee as the plane is 18,000 pounds overweight and production is behind schedule. Congress is upset and restored budget cuts only after the Israeli-Egyptian hassle.

Other plane makers are in the black. Boeing Company has bounced back to a respectable profit level and has a $3 billion backlog. Grumann Corporation, after settling a costly contract dispute on the price of the F-14 Tomcat, is completing production of 48 planes and hopes to obtain higher prices for future deliveries.

McDonnell-Douglas continues to flourish. In addition to a DOD appropriation of $815 million (up from $98 million) for the F-15, there are additional orders, from Japan and West Germany, for the old stand-by, the F-4.

To keep production lines open if anything should happen to the B-1, DOD has asked for $130 million for General Dynamics' swing-wing F-111.

Lockheed is winding down production of its C5A cargo plane and will get only $43 million next year. DOD will not receive anticipated royalties as Lockheed cannot afford to convert to a commercial model.

Other support, patrol and anti-submarine warfare planes are still being produced, in small but steady quantities, by LTV, Lockheed, Northrop and Grumann.

Orders for helicopters, both civilian and military, are expected to rise 10 per cent to about 1,000 in 1974. Major beneficiaries: Hughes Aircraft, Boeing and Bell Helicopter division of Textron, Inc.

Decisions on prototypes, expected by early 1975, will have a major impact on the fortunes of the winners. The major contests are: **FLIGHT WEIGHT FIGHTER (LWF)** being developed by General Dynamics and Northrop. This plane is typical of the new cost-conscious DOD policy. It is supposed to have the maneuverability of the F-15, but, with few sophisticated avionics and less fire control and weaponry, should cost no more than $3.5 million each. This compares with a $15 million tag for the McDonnell-Douglas Interceptor. The LWF contract could run to 1,000 planes.

ARMY HELICOPTER to replace Lockheed's cancelled Cheyenne. Prototypes are being built by Hughes and the Bell division of Textron. The contract could exceed $500 million.

Continued on page 5

Aerospace industry soars to new heights

Continued from page 4

first contract under the Fly Before-You-Buy concept was awarded, for ten A-10 planes, to Fairchild Industries over Northrop. As a result of controversy about the award, some question about the GE engine and possible changes in the proposed mission, there may be another run-off. The survivor can look for a $1 billion contract for about 600 planes.

More missiles?

Congressional interest in the military emphasis on missiles has increased sharply as the result of the effective performance of the Soviet SAM ground-to-air weapon in the Middle East. No decisions have been made as to specific types but larger budgets seem sure, possibly for fiscal 1974, certainly for 1975.

After numerous failures, two airborne missiles have proven successful: PHOENIX (Hughes) was fired from the F-14 and will be funded for $103 million; SRAM (Short Range Attack Missile) has earned Boeing substantial incentive fees.

One new missile area: RPV (Remotely Piloted Vehicle), expendable weapons which cost $50,000 each, compared to $500,000 for one which has a possible recovery, and $20 million for a piloted aircraft.

NASA budget

The NASA budget is expected to stay at $3.1 billion but will allocate $475 million (up from $300 million) for the space shuttle. This is a manned reusable vehicle designed for a variety of earth orbital missions. It will carry a payload of 65,000 pounds--comparable to a DC-9!

Rockwell International is the prime contractor for the space shuttles but must allocate 53 per cent of its funds to subcontractors. Most of the money will continue to be spent for research and development during the coming year.

Most NASA missions will be continuations of present earth-orbiting missions and Mercury and Jupiter explorations. There will be two small starts: an earth-orbiting satellite to study pollution and oceanography, and a geodetic satellite to measure small movements in the earth's surface.

Subcontractors

The only sure winners in the aerospace industry will be the subcontractors. These are usually divisions of large to medium-size corporations: (General Electric, IBM, IT&T, Goodyear, Litton, Raytheon and Westinghouse) or smaller specialty firms.

The fastest-growing--and most competititive -- area is avionics: control instruments for guidance, take-off and landing gear; ground control; radar; communications equipment, etc. Qualified subs, with expertise and, usually, amortized facilities and equipment, capture the business regardless of the prime contractor.

Other busy specialists include: Rohr Industries, Inc. which supplies power plants; Menasco Manufacturing Company which produces landing gear; Tool Research & Engineering Corp. which designs tools and parts; and United Aircraft Corporation, the nation's largest manufacturer of jet engines.

There has also been a significant change in the type of subcontractor. As the result of fewer large contracts and pressure from DOD, more work is being spread around. In boom times, prime contractors tried to keep work in-house. Now they share and make use of expertise and ready-to-go plant facilities. General Dynamics makes airframes for McDonnell-Douglas's DC-10; LTV is building the tail section for Boeing's 747 and Northorp has had as much as 74 per cent of its revenues from other airplane builders.

Diversification

Despite predictions of security analysts and government officials, aerospace companies have found it difficult to build substantial business in consumer-commercial fields. Rohr Industries gained experience (but lost money) building rapid transit cars for San Francisco's BART (Bay Area Rapid Transit) System; Grumann makes boats and mobile homes with small profit; Northrop is constructing foreign airports; and Rockwell is marketing home calculators and using its computer expertise to develop a new type of skid control for heavy trucks.

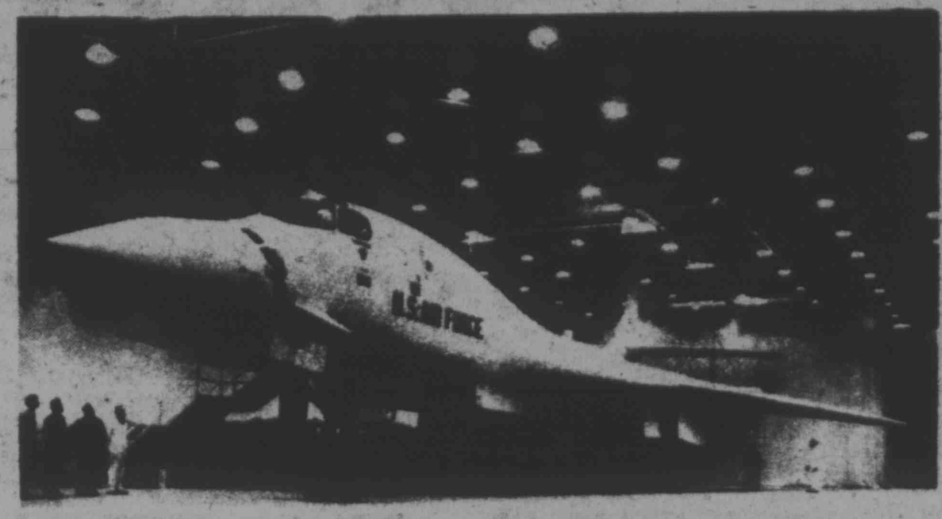
Few of these ventures have contributed much to total revenues or profits. No wonder! Each airplane costs as much as a year's volume for all but the largest commercial divisions!

The most diversified firms bought their commercial divisions which, generally speaking, have proven to be more profitable than aerospace activities. General Dynamics, for example, makes its greatest returns from coal, lime, asbestos, concrete and telephone equipment. Martin-Marietta's greatest growth has been in quarries, cement, aggregates and chemicals.

Stock market activity

In the stock market, shares of aerospace companies have fared surprisingly well. Wright Investors' Service, a composite of 17 aerospace companies whose stocks are listed on the New York Stock Exchange, shows that, for the first nine months of 1973, price-earnings ratios ranged between a high of 20 and a low of 11 with an average of 17. By comparison the multiple for the Dow stocks was 15.

This multiple of 17 compares with: (1) a ratio of 14 for the prosperous 1963-67 period when the industry's rates of growth and profitability were much higher than in recent years; (2) an average P-E of 21 for the 1968-72 when growth and profits were only a shade better than those reported for the first three quarters of 1973.



No. 1 for the Air Force — North American Rockwell's B-1 bomber

In a comparative analysis of investment returns for 1973, Wright shows McDonnell-Douglas to be the best performer, with a total earned investment return of 23.9 per cent: 2.0 per cent income plus 21.9 per cent normal earnings growth. Next was Northrop with 15.8 per cent: 5 per cent income plus 10.8 per cent normal earnings growth. By comparison, the Dow returns were 8.3 per cent: 3.4 per cent income plus 4.9 per cent earnings growth.

There are two other important factors to be considered by investors: profit accounting changes and warranties.

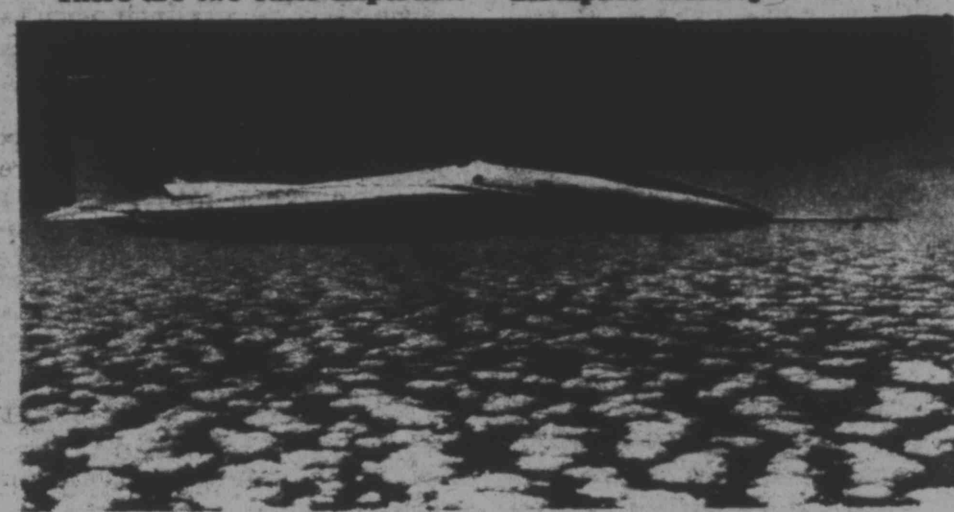
Under a new program, DOD is moving slowly to relate profits more closely to the amount of capital employed on a project. In the past, no allowance was made if the contractor used his own facilities rather than those leased from the government. Under new procedures, the amount of capital and equipment used will be considered in approving total profits! Revisions should benefit companies, such as Northrop, which own most of their own plants.

DOD is also requiring warranties for many projects. This should improve quality but could be costly, especially when the plane or missile is built with exotic new materials or with highly sophisticated devices.

As shown by the actions taken with Lockheed and Grumann, DOD is not likely to force any major aerospace firm into bankruptcy but rescue programs can be very costly to stockholders.

With the world situation as tense as it is, total volume for aerospace industry is sure to increase. There may be some temporary difficulties because of the energy crisis, but you can be sure that DOD will be fighting for top priorities for defense-oriented operations.

Before the recent Wall Street hysteria, investors were beginning to recognize the profitable progress of aerospace companies. As stocks of many of these companies are now selling at almost record lows, it's possible that this industry could be one of the leaders in the market comeback anticipated for 1974. There could be one or two shakeouts due to lack of profitable contracts or cancellations due to the energy crisis but, overall, the aerospace industry is in the best shape it's been for years. If earnings continue to rise and P-E ratios move back to their historic levels, the prices of many of these stocks can bring substantial gains--especially if Wall Street's fancy turns to one business where revenues are almost sure to increase.



$315 million order — McDonnell Douglas F-15

Contracts don't assure profits

In fiscal 1973, for the fourth consecutive time, Lockheed Aircraft Corporation was the No. 1 Pentagon contractor: $1.66 billion in defense work. But getting the big awards does not always assure profits.

In two of the previous four years, Lockheed reported sizeable deficits. They were so severe that equity capital, per common share, dropped from $32.94 at the beginning of 1969 to $23.45 at the start of 1973.

Other major defense contractors in fiscal 1973 were: GE: $1.4 billion; Boeing; $1.2 billion, McDonnell-Douglas: $1.1 billion. Partly because of a good commercial mix, all of these corporations have had records of good and, generally, growing earnings.

Bache seeks to adopt

There may be a holding company in the future of Bache & Co.

John Leslie, chairman of the board and chief executive officer of the nation's second largest retail securities firm, speaking before the New York Society of Security Analysts last week, disclosed that a holding company may be formed for diversification into other financial areas.

Leslie said, Bache plans to continue its horizontal and vertical development and "will forge ahead in the securities business in all its ramifications." While, he said, there are no present plans to diversify, he noted that the possibility of a restructuring has not been excluded.

Under a holding company, Bache, he said, would continue to expand its retail operations, its investment banking business and its sales of fixed-income securities. The entrance into other areas such as insurance, the savings and loan business and real estate financing are possibilities, Leslie said.

He said diversification and expansion of present operations would be aimed at increasing total earnings and to offset the cyclical nature of the securities business. "Long-term planning will become more realistic," he told the analysts.

"We will continue to look at small, medium and larger firms" for acquisitions, Leslie said, "But, we are not in the salvaging business."

"The child to be adopted must be healthy and come from good quality stock."

He added that because of the large amount of capital available to Bache, the company would be increasing its activity as a dealer in securities.

Bache has also increased its underwriting business since the acquisition last June of Chicago-based Halsey Stuart & Co. Inc. Lexlie told the analysts that Bache "desires to be known as a major underwriter."

Since its acquisition, Halsey Stuart has attained the number one ranking in dollar value of securities underwritten on a competitive basis and number four ranking in total underwriting, including competitive and negotiated underwritings.

Leslie said, Halsey Stuart would play another major role in the future, as the result of its underwriting capabilities. He said, segments of the U.S. economy will be in need of capital for the development of new energy sources. This includes public utilities, which finance heavily through the use of fixed-income securities -- a Halsey Stuart specialty.

Bache is also expecting to expand its operations in the growing options and commodities trading areas. He said 10 percent of Bache's income last year was the result of its commodities operations and "no reversal is seen."

Leslie said that Bache had been adversely affected by international currency devaluation. Twenty one of its 131 offices are located outside of the U.S.

THE CHRONICLE

- Opinion
- Editorials
- Commentary

Banks collide with Fed

When major money market banks gunned their prime rate last week to 10 per cent, from 9-¾ per cent, they collided head-on with an opposite move by the Federal Reserve that involved reduction of required reserves amounting to $375 million.

This was no ordinary collision. Recklessly oblivious to slowdown in their loans to business in the past several months, the larger commercial banks leaned on their selected narrow formula which ties changes in the prime rate to the rates charged for dealer placed commercial paper.

In flaunting the over all signs of a slowdown in bank business lending, the banks ran smack into the Federal Reserve which was operating properly, with due regard to the moderation in the growth rate of banks credit in recent months.

The Committee on Interest and Dividends immediately asked for cost justification of the move. Unfortunately, the CID's profit guidelines-disallowing a rate increase which results in a larger profit margin than the average of the best of the two preceding four calendar years-deals with only half the problem.

What is missing is whether the money market interest rate direction justified the 10 per cent rate in the first place. It is strange that the banks embarked on a direction diametrically opposed to the reasons for the Fed's course of action. Were these normal times we could afford the luxury of such a misreading of the market and wait for the market to put the banks in their place. But these are catastrophic times.

Miscalculation, unwise policies and circumvention of the law have given birth to basic food and raw material shortages now magnified by the Arab oil boycott. In addition, the unprecedented, simultaneous presence of two evils —-persistent unemployment and price inflation of horrendous proportions, and a stock market debacle threatening the economy's liquidity, much less that of the banks', is what we are now blessed with.

The self-evident slowed pace of business loan expansion, and extensions of other forms of bank credit, was duly noted by the Fed. Commercial and industrial loans by the larger banks were down 6.2 per cent on average in the four weeks ending November 28 from the four-week average ending September 26. The adjusted credit proxy which is a significant measure of banking activity was only up a minuscule nine-tenths of one per cent for the same period. Indicative of all this was the decline in large certificates of deposits.

Apparently banks have forsaken, or denigrated, their principal function as suppliers of productive short term loans to business. Their pursuit of other revenue sources,of less consequence to the economy at this time,may have been the reason for a higher prime rate. The prime rate is the bedrock on which all other rates are based.

It is time to re-examine how well the dealer-placed commercial paper rate represents money market conditions. It is in our judgment , too thin a market to be indicative of the demand for, and supply of, short term funds. Even the Federal funds rate (interbank borrowings) no longer reflects what is supposed to be the basic function of banks but instead reflects many activities extraneous to accomodating the productive needs of business.

The Fed is to be applauded for the small step it took in making funds available to meet seasonal business needs. The banks should be chastized for administratively pricing those funds higher, in the absence of any market pressure justification. The question is, not what the CID will do, but what will the Federal Reserve do about banks which can dictate their own rates?

The social contract

Secrecy has been the bane of our existence. From the secret tapes of Watergate to the private books of specialists on the exchanges, we have had our confidence in institutions undermined. Little lies and little secrets can undermine trust between two people. How much greater that disillusion becomes when they occur on a grand scale. We are seeing this daily in crises of confidence in government, in unions (note the recent N.Y.C. Firemen's strike based on prevarications of union leaders), and in the markets. A return to ethical behavior, to hard honesty, is essential for communication among civilized men. The social contract must be based on honesty and openness.

Straight Talk

by Christopher Elias

William Simon is, just as his admires say, an action-minded executive. As energy czar, he is determining in high-minded zeal just who should get how much fuel, and doing it in a brisk, no-nonsense way.

But for a minute or two last week, William Simon began to look like Mr. Grinch, the cartoon character who appears on television each year about this time and attempts to swipe Christmas.

The show is for children, but many a parent knows the story. Mr. Grinch, like William Simon, is a man of action, a non-nonsense type. Determined to destroy the Christmas spirit, he swoops down into Whoville from his snow-capped mountain hideaway, and steers a huge sled into the center of town. Then he slips down chimneys, taking everything: Christmas trees, presents, even the candy canes being clutched by sleeping children, and disappears, carrying the ill-gotten gains off to his mountain retreat.

William Simon isn't exactly a Grinch, but when he got hardnosed last week about outdoor Christmas lighting, it was hard not to make the comparison. After hearing Simon's dire warnings, which must be described as thunderous, because that's how they sounded, one could visualize young children and hapless parents being carted off to the local jail for turning on Christmas lights.

There is little enough cheer in this world now, and the fuel required to generate the watts for Christmas lighting in and outside homes might well generate some of that much-needed cheer. Is William Simon already reflecting the cheerlessness of the cheerless administration he is working for?

Christmas also stands for peace. Unreservedly. Why then, one can't help asking, is William Simon not speaking up about all those barrels of oils and gasoline being shipped to Vietnam to refuel a war that is once again threatening to break out. As most of the world's people have been telling their politicians, war is no noble cause, despite speeches proclaiming the need to protect the independence of some potentate or other.

Is it strange how politicians, so many of whom have boosted themselves into office through devious and questionable agreements, discarding ethics and honesty, arrive at the summit and decide that war is the only honorable answer to a set of problems.

William Simon, of course is an administrator, carrying out a program, One hopes he is not displaying the symptoms of Potomac fever, one of which is a disposition to lose touch with the citizenry.

But even the Grinch had a change of heart. Indeed, the Grinch's heart grew as he realized the misery he had caused. It grew to such an extent that he pushed that heavily laden sled all the way back to Whoville, where the residents, who had been taking their misfortune stalwartly, invited the Grinch to stay for dinner. Indeed, he carved the roast beef.

●

Everyone has a plan for distribution of those scarce gasoline stocks, but one that seems worthy of real study is that offered by Douglas C. Basil, a professor of business management associated with the University of Southern California's Graduate School of Business Administration.

The professor suggests a 50-cent increase in the federal gasoline tax, with a 100 percent tax rebate for 40 to 50 gallons a month returned to consumers in the form of income tax refunds.

The gallonage is what the professor assumes it will take to get the average person to work. All gasoline for recreational driving would cost about one dollar a gallon.

Commercial users would get refunds up to 75 percent, while transportation companies would get refunds of 100 percent.

The difference between the tax collected and the tax refunded would then be paid by the government to the National Aeronautics and Space Administration to finance "an immediate and massive search for new sources of energy."

The proposal would eliminate the need to create new federal machinery, it would be administratively simple, and require no bookkeeping.

The plan takes care of basic needs, then turns to the market to do the regulating. The tax could be raised if consumption rose too much, or lowered if consumption fell.

The disadvantages: the rich can buy all they want; and the government might find the plan so lucrative it may never want to give it up.

Meanwhile, until some kind of plan is adopted we'll keep wondering why it is that when government puts aside fuel it is stockpiling; when business puts aside fuel and other needs it is building inventory; but when the rest of us put aside fuel we are hoarding.

Opinion

Regulate the oils-an opposing view

By Harold Brayman

(Ed. note: Harold Brayman was, for 21 years, a director of the Public Relations Department of the Du Pont Company. He has since retired.)

I was quite astonished and somewhat shocked to see your editorial in the December 3 issue of the Chronicle, calling for regulation of the oil industry.

I realize that there is considerable effort now going on by some government people and liberals to make the oil industry the villain in the present energy shortage that exists.

The facts are quite the contrary, because if the oil industry had been allowed to do what it wanted to do over the last five years, any shortage we have today because of the cut-off of foreign oil would have created minimal problems. Let's take a look at the record.

1) With the discovery of huge quantities of oil on the North Slope of Alaska, the original plans of the oil companies were to have the pipeline built and the oil flowing by 1973. This was blocked by government at the behest of noisy environmentalists, so that construction has not even yet begun.

2) Our own supplies in the continental United States were restricted by the reduction by Congress of the depletion allowance, which hits exploratory companies especially heavily and which discouraged exploration.

3) By maintaining an artificially low price for natural gas, government regulatory agencies discouraged exploration in this field until very recently.

4) By closing down exploration offshore on the Pacific Coast because of one accident, the effects of which were greatly exaggerated in the press, an important source of new oil was denied the country.

5) By refusing to lease any oil shale lands, again at the behest of environmentalists, the development of this vast resource of oil — estimated to be greater than all the proven reserves in the entire free world — has been delayed by years.

6) Authorization for the construction of atomic energy plants has been brought almost to a halt, and interminable delays have been encountered because of government's requirements in plants already under construction. Such plants would have produced power that would have given an important assist to our energy needs.

7) By drastically restricting strip mining and threatening to restrict it further, the development of new coal supplies, which would have been a distinct help in this situation, has been discouraged.

8) By forcing the automobile industry to install all kinds of new equipment which greatly increases the consumption of gasoline, the demand factor has been raised beyond its normal level.

And there are possibly other ways in which the industry has been discouraged, such as with antitrust suits.

It seems to me, in view of the above, that what the oil industry needs is not more regulation but a great deal less regulation. The interest of the people of the United States is not in regulating the oil industry further to make it more difficult for them to fill our needs, but rather in regulating their government, so that it acts in the interest of the United States instead of in the interest of environmentalists, consumer pressure groups, antibusiness groups, and other minorities.

I am speaking to you not as an active member of the oil industry, but as a purchaser of oil products rather than a producer of them.

You are at liberty to print this letter if you wish, and in all fairness, to give both sides of a critical situation, I think you ought to. I am deeply disappointed at your editorial, because it seems to me that a business publication ought to have a better understanding of the facts of the case than your editorial shows.

NOW accounts face new limit

Effective Jan. 1 New England savings and loan associations will be limited in the amount of interest they pay on NOW (negotiated order of withdrawal) accounts.

Regulations, published last week in the Federal Register by the Federal Home Loan Bank Board, which oversees the savings and loan industry, imposes a five percent maximum limit on NOW accounts. NOW accounts are similar to checks but they are only offered through thrift institutions in Massachusetts and New Hampshire.

S&L's that belong to the FHLBB are permitted, under the new regulations, but not required, to impose a service charge. Furthermore, the regulations do not impose a limit on the number of instruments, which a customer may write.

Corporations will not be permitted to have NOW accounts and advertising will be restricted to media and other forms of communication directed toward residents of Massachusetts and New Hampshire and to media which have a substantial circulation or audience within those states.

A recent Treasury Department study proposed that NOW accounts be extended to thrift institutions throughout the U.S.

Mortgage rates up for month

Mortgage payments by home owners fell behind sharply during the third quarter of 1973, according to the Mortgage Bankers Association of America.

The overall delinquency rate rose significantly from 3.84 per cent on June 30 to 4.36 per cent on September 30, but remained below the record high of 4.65 per cent posted in December 1972.

Loans past due for two or more installments jumped to a record of 1.26 per cent. Loans placed in foreclosure during the quarter declined slightly, reaching a low of 0.23 per cent.

For the fourth consecutive quarter, the Middle Atlantic area reached the highest overall delinquency rate, and the South Atlantic the lowest. New England was the only area to experience a decline from the June 30 level.

Among the states, Vermont posted the highest overall rate of 8.07 per cent, and Hawaii posted the lowest at 1.42 per cent. Only 11 states showed declines from June 30.

Galbraith scrutinized

The big revolution

Chronicle book review

On a scale matching today's unprecedented economic problems, John Kenneth Galbraith's third major economic's book, **Economics & the Public Purpose**, singles out the powers and the practices of big business as a principal cause of our ills. In addition, he blames our reliance on monetary policy for failing to correct the ups and downs of the business cycle. Instead, he advocates rigorous public spending policies and acceptance of overall public planning and control to counter this problem.

The Harvard University Professor of Economics contends that the superpowers of big business, the technostructure, tend to permit mediocre organizations to perpetuate themselves. By successfully persuading even most of its critics that what they do conforms with public policy, the technostructure is said to have achieved prestige, obscurity and freedom from accountability, with minor exceptions.

The big revolution

Galbraith leans heavily on Keynesian analysis which he describes as the small revolution in economic thinking, for the cause of economic downturns. He berates, however, the economists' neglect of the big industrial entities' singularly crucial contribution to unquenchable price inflation and upward economic instability.

The big revolution in economic thought, he says, will occur as soon as the mainstream of economists, whom he faults for being uncritical, accept his indictment of the big corporation as the economy's villain. To help them bring in a verdict of guilty, the former head of the American Economic Association argues that the 1,000, or so, largest producers who determine price, do not hesitate to pass on higher wages and other costs, and generally tend to insulate themselves from market pressures essential to bring about economies of scale.

Two-part economy

The market system of numerous, smaller firms make up but one part of the economy, according to Galbraith. He describes the other part, the planning system, as populated by the larger, less numerous but economically very influential companies. The competitive area is found to be inconsequential, hardly a match for the planning system which pursues totally different goals.

The technostructure's business purpose is not the neoclassical one of maximizing profits. As a result, it is not subject to the cost-price squeeze market determination of what and how much to produce, nor at what price. It is, he repeatedly explains, power, growth and anything else that satisfies the yearnings of the top brass in the organization. This exclusive society lives for itself, forestalls stockholder interference by obtaining necessary profits, successfully insinuates itself into the government and media, and escapes anti-trust and regulatory supervision. This sacred status, described by Galbraith, is far beyond Veblen's praise of the technocrats, Burnham's findings on the managerial revolution, and the Berle and Means revelation that the managers, not the stockholders, run the corporation.

The impact upon the economy, traced by Galbraith, is such that, among other things, the technostructure often produces a surfeit of needless, superficially new products, and an insufficient amount of essential goods at a competitive price.

The business cycle

The Harvard economist disagrees with Marx's version of exploitation and profits as the driving force behind business. That force, he argues, is bureaucratic advantage. By exercising advantages, business could accumulate the bulk of savings (retained earnings) and unless spent, or invested, bring on a downturn which Keynes blamed the consumers for causing.

The remedy here, Galbriath argues, is not tax cuts but increased government spending. Where Galbraith parts company with Keynes, however, is on governmental policies once recovery takes over. Keynes would reduce governmental interference; Galbraith would continue government spending and progressive income taxes to reduce inequality in income and development, and to maintain full employment at meaningful wages.

In addition, distrustful of any kind of bureaucracy, private or public, Galbraith advocates an all out effort to remove the bureaucrat's influence in government and, at the same time, institute government planning. Mature industries, as well as the weakest areas of the economy would be ripe candidates for public ownership.

Public planning, among other things, would include wage and price control, a relatively permanent level and structure of interest rates, and other fiscal policies to keep demand and supply equated. Planning, thus, would replace the market system, and the effectiveness of controls would depend upon the requisite exercise of public power.

The tall, independent thinking author used the energy and currency crises to illustrate how his big revolutionary planning system could solve those problems. The boldness of the diagnosis and the prescription begs reply. The book was published in the fall of this year by Houghton Mifflin Company (Boston, Mass., 334 pp., $10) and, except a critical review-rejoinder by Herbert Stein, Chairman of the Council of Economic Advisers, has yet to receive a complete and definitive rejoinder. The debate should take place, the sooner the better.

Big Board control threatened

Continued from page 1

and the operations of that system.

The idea strikes at the heart of the New York Stock Exchange's role as a legal monopoly and the chief, and unquestioned, regulator of the securities industry.

The subcommittee bill would also deprive lesser lights of the industry, such as the National Association of Securities Dealers, which oversees the over-the-counter market, of some of their power as well. But this, too, is a blow for the NYSE, since the NASD takes many of its cues from the NYSE.

Actually the bill that will now go before the full Senate Banking Committee January 29 leaves intact the power to self-regulate. But now the SEC will be looking over the shoulder of the NYSE. Indeed, Senator Williams himself told the Chronicle's Washington Bureau that "in view of past events the SEC should have absolute authority over any industry function. That is its role." A spokesman for Senator Williams added that if the NYSE "studies the bill closely, it will find it does have self-regulation in it."

That same spokesman said that Senator Williams believed he would have the full support of the Senate Banking Committee when it met in January. "It is going to be interesting," he said, "to see what the New York Stock Exchange is going to come up with in this short period of time, that is between now and when Congress returns on January 21."

The Chairman is unhappy

Clearly, the very least the NYSE will "come up with" is a substantial lobbying and press campaign, as suggested by a quickly called press conference last Wednesday, the day following the subcommittee action.

It was an uptight, unhappy Jim Needham, chairman of the NYSE, who proclaimed that the proposed legislation was nothing less than a threat to the very existence of exchanges everywhere. Reading from a prepared statement, he said that "the legislation cleared by the Senate Securities Subcommittee does not deal with the matter of retaining incentives for membership on national securities exchanges."

Needham's argument was based on concern that when competitive commission rates come into effect April 30, 1975, securities firms will see no reason to pay the costs of membership on an exchange. The proposed legislation, he said, "would restructure the securities industry without providing safeguards to insure the continued existence of the stock exchanges." An administrator, Needham, whose subordinates see him as a "straight shooter" because of his head-on responses to questions and problems, said that the legislation would threaten the "viability" of exchanges.

When this happens investors will be faced with a dealer market, rather than having a regulated auction market to turn to for buying and selling securities. "This will spell the demise of the securities auction markets in the United States," he predicted. "Worse," said Needham, it will "affect the corporate capital-raising process in this country to an unpredictable extent."

As Needham knows and the sagging price of an NYSE seat suggests, a seat on the exchange is no longer the glowing prospect it once was, anyway. Moreover the capital-raising process in the United States is already wounded. What's more, some of the cause can be traced directly to the mincing regulatory actions of the NYSE among its own members.

It was not just sagging stock prices that caused investors to flee the market a few years ago. It was a disenchantment with brokers who committed any number of various acts against their customers, acts that are well-documented. The exchange would not or could not thunder against its own members, and that very lack of will has produced the proposed legislation that is upsetting the exchange.

Behind the concern over the viability of the exchanges, of course, is the spectre of competition as represented now by the third market, that market which deals in exchange-listed stocks much to the chagrin of the NYSE. Though the NYSE says such dealer markets will force investors to pay more when they buy stocks and realize less when they sell, the facts so far do not bear this out.

Third market firms are surviving because customers do indeed get a better price. To the other argument that the third market firms deal only with institutions, particularly banks, that may be true, but the trades themselves are in the nature of 100 shares or so, not in the thousands as might be expected.

To be sure no dealer can buy and sell securities without tacking on a profit, as he should. But whether investors will suffer any more than they have on the exchanges is a question that has not really been answered. Exchange specialists, who after all are only dealers themselves operating under the monopoly umbrella of the exchange, have been known to put their own buying and selling first, though they operate under the rule of putting the customers first.

Of course, third market dealers use NYSE prices as a guide to arrive at their own prices.

It was, of course, the NYSE's opposition to the third market that was behind its proposal to the Williams subcommittee for all trading in a newly restructured securities market to take place on registered national exchanges. In this kind of framework, it would not be hard for the NYSE to dominate, though at the press conference Needham rejected the concept.

Support from all over

Outside New York, the legislation has substantial support. Many a firm remote from Wall Street has long resented the power of the NYSE to regulate. In Washington, Senator Williams is confident that the entire Senate Banking Committee Will support the legislation, known as S2519. In the House, Rep. John Moss, a writer of securities legislation himself and a leading House expert on the market, is also expected to give his support.

It is perhaps the SEC's support of the bill that is disliked most of all. Sen. Williams has succeeded in removing himself from the list of friendlies at the New York Stock Exchange.

Last Monday, in a letter to the subcommittee, the SEC chairman Ray Garrett, said the third market should be retained, and said the Big Board's argumen ts against that market, were not valid. Said Garrett: "We don't believe the NYSE has demonstrated that the action it requests is necessary or appropriate to the public interest. Garrett then went on record to say that the SEC believed that in a national market system in which brokerage rates were to be determined by competition, the exchanges would not be losing a significant number of members. The argument was in direct conflict with Needham's position.

Despite the broad support, however, the NYSE served notice that it was ready to fight hard for its position. Though Needham said in his prepared statement at the press conference that the "future of the securities industry is now in the hands of Congress," he clearly did not believe that. In response to a reporter's question regarding lobbying efforts that might be getting underway, Needham said: "You never lose in Washington until the President signs the bill."

Auto profits race

Continued from page 1

for the larger companies in the October Bulletin, a monthly publication. The data are those reported to the Securities & Exchange Commission. They are not adjusted for inventory profits nor for price inflation (see Business Profits Report Is Not All It Seems, C&FC, Sept. 27).

Nevertheless, the first quarter 1973 profit margins were sizably up from 1972. This was particularly true for the auto industry. Its 12.6 percent profit margin (profits before taxes divided by sales) was enlarged an amazing 29 percent from the 9.8 percent spread in 1972, the same margin as in 1969.

Petroleum refiners scored the highest profit margin at 17.6 percent in this year's first quarter—up 14 percent from 15.4 in 1972, and fractionally higher than 15.1 percent in 1969.

All 170 manufacturing companies reached 12.3 percent in the first quarter of this year, increasing their profit margin 11 percent from the 11.1 percent in 1972—down slightly from 11.4 percent in 1969.

Auto controls lifted

The Cost of Living Council struck a bargain with the auto industry last Monday, Dec. 10. In exchange for decontrol, a policy which the council is accelerating, industry by industry, the auto manufacturers agreed to limit their cost justified price increases on the model 1974 year cars. Small cars were limited to an increase of $150 retail, and large cars to about $150 wholesale. Chrysler Corporation did not sign any agreement but it now is, like its competitors, exempt from controls over the manufacture of cars, buses and trucks.

A loophole in the agreement permits price increases in case such unforeseen major economic events occur as a severe economic decline, a major foreign currency disruption, or substantial cost increases beyond those projected for the balance of the model year.

The council apparently chose to ignore profit margins and assumed that retail sales, now leveling off, would decline regardless of the initial, December 18, Arab-Israel peace talks. The economists at Lionel D. Edie & Co., management consultants, estimate that 1972's domestic sale of 9.3 million USA-made cars would rise somewhat to 9.6 million. For the calendar year 1974, the economists of the Merrill Lynch affiliate foresee a drop to 7.3 million USA-made cars.

In view of the still pent up demand for buses, trucks and foreign cars produced by American owned firms, in addition to USA produced automobiles, the chances are the industry's profits will not decline anywhere near the debacle in auto industry stocks.

Despite a 17 point drop in the Dow-Jones Industrial average on Tuesday, the day following the council's decontrol agreement, the auto stocks bucked the market downtrend. Investors apparently were heartened by the impetus the council gave to profits. The council was more concerned with achieving complete decontrol by the time the Economic Stabilization Act expires, unless extended, by April 30, 1974.

Large Manufacturing Profits

(billions of $'s)

	1969	1972	1973 (est.)	Percentage Change 1969-73	Percentage Change 1972-73
Total (170 corps.)	$18.3	$21.2	$28.3	54.2	33.0
Petroleum refining	5.0	5.3	7.2	45.4	36.2
Motor vehicles	2.6	3.6	5.7	117.2	57.4

Big Board releases white paper

The New York Stock Exchange today released a position paper aimed at upgrading financial disclosure to investors.

The recommendations, for the most part, deal with annual and quarterly financial reports to shareholders, among them were:

—A requirement that listed companies have a minimum of three directors selected from outside of management to "add perspective and objectivity to corporate decision making and to function as representatives of the public and shareholders.

—An independent review of financial and accounting standards and practices by corporate audit committees composed of public directors. This would strengthen the credibility of corporate reports, the position paper stated.

—The mailing of quarterly reports to all stockholders, a practice, the paper said, that is not followed by many corporations.

The position paper is being distributed to companies listed on the Big Board, accountants, security analysts, financial executives, government agencies and Congressional leaders. An exchange spokesman said the Big Board is seeking comment from the business and financial communities.

Big Board Chairman James J. Needham suggested the recommendations "work toward insuring that all investors are provided with more meaningful financial information on which to make investment decisions."

The paper also recommended inclusion of market information about a company's securities in its annual report; the use of "variance analysis" to disclose material changes in a company's year-to-year operations.

Other recommendations urged by the Big Board were the disclosure of separate financial information on each of the company's major lines of diversified business—as informative as the annual 10K statements filed with the Securities and Exchange Commission; consistency of the president's letter and other presentations in annual reports; and summarization in the annual report of information reported to the SEC on Form 10K.

Last week, the SEC warned that quarterly reports filed with it by public corporations must be completely accurate and timely. The SEC said its staff had frequently encountered deficiencies in such reports, which must be filed within 45 days after the end of each of a company's first three fiscal quarters.

The Markets

Stocks

'Who knows' woes grip market

By Alan J. Wax
Chronicle Staff

Clouds of uncertainty continue to hang over the stock market causing renewed confusion among investors.

Clouding the present market outlook, according to Wall Streeters are the question of when the Arabs will turn their oil on again and to what extend. Also, related to this is the outcome of Geneva discussions among Middle East combatants which are expected to get underway shortly, and the outcome of the Dec. 31 Israeli parliamentary elections.

Another cloud on the international scene, which is an indirect result of the Middle East situation, appears to be international monetary instability, with the U.S. dollar gaining new strength. However, as foreign governments cash in their U.S. Treasury bills for cash the Treasury finds itself buying up its own bills forcing interest rates to rise. Already, investors have seen the prime rate return to 10 per cent, when they had thought that interest rates had peaked or at the very least plateaued.

There is also the question of the U.S.'s political leadership. With Gerald Ford, now in the vice president's post, many members of the President's political party are now seeking his resignation. In addition, three new investigations of the President have begun, this time delving into the President's finances and taxes.

The stock market needs to see some positive steps taken on the political front, suggests Robert Stovall of Reynolds Securities. Without them, he says the stock market will continue its low volume, sidewise down drift, which will be debilitating to investor psychology. "We need to see some signs of new leadership skills out of the White House," he says.

Then again, there is the dark cloud of inflation, which never seems to blow away.

Without some positive news, Stovall suggests the market will have a "year-end non-rally," rather than the traditional year-end rally.

He is optimistic, however, and sees the market bottoming out by the Spring. He says,the bottom is not the bottom of an energy-shortage-induced bear market, but the bottom of a large bear market that began in the spring of 1972. He is hopeful that in "early 1974 the stock market will be able to see more clearly and launch us on a substantial bull market."

In the interim, what's a money manager to do? Sit out the confusion, is the answer provided by Carl W. Vaicek, president of Vaicek & Associates, Los Angeles, which manages $30 million in assets.

"Everything is confused and unpredictable," he says. He notes that the market is taking a battering as the result of outside influences that cannot be resolved in short run—a battering comparable to the battering "that we took in Pearl Harbor."

With the stock market being "purely impossible to predict, Vaicek says he is being as defensive as possible.

"I'm trying to raise as much cash as I can in big rallies," he says, "We're going to sit until we try to decipher which companies will benefit and which will be hurt by energy shortages ."

Vaicek says he is trying to maintain as large a cash position as possible, holding onto "whatever I can't sell."

He suspects the energy crisis will be around for some time and has thus decided that about only 20 per cent of the Standard & Poor's 425 stocks will be beneficiaries of the present energy situation, particularly the "paper shuffling companies, which are interest sensitive and will take off with an interest rate reversal. Also included in Vaicek's 20 per cent are the oil drilling companies and oil companies that are in friendly areas such as Indonesia. But then, he says, there's the problem that these stocks' prices may be already discounted.

But, the oil companies and others in related areas should do well, regardless of the economic outlook, says Franklin Tseng of Alliance Capital Management Corp., which manages $2 billion in assets.

"The funadamentals for petroleum continually improve," Tseng says, particularly as the price of crude oil rises. He says the U.S. and other importing nations will be paying higher prices for crude for the next half-dozen years. Domestic crude, at present sells at $4.25 a barrel, for crude under government controls and $6 a barrel for uncontrolled crude. Tseng says this will go up about $1-$1.50 over the next 12 months. Last week, oil importers bid as high as $17.40 a barrel for Iranian crude.

Tseng recommends taking the best companies in each group—companies of institutional size and quality—and buying when the price is right. Among the oils he favors: **Phillips Petroleum, Standard Oil (Indiana),** and **Marathon Oil.**

He also likes companies in related areas such as **Halliburton,** which is involved in producing drilling and refining equipment. Last week a million-share offering by **Halliburton** was sold out at $176 a share. Other favored companies include: **Fluor, Foster-Wheeler, Chicago Bridge** and **Combustion Engineering.**

Tseng says these stocks will continue to do well and if the market drops further, they will be the first stocks to spring back.

People, places

At its annual meeting the **Security Traders Association of New York** elected the following officers for 1974: **President— Peter J. Da Puzzo,** Loeb, Rhoades & Co.; **First Vice President— Jeremiah A. Mullins,** Bache & Co., Inc.; **Second Vice President— Robert A. Mackie, Jr.,** Singer & Mackie, Inc.; **Secretary—Bernard J. Clancy, Jr.,** M. A. Schapiro & Co., Inc.; and **Treasurer—Anthony W. Meyers,** John J. Meyers & Co.

Middendorf, Colgate & Co. and Laidlaw-Coggeshall Inc., both members of the New York Stock Exchange, have announced an agreement in principle to combine the two firms, with Middendorf, Colgate becoming a division of Laidlaw-Coggeshall. **Austen B. Colgate,** partner of Middendorf, Colgate, would become executive vice president and director of the combined firms, which would have headquarters at 20 Broad St., New York City.

Ralph D. DeNunzio, chairman of the executive committee of Kidder, Peabody & Co., Inc., New York, has been appointed a director of the Securities Investor Protection Corp. by President Nixon. He succeeds Donald T. Regan, Merrill Lynch, Pierce, Fenner & Smith Inc.

Elliott Averett has been elected chairman and chief executive officer of The Bank of New York Company, Inc., effective July 1, 1974, succeeding Samuel H. Woolley who will retire from the company and the Bank in June. **J. Carter Bacot,** presently senior vice president-investment research of The Bank of New York, will succeed Mr. Averett as president of the Bank July 1.

Thomas Nelson will become president and chief operating officer of Loewi & Co., Inc., 225 E. Mason St., Milwaukee, on January 1, according to announcement of J. Victor Loewi, chairman. Other changes announced include the election of **William L. Liebman** to vice chairman and co-chief executive officer with Mr. Loewi, and the election of **Ernest F. Rice, Jr.** to chairman of the executive committee and chief administrative officer.

Market Letters Digest

The Dines Letter warns against playing bear market rallies because belated shorting, margin calls, and tax loss selling will lead to a smashing decline. The letter recommends retaining only the skyrocketing precious metals and a few stocks holdable through a major bear market

Wood Gundy Limited's The Money Market says the outlook for short-term rates would be a steady, but moderate easing very early in 1974. Writing in the letter from New Gary Shaw says, inflation appears to be foremost in the Fed's thinking and that fiscal policy may have to play a greater role in directing the economy.

Option World

published by **Schweikart & Co.** and edited by Dr. Paul Farmer, suggests that the market will continue and opportunities will abound, no matter what the general business outlook. The difference is that investors will have to be more careful, more selective and approach the market with a clear plan. The Chicago Board of Options Exchange is regarded as the most attractive part of the market and option traders are urged to select one issue and to trade consistently in it. **Northwest Airlines** is regarded as the most interesting issue listed on the CBOE because the airlines have a good outlook for long-term growth.

William X. Scheinman's Timings urges a defensive investment policy incorporating a 50 per cent cash position due to the belief that the current stock market and monetary environments are similar to conditions during the second half of 1969. These conditions are likely to prevail during the first half or quarter of 1974. Great growth companies are expected to decline further, some precipitously. The time to buy growth stocks will emerge again, the letter said, but that time has not yet arrived.

A.G. Becker & Co.'s Market Economics examines the implications of Fed reserve requirements on negotiable certificates of deposit in the Dec. 12 issue. It said this action should be viewed as a signal that the Fed does not wish short-term rates to increase further. The Fed, the letter said, wished to provide additional funds to the banking system without at the same time significantly reducing interest rates. Short-term rates, thus, will stay in their present range for a number of months into 1974 and decline later, but the overall decline during 1974 will not exceed 200 basis points.

Research Notes published by the **Irving Investment Service** division of **Irving Trust Co.** looks at the energy crisis and suggests that there may be disruptions in the economy before conservation measures can aide stricken areas, particularly the East Coast. The letter concludes that the rest of the 1970's would appear to be properly characterized as a period of energy conservation. American life style is in for a dramatic change that will probably last three to four years at a minimum.

Fitch Corporate Bond Review says the Arab oil embargo has made bonds look attractive. Furthermore, the effects of the embargo on European economies has intensified demands for the U.S. dollar and as a consequence, the increased availability of marketable Treasuries has pressured prices and raised yields. With regard to capital spending, the letter says, the demand for funds within a still present inflationary environment may still keep interest rates higher than what a 1 per cent to 1.5 per cent real growth economy would otherwise warrant.

Harris Upham & Co.'s Market Interpretations suggests that the stock list has reached an extreme low evaluation, and some consolidation would provide further evidence of this. From a technical viewpoint, the letter says, **Avon Products, Disney,** and **International Business Machines** may still experience some price attrition following their current oversold rallies.

Wright Bankers' Service Investment Advice & Analysis, notes that stock price declines end well before any substantial upturn in earnings and that in every year in which there was an earnings drop of 10 per cent or more, the decline was followed by an earnings recovery in the following year with stock prices picking up while earnings were declining. Thus next years' stock prices will advance if 1975 earnings can be expected to gain. A fully invested position in high quality equities is recommended in the expectation of lower interest rates and higher security prices in 1974. The contraction in corporate earnings growth is expected to bottom out within months to a year. Added to the letters's current investment list were: **Chesebrough-Pond's, Delta Airlines, Honeywell, Southern Natural Resources,** and **Texas Utilities.**

Frederick & Co. Inc.'s The Energy Crisis Revisited, looks for a modest gain in GNP, corporate profits approximating record 1973 levels and a reasonably good market in 1974, especially in the second half of the year. Stocks in the energy related field will remain in the forefront of market activity and will be a premier group in the next market rally. The report features six stocks that are felt to be particularly well situated to take advantage of the increasing need for energy. They are, **Lone Star Gas, Panhandle Eastern Pipeline, Atwood Oceanics, Western Co. of North America, Eason Oil Co.,** and **Union Oil of Calif.**

Government securities

Rates run routinely

By Robert Van Cleave
Special to the Chronicle

Bond market buoyancy,inspired by the Federal Reserve System's move to lower certain member bank reserve requirements, carried over into last week. It was especially marked in the Treasury market, even though the movement hesitated a bit on Tuesday. The reserve reduction was taken by many as strong evidence that policy has shifted toward ease, even though some observers doubted it had any real significance, and even though the Fed did a bit of outright selling for customers and some reverse repurchase deals were reported. The latter have the effect of removing reserves from the market temporarily.

Although prospects for a larger Federal deficit are growing and may necessitate more cash borrowing before early March, last week's Treasury operations were strictly routine. The regular weekly auction produced average rates of 7.386 per cent and 7.530 per cent for three and six months respectively. There was also the monthly rollover of 12-month bills, which this time came at an average of 6.88 per cent. A month ago the corresponding rate was 7.708 per cent, giving a measure of the improvement in the market sentiment then.

Agency financing was limited. First came the Farmers Home Administration $500 million "certificates of beneficial ownership" in two pools of Farmers Home insured notes. They were bid for and won by two separate underwriter groups. One issue, to mature December 28, 1978, was for $300 million. It was offered as 7.30s at 99 ⅞, to yield 7.33 per cent to maturity. The other and longer issue was for $200 million, to come due December 28, 1988. The winning syndicate put a 7 ¾ per cent coupon on this one, and offered it at par. Both were fairly slow-selling at the outset, but later caught on. Buyers were said to be pension funds and other institutional investors to whom lack of instant marketability and annual, instead of semi-annual, interest payments was of little importance. They seemed to prefer the 15-year maturity over the five-year issue.

Co-op Financings Growing

The other operation consisted of the regular monthly offerings by the Banks for Cooperatives and the Federal Intermediate Credit Banks. These financings, incidentally, are growing steadily larger as their maturities pile on top of each other. This one involved a total of roughly $1.4 billion of new paper to retire $1.33 billion maturing and to raise new cash to the extent of about $100 million. It also involved something a trifle out of the ordinary, though not entirely unprecedented, an issue longer than the usual nine months by FICB. This time, in addition to the usual nine-month paper, the deal included a substantial offering with a four-year term.

In detail, the Co-ops offered $462.2 million six-month maturity, due July 1, 1974. The dual FICB offering included $560.9 million nine-month paper, to come due October 1, 1974, plus $405.9 million of a four-year issue, to mature January 3, 1978. Rates attached were 7.95 per cent, 7.95 per cent, and 7.10 per cent respectively. All three seemed somewhat aggressively priced, despite some market improvement since a month ago.

Uncertainties in the bond market generally are especially marked in the Government securities division. The background is the developing shortage of oil and other fuel available to support the economy, in turn tied in part to the Middle East war situation, but resting also on the realization that energy is going to be in relatively short supply in our country regardless of whether the Arabs turn the oil back on or keep it shut off.

A slowdown in the economy generally expected before the Arab action thus becomes,in the minds of many,something probably worse, possibly very much worse. The trouble is that this kind of recession, which now looms as perhaps implying unemployment of six per cent or even more, is new in our post-war experience. Many articles have been written explaining this, and most market people seem to understand that a recession caused by an inability to produce is different from a recession caused by an insufficiency of money, purchasing power and total demand.

Fed Powerless

The obvious logic is that the Federal Reserve System can do nothing to cure a recession of the threatened type with policies finely honed to deal with the quite different earlier ones. Easy money, in fact, can do no more than heighten the pressures for higher prices engendered in the first place by shortages of fuel and of products basically dependent on abundant fuel supplies. This ought to mean higher interest rates and lower bond prices.

On the other hand, there is the political angle. Many who are still optimistic on the outlook for bond prices have convinced themselves that, whether or not it will do any good, the Fed inevitably will go for a new easy money policy not later than the date when unemployment reaches six per cent.

Easy money ought to mean higher long-term bond prices, because it has had that effect in most of the recent past. But demands for funds are going to rise inexorably, as government and private business seek to find and exploit and develop new sources of energy. This need will come on top of already recorded capital investment plans of businesses that amount to a sustained boom. It is related to the knowledge of a shortage of productive capacity existing even before the shortage of fuel became acute.

This clearly foreseeable heavy supply of long-term securities, however, will face the realization among capable investors that inflation, which means a bigger and more certain deterioration in the value of their dollars, is becoming more disturbing. As Dr. Herbert Stein, of the Council of Economic Advisers, conceded last week, inflation in 1974 could add three percentage points to the consumer price index. This clearly implies substantially higher interest rates for long-term commitments, regardless of what happens to the short-term rates which would be affected directly by the Fed's implementation of easy money.

Corporate bonds

Issues respond to modest Fed Christmas gift

The Federal Reserve's modest Christmas gift to the corporate bond market, announced late a week-ago last Friday, was appreciated last Monday. The bond market cut by half to three-quarters the drop in price that it sustained in the preceding week.

The boost to the market was in the form of a forthcoming reduction in reserve requirements behind banks' certificates of deposits, freeing approximately $375 million on deposits beginning Dec. 13, and applicable two weeks later.

Wednesday's matched sale-purchase transactions by the Fed, a move which absorbs loanable bank funds temporarily, fortunately came the day following the highly successful sale of the $300 million Illinois Bell Telephone Co., triple-A, debentures, priced at par to yield 8 percent.

This flotation, too, helped give the market a lift even though it was about 8 basis points higher than that day's yields for the Ohio Telephone Bells sold last October 23, and 14 basis points more remunerative than the South-western Bells offered on October 2.

Besides the Illinois Bells, the White, Weld & Co. group met equal success with the Montreal Urban Community debentures, rated A, and priced to yield 8.53 percent.

There were numerous $30 to $40 million utilities sold last week. The Dean Witter & Co. and Paine, Webber, Jackson & Curtis offering of $30 million Central Telephone Co., split rated A-Aa, sinking fund bonds, priced to yield 8.183 percent, were about 90 percent sold last Thursday, the issue day.

The $30 million Jersey Central Power & Light Co. bonds, split-rated Baa-BBB, priced to yield 8.70 percent by the Halsey Stuart & Co. offering group, was down to tag ends two days following their issuance on Dec. 11. Morgan Stanley & Co.reported last Thursday that its Dec. 10 offering of $30 million United Illuminating Co.'s split-rated A-AA debentures, priced to yield par 8-¼ percent were 90 percent sold.

First Boston Corp. headed two issues with contrary results. The $40 million Indiana & Michigan Electric bonds, rated A by the three services and priced to yield 8.25 percent, were three-quarters sold on the offering day, Dec. 13,

The long awaited Smith, Barney & Co. underwritten Atlantic Richfield Co.'s $200 million debentures, rated double-A and offered at par 7-¾ percent on Dec. 11, were a complete sell out.

Salomon Brothers' group also met with excellent success in its offering of Province of New Brunswick $50 million, A-rated debentures, priced to yield 8.50 percent on Dec. 12.

New Issue Bond Table

ISSUE	TYPE	AMOUNT	DATE DUE	CALL FEATURES	RATING	SYND. MANAGER	COUPON (%)	DATE OF OFFERING	OFFERING YIELD	Market Yield (Bid) 12-14
Alabama Power Co.	Bonds	$75,000,000	12-1-2003	N-C 1978	A(F)(M)(S&P)	LB	8.25	12-5	8.16	8.19
Arkansas Power & Light	Bonds	$40,000,000	12-1-2003	N-C 1978	A(M)(S&P)	BED	8.1-8	11-28	8	8.20
Atlantic Richfield Co.	Debs.	$200,000,000	2003	N-C 1983	Aa(M)AA(S&P)	SB	7,75	12-11	7.75	7.75
Avco Financial Services	Debs.	$75,000,000	11-15-98	N-C 1978	A(M)(S&P)	SB	8.35	11-20	8.35	8.35
Bankamerica Corp.	Debs.	$150,000,000	12-1-2003	N-C 1983	AAA(F)	BED	7.7-8	12-6	7.95	7.92
CIT Financial Corp.	Debs.	$100,000,000	12-1-1981	N-C 12-1-80	Aa(M)AA(S&P)	DR	7.5-8	11-28	7 7-8	7 88
Carolina Power & Light	Bonds	$100,000,000	11-1-2003	N-C 1988	A(M)(S&P)	KP	8 1-8	11-19	8.04	8.08
Central Telephone Co	Bonds	$30,000,000	12-1-1998	N-C 1978	Aa(M)A(S&P)	DW	8 1-8	12-13	8.183	8.183
Columbus & Southern Ohio	Bonds	$50,000,000	1980	N-C 1978	Aa(M)A(S&P)	FB	7 5-8	11-20	7.55	7.70
Eaton Corp.	Debs.	$85,000,000	12-1-2003	N-C 1983	A(M)(S&P)	ML	7 7-8	12-3	7 7-8	7.88
Florida Power Corp.	Bonds	$70,000,000	12-1-2003	N-C 12-1-78	Aa(M)AA(S&P)	LB	8	12-4	7.90	7.99
Illinois Bell Telephone	Debs.	$300,000,000	12-10-2004	N-C 12-10-78	Aaa(M)AAA(S&P)	WW	8	12-12	8	8.25
Indiana & Mich. Electric	Bonds	$40,000,000	12-1-2003	N-C 1978	A(M)(S&P)	FB	8 3-8	12-13	8.25	8.70
Jersey Central P&L	Bonds	$30,000,000	12-2003	N-C 12-1-78	Baa(M)BBB(S&P)	HS	8 7-8	12-11	8.70	8.70
Matson Navigation	Bonds	$49,360,000	8-1-98	N-C 8-1-83	Aaa(M)AAA(S&P)	MS	7.80	11-29	7.80	7.79
Montreal Urban Community	Debs.	$50,000,000	12-15-2003	N-C 12-15-88	A(M)(S&P)	WW	8 3-8	12-13	8.53	8.53
New England Power	Bonds	$40,000,000	2003	N-C 12-1-78	Aa(M)A(S&P) AA(F)	KL	8 3-8	12-11	8.22	8.375
Niagara Mohawk Power	Bonds	$80,000,000	12-1-2003	N-C 12-1-78	A(M)(S&P)(F)	FB	8.25	12-10	8.15	8.15
Pacific Gas & Electric	Bonds	$150,000,000	12-1-2005	N-C 1978	Aa(M)AA(S&P)	BED	7.75	11-27	7.80	7.95
Province of New Brunswick	Debs.	$50,000,000	12-15-98	N-C 1988	A(M)(S&P)	SB	8 3-8	12-12	8.50	8.50
Quebec Hydro-Electric Com.	Debs.	$125,000,000	1-1-2004	N-C 1988	A(M)AA(S&P)	FB	8.25	12-4	8.30	8.30
G.D. Searle & Co.	Notes	$100,000,000	1980	N-C 1979	Aa(M)AA(S&P)	SB	7.50	12-5	7.435	7.75
United Illuminationg Co.	Debs.	$30,000,000	12-15-2003	N-C 12-15-78	A(M)AA(S&P)	MS	8.25	12-11	8.25	8.25

N-C - Not Callable

Tax exempts

Municipals make gains

By William J. Riley

The municipal bond market scored a gain last week, chiefly in the high grade section, as another big slate of new bonds was marketed.

The Federal Reserve Board's announcement, easing certain bank reserve requirements, late on Friday, December 7, served to offset increases in the prime rate to 10 per cent, and lift the corporate and municipal bond markets. The week of December 10 then opened in a confident mood.

Corporates were held back by the pressure of $900 million new bonds for the week. Municipals also presented a big calendar of about $400 million plus. New issue pricing was tempered for this volume. The largest single issue, $104,300,000 Commonwealth of Massachusetts Bonds, rated double A by Moody's and triple A by Standard & Poor's, was awarded on Tuesday, December 11, at an annual net interest cost of 4.71 per cent to a syndicate led by the Chase Manhattan Bank. The Chase incidentally has had an unusual streak as leading underwriter in recent weeks of successful syndicates of major size issues. Other joint managers along with the Chase for the Massachusetts bonds were: Salomon Brothers, Halsey, Stuart & Co., Inc., Lehman Brothers, Inc., and Reynolds Securities, Inc. The offering received a prompt response from institutional investors and from professional dealers as well, selling down to about $20 million bonds mainly in the long maturities.

The offering scale ranged from 4.20 per cent for the January 1, 1975 maturity to 5.25 per cent for 4.60 per cent bonds due 2013 to 2021. Best demands and activity continues to be in high grade names in the 10 to 15 year maturity range, favored by the big commercial banks. The 1988 maturity of the Massachusetts loan, for instance, was priced at 4.75 per cent of which there were $4,560,000. By Thursday this maturity traded in the Street at a yield of 4.65 per cent, a mark-up of 10 basis points.

Other names benefitted from activity in the Massachusetts bonds.

An issue of $25 million Erie County, N. Y. Water Authority bonds on Tuesday sold out immediately. The winning group was headed by Smith, Barney & Co., Inc. bidding an N. I. C. of 5.79 per cent. The A-rated 35-year bonds were offered at 99 1-2 with a 5 ¾ per cent coupon to yield approximately 5.78 per cent.

A negotiated offering of $53,140,000 Virginia Housing Development Authority Mortgage Purchase bonds was brought to market on Tuesday, December 11 by a syndicate headed by Salomon Brothers, Paine, Webber, Jackson & Curtis, Craigie, Mason-Hagan, and Wheat, First Securities Inc. The offering consisted of $39,590,000 5 ¾ percent bonds due June 1, 2014 offered at par and $13,550,000 serial bonds offered from 4.50 per cent in 1975 to 5.40 per cent in 1992 to 1994. The entire offering moved readily.

Reception for the week's new issues was not uniform. Not all offerings equalled the performance of Massachusetts or Erie County Waters but results generally were good.

The flow of new municipal bonds into the market slackens off now for the holiday season but the supply situation continues. New volume promises to increase and in January the floating supply is still high. Larger issues to come in January include: January 10, $149,920,000 State of Florida School bonds, to be secured by Full Faith and Credit and Motor Vehicle License Tax revenues; January 22, $37,135,000 Suffolk County, N.Y. General Obligation Improvement Bonds.

C & FC MUNICIPAL AVERAGE

	Dec. 6	Dec. 13
Baltimore	5.60	5.70
California	4.90	5.00
Connecticut	4.90	4.90
Detroit	5.70	5.70
Los Angeles D.W.P.	5.10	5.20
Massachusetts	4.80	4.90
New York State	5.00	5.00
New York City	5.80	5.80
Public Housing Authority	4.80	4.80
Philadelphia	5.90	5.90
Average Yield	5.25	5.29

Gold invites new riches

Recent legislation granting the President discretionary authority to determine when U.S. citizens can trade freely in gold has brought the nation closer to a free gold market than it has been in the last 40 years.

Presently, only those licensed can purchase the gold they need for industrial and artistic purposes. But the ordinary citizen wishing to acquire gold for speculative and investment purposes cannot do so. However, the Par Value Modification Act of 1973, which formalized the second devaluation of the U.S. dollar, also gave the President the authority to allow Americans to trade freely in gold, subject to his evaluation of the best time to do so.

While it would be mere speculation to say that the President will exercise this power in the next six months or even a year, many sources close to the situation say the present strengthening of our balance of payments, in addition to a recent comeback of the U.S. dollar as a relatively firmer currency, may set the stage for a free gold market sometime over the next year. Others insist that this won't happen for quite a long time.

Since biblical time gold has served in a dual capacity, one, as a nonferrous metal commodity for a variety of industrial and other uses, and second as a hedge against paper currency inflation.

Progressively, since the worldwide Depression of the 1930's and the full scale use of monetary and fiscal policies to stabilize and further economic growth, gold's two functions increasingly conflicted with each other. In turn, with the new economics practiced by governments, the point has finally been reached where no government, including our own, is willing to allow its paper currency to be redeemable in terms of gold.

As a result, there is no longer monetary reason for precluding a free gold market. In fact, the Treasury repeatedly has sought to demonetize gold completely. Monetary authorities could ignore such a market just as easily as they have always ignored price fluctuations in gold mining shares, gold ornaments, as well as free prices prevailing in the markets abroad.

If there is any governmental role in gold, it should be neither monetary nor fiscal, but rather it should be in the use of gold as a national defense strategic weapon.

Of course all governments, including our own, are fully aware they can operate without gold monetary reserves. Yet they still demonstrate ambivalence in their views on gold because secretly they still yearn to maintain an adequate gold supply as a hedge against the very follies they either create or tolerate.

Why own gold?

Periodically all economists, bankers and other experts have contended that restrictions against a free gold market are part of the past. As was noted in the Congressional Record recently: "There never was and there is not now, any valid reason to prohibit individuals from owning, buying or selling gold. Individuals should have the same right to trade in gold as they have to trade in silver, copper, aluminum or other commodities."

Mark Powers, senior vice president, the International Monetary Market, Chicago, also maintains that legalization of gold ownership in the United States "should have been done a long time ago."

Still others argue: If the French, Canadians, West Germans and the like are allowed to own gold, why can't we?

Another school of thought claims

Continued on page 31

In Washington

By John Nash
Washington Bureau

The first major overhaul of the commodities markets in 52 years is in the making. Congressman W. R. Poage, Chairman of the House Agriculture Committee has introduced legislation calling for the establishment of a powerful Commodities Futures Trading Commission which would exercise control over all futures trading.

The proposed commission would dispose of The Commodity & Exchange Authority, which was established in 1922. Trading in such unregulated commodities as sugar, cocoa, coffee, metals, plywood, foreign currency and propane gas would be brought under government regulation for the first time. The proposed new commission would be comprised of five commissioners made up of two Democrats and two Republicans who would be appointed by the President. The Secretary of Agriculture would serve as chairman. The commissioners would be appointed to five-year terms. However, the new agency would remain within the Department of Agriculture. The projected new agency would have two to three times the 160-member staff of the present Commodity Exchange Authority.

National futures association

The new agency would provide for traders and others registered with the commission to establish a National Futures Association or Associations. These entities would in turn establish codes of conduct and set up customer complaint procedures. The Association could then suspend or expel dealers violating the code, subject to review by the commission and eventually by the courts.

Commodity investor protection corporation

A provision in the bill provides for the establishment of a Commodity Investor Protection Corporation, similar in function to the Securities Industry Protection Corporation. CIPC would be a government corporation charged with insuring customer accounts and customer related liabilities of all futures commission merchants in case of financial insolvency up to $50,000.

Financing

The Corporation would be financed initially by capital stock purchased by the Treasury to be repaid by annual assessments on futures commission merchants. Commodities trading advisors and pool operators also fall under the legislation. They would be subject to disclosure and report filing requirements. The Commission would also have authority over their methods of soliciting business.

Commission powers

The Commission would have emergency authority to require contract markets to take directed action when "market emergencies" exist. These would include significant intervention in trading by a foreign government and existence of export embargoes and price controls.

– Injunctive authority to prevent any trader from manipulating the market or otherwise violating the act. But the Authority would have to turn to the Justice Department to take such action.

– Assessing monetary penalties up to $100,000 for violations.

Guidelines

The Commission could set guide lines to limit trading by floor brokers and futures commission merchants for their own and customer accounts on the same day. The Commission would be limited from setting margin levels for contracts.

The legislation would also require that all contracts traded must serve an economic purpose. This provision is intended "to get away from the games theory" for the futures markets as an institution designed for speculators to operate.

A committee staffer said that the Congress has been aware for some time of the need for commodities reform. "No doubt the recent wheat crisis and runaway commodities prices precipitated forced action for reform." He also intimated that investor complaints to the Agriculture Committee and to the Congress also were a factor.

He said that the Chicago Mercantile Exchange informed the Committee that three out of four first-time speculators lose money in the commodities market. When asked about industry support for the legislation he replied, "It is pro and con—depending upon specific recommendations. Opposition is expected on the injunctive authority, emergency powers and multiplier delivery points of the bill."

Public hearings will begin early in January. The Committee is hopeful that meaningful legislation will become law in late 1974.

THE CHRONICLE
Financial News Digest

In Barron's

Auto parts men see growth lag

Dec. 10, p. 11 — Growth of the automotive parts industry and lower profits are sure to result from the gasoline shortage.

Even some benefits of the energy crunch, such as making locking gasoline caps, doesn't help all that much. For instance, **Stant Manufacturing,** a subsidiary of **Purolator Inc.,** derives only about 8 per cent of its revenues from such things as the gas caps. They are a throwback to World War II when thieves replenished their own supplies of gas by siphoning it from other motorists' tanks.

Usually, such companies as **Purolator** thrive on troubled times such as strieks, recessions, safety hazards, and pollution problems, but less gasoline use means less driving and that means a cut in the profitability of the replacement parts business.

A big problem they face is technological advance. They will have to carry dual inventory for systems now in existence, and for the incoming innovations, such as the Wankel rotary engine.

Also in Barron's

RECOVERING—Proprietary hospitals have learned to live with Phase IV, and under it they are looking forward this week to a possible rate increase of 7 per cent. They made up for occupancy dropoffs by diagnostic services and other services. They look to the national health insurance plan as a big plus. Mentioned are **Amer. Med. Int'l., Amer. Medicorp, Beverly Ent., Charter Medicaal, Extendicare, Hosp. Affiliates, Hosp. Corp. of Amer., Huntington Health, Medenco, Nat'l. Med. Ent., R. H. Medical.** ....p. 3

MARONA MIA—Italian millionaire Michele Sindona, hopping between New York and Milan, is having difficulties with U.S. and Italian banking authorities. Regulatory officials have blocked sale of controlling interests in **Talcott National Corp. to Franklin New York Corp., Generale Immobiliare to Finambro.** ...p. 5

EASY TO LOSE—You can lose money in a hurry in the **Chicago Board Options Exchange.** The decline of the **CBOE** is described as carnage. ....p. 9

SMELTING LIFT— **American Smelting & Refining Co.,** world's largest custom smelter, is enjoying peak earnings. The company gets two thirds of its earnings from copper production. Also mines lead, zinc, and silver. ....p. 27

ORDERS UP—Despite uncertainties, machine tool industry orders continued to swell, a 12 per cent increase in October. Enjoying an earnings rebound is **Giddings & Lewis Inc.** ....p. 28

TROUBLED REITS—Trustees of **Fidelity Mortgage Investors,** a Boston based REIT, voted to omit fiscal 1973 dividend. Reasons include construction slowdowns, delinquent loan payments, and increasing interest rates. ....p. 33

In Newsweek

Heavy pressure against big oil

Dec. 17, p. 79--As big oil's profits reached gargantuan proportions (**Exxon,** $638 million), so did attacks from critics demanding in the midst of a worsening energy crunch that somethinmg be done about the industry. Big oil was charged with all sorts of things including incompetence and conspiracy directly in connection with the oil shortage.

Such things as taxes to curb oil's "windfall profits" and steps to prohibit the oil depletion allowance of 22 per cent, were being talked about on Capitol Hill. The "if" was that it wouldn't happen if the oil people would put amounts equaling the oil depletion allowance to find new oil supplies. New York became the third state to file an antitrust action against the oil giants, charging them with pressuring individual dealers out of business.

Said one oil industry official, "there are so many punitive proposals circulating that it's getting impossible to follow them. I just hope the public has a higher opinion of us than Congress does." Some consumers apparently think the oil companies are profiteering off the oil crisis. The **Federal Trade Commission** was taking a look at them, pointing out that only eight companies control 51 per cent of the retail market and 64 per cent of the U.S. reserves. And they behave in a "Cooperative rather than competitive manner."

There is a blizzard of charges and denials. Ralph Nader said the companies withhold oil from the market in order to "push up prices and force a retreat from environmental laws." Oil companies heatedly deny it. Anyway, oil prices were up a total of 79 per cent in the third quarter this year over last, and an average of 59 per cent in the first 11 months. The industry is quite worried.

Also in Newsweek

OIL RUSH--U.S. fields long gone fallow, are being reopened in Texas, where state oil officials said there is a rush on for applications even in the face of a shortage of rigs, crews and pipe. ...p.23

WORRIED HOARDERS--Japan's economy recently was about to turn into overdrive. Then along came a series of external and internal crises, and "The Japanese miracle is over," said one business leader. Whatever it is, the economic squeeze is a bonecrusher in Japan. The Arab oil boycott is not the only reason. The "toilet paper panic " turned the nation into one of worried hoarders. p.48

TRUCK-INS--The truc': drivers who tied up highways in ten states with their trailers jack-knifed across the roads, protesting lower speeds and higher diesel fuel prices, apparently made their point. . -p.73

OIL DEPLETION--Search for new scapegoats began to intensify in the fuel price-rise situation, and some critics of the oil industry and some Congressmen were calling for revision of the oil-depletion allowance, curbs on "windfall profits" and even breakups of the big firms. But others continued to blame the Arabs and their oil blackmail. p.73

DAPPER SHEIK--Ahmed Zaki Yamani met with Henry Kissinger, energy czar Simon and others, said oil flow could resume in full after Israel agrees to get off occupied territory, and only after that withdrawl is completed. But the Senate voted 82-0 for ten-year, $20 billion energy resources research and development program. p.73

SCRAMBLE--Everyone wanted to be at the top of the allocation list for fuel, with pleas coming from almost every imaginable activity in the land. **Piper Aircraft** bought a full page ad in behalf of the general aviation industry, warning that private plane allocation cuts could kill 100,000 jobs. p.74

STOCKS--The market had a bright side with that strong technical rally, says columnist Clem Morgello. The economy could go down and stock prices could go up at the same time in the oil shortage, but investors want an end to the oil embargo. p.82

PONG ANYONE--Noland K. Bushnell founded **Atari Inc.,** and came up with a coin-operated game called Pong, table tennis on a TV screen with electronic paddles. He'll do $15 million this year, has created a whole new market. p.91

PULP SHY--The world's short supply of wood pulp is credited to labor and transport probnlems and of short duration. But wood shortages could have some serious effects on housing starts and other construction as early as 1980. So agricultural geneticists are pushing for the supertree--full growth in short time. Mentioned are **Georgia-Pacific Corp., International Paper Co., Weyerhaeuser Co.** p.112

In Financial World

Insurance firms woo investors

Dec. 12, p. 26 — Insurance companies, which got the go-ahead to form holding companies via 1969 legislation, now can offer their clients everything in services all the way up to the proverbial kitchen sink.

It all means, of course, that the insurance companies are competing head-to-head almost with Wall Street for the business of the American investor.

State insurance officials have been attempting to stop extraneous activity outside the life insurance company's regular area, but it appears to be nearly impossible to do.

The overseer of the holding company and subsidiary laws for New York State's Insurance Department, Lawrence M. Hyman says it is difficult under the new laws "deciding what is reasonably ancillary to the insurance business."

A. M. Best Co., publisher specializing in insurance data, estimates that more than 200 mutual funds are now run by some 45 insurance firms. Eighteen hundred life insurance companies sell fixed and variable annuities and pension planning services that may draw on mutual funds managed by one of the company's subsidiaries.

Also in Financial World

EUROPE'S TURN—Foreign investments in the U.S. are growing, with the 'smart' money going to chemicals, real estate and retailing. ....p. 8

SLOWDOWN TOLL—Appliance makers expect a dim 1974 sales year, due to a slowdown of consumer spending. They include **Admiral Corp., Fedders Corp., General Electric, Hoover Co., Magic Chef, Maytag Co., McGraw-Edison, Roper Corp., Singer Co., Tappan Co., Westinghouse Electric, and Whirpool Corp.** ....p. 11

The Digest

The Chronicle "Financial News Digest" is a regular weekly feature and is edited by J. Robert Sherman. Each week major articles dealing mainly with finance and business news, along with other pertinent information, are condensed to keep our readers informed about what other leading publications have mentioned. Feature articles of special significance are headlined. The Chronicle's editors urge you to refer directly to the publications from which the condensed items are derived if you desire total context and entire content.

The "Financial News Digest" condenses:
American Banker
Barron's
Business Week
Commercial & Financial Chronicle
Corporate Financing
Dun's
The Economist
Financial Weekly
Financial World
Forbes
Fortune
Harvard Business Review
Investment Dealers Digest
The Journal of Commerce
Money
The Money Manager
Newsweek
Over-The- Counter Chronicle
Personal Business Digest
TIME
U.S. News & World Report

In Financial Post

Canadians are bullish on '74

Dec. 8, p. 1 — In Canada, as elsewhere, the monkey wrench in the growth forecasts for the economy are (you guessed it) — shortages.

Canadian experts expect a continuation of 1973's favorable conditions into and perhaps through 1974, with the same factors present. Material and resource shortages will be the only deterrent to continued growth.

This theme runs rampant through a Financial Post survey conducted among the nation's men at the top.

The oil crisis is still providing many ifs and buts in qualified forecasts. For some, shortages are in all categories, including manpower.

Also in Financial Post

COOL—Canadians are taking a low-key approach to the energy crisis, expecting that it will not hit them hard, with the Liberal government having no intention of allowing it to slow the economy. Voluntary conservation steps have been requested of the public, but it could lead to rationing. p.1

BEST OF ALL—Canada's stock market seems to be on top of all major stock markets in the current scare about the energy crisis and recession talk. At least optimism is in the forefront on the Toronto Stock Exchange. ....p. 1

GAS SAVER—**Carvern International Industries Ltd.**, of Vancouver, is marketing an iron additive which independent researchers say gives 10 to 15 per cent economy in gasolineconsumption You can go farther on iron. ....p. 32

HO HUM—Canadians can't sell their films in Hollywood simply because Canadian film distributors won't work at selling films in the U.S. Anyway, says one, Americans find Canadian films too esoteric and dull. Mentioned is **Canadian Film Development Corp.** ....p. 15

WINNERS—**Boeing Co.** and **Lockheed Aircraft Corp.**, are the apparent winners of the first round of the contest to get a big long-range contract for patrol planes worth $700 million. A cabinet committee chose them thus far over **Hawker Siddeley** and **McDoannell Douglas**. ....p. 3

URANIUM —The bright tomorrow for uranium is a few years closer to reality now that the EC is in full bloom Public utility companies are lining up to stretch contractual supply commitments two decades ahead p.1

In Time

New England disaster area

Dec. 17, pa. 35 — If the outlook is correct, New Englanders this winter will have to do more than wait a minute if they don't like the weather. For unless it's balmy, which it won't be, they won't like it. The meanest winter of the century is predicted for the six-state area, and you can't blame it on the weather. Instead, credit the energy crunch.

Directly due to the oil shortage, Yanks can look forward to being hit more savagely than anyone else in the nation, from the rugged woodlands of Maine to the suburbs of Connecticut.

Expected are widespread unemployment — up to 9 per cent — widespread factory shutdowns, blackouts, and probably actual physical hardships. Massachusetsts Energy Advisor John Drew said, "We are sitting on top of a disaster."

While the rest of the nation will have an 18 per cent shortage of petroleum, New England can expect at least 30 and more likely 40 per cent, with a 50 per cent shortage of residual supplies quite possible by early in the year.

Some electric utilities have begun to burn coal, some have reduced electric power by 5 per cent each day between 4 and 8 p.m. The dimouts are unnoticed. They are planning rotating blackouts.

Homeowners will have 25 per cent less oil to heat their homes; firewood for fireplaces is selling fast, and chimney sweeps are swamped with business.

The economy in the region will get a numbing blow Jack Rothwell, economist for **New England Merchants National Bank** of Boston, said. "This region is going to be hit hard, and a recession is almost inevitable."

Sunday gasoline sales bans have put the pinch on the ski operators of New Hampshire and Maine already. The New **Hampshire Ski Operators Association** says 10,000 jobs will be unfilled and the revenue loss will be $200 million.

The fishing fleets in New Bedford and Gloucester have been hard-hit by diesel allotments; construction could halt because of lack of propane gas to cure cement.

There's only one hope for New England: that Arab oil begins to flow again, that it comes in a gusher.

Also in Time

STOPGAP—New energy czar William Simon would impose an "excess" use gasoline tax on motorists using more than their allotment instead of imposing outright rationing – provided the gap doesn't get any wider than it is now. ..p. 29

PUMP PRIVATION—The general public was beginning to feel the energy crisis in a real way at the filling stations. The first gasless Sunday, for instance, was observed by some 90 per cent of the nation's station operators. Saturday, it was like a run on nylons in World War II. ....p. 30

LAYOFFS—The energy crunch began to have its effects on the working man and his job, many of whom won't have the money to travel even if they could get the gas. Big Three auto makers said sales were down 118,000 units from a year earlier, announced 175,000 persons would be laid off for at least a week around Christmas while the factories retool from large to small cars. **Davidson Rubber Co.**, Dover, N.H., furloughed 200 employees; **Leeds & Northrup**, an electronics firm of Pennsylvania, will idle 3000 employees for a week to save fuel. ....p. 33

COMPUTER NEWS—Led by the wire services, (A.P., U.P.I.) a small but growing number of newspapers across the nation have turned to the miracle of electronics to set type. Mentioned are **Hendrix Electronics Inc.**, of Londonderry, N.H., **Harris Intertype Corp.** The wire services alone have already invested $5 million in news-setting automation. ..p. 64

APPENDAGE SNIPPED—Legislators have written Canada's first Foreign Investment Control Act, which gives the government veto power over efforts by foreign firms to establish new businesses in Canada, expand into new fields, or take over companies doing more than $3 million a year. The idea is to bring in foreign capital on Canada's terms, not to keep it out. ....p. 100

NEW BOSS—Kiyoshi Kawashima, 45, has been named chief executive of **Honda Motor Co.**, in Japan, succeeding its founder, Soichiro Honda, who is retiring. ....p. 100.

SUCCESSOR—Frederick Turner, 40, has been named chief executive of **McDonald's** hamburger empire, to follow in the footsteps of Raymond Kroc, 71, who made McDonald's what it is. ....p. 100

In USNWR

Cable TV faces many obstacles

Stumbling blocks to the emergence of Cable TV have been many and the industry is in a critical place in the galaxy of electronic marvels.

Among the roadblocks slowing expansion of the promising industry's 1300 cable firms are squabbles among themselves, politics at local levels, and construction costs. Business for most is good and revenues are nearing $500 million, with plug-ins to 7.5 million American homes.

The cable companies are considered to be interlopers by the big TV networks. When Community Antenna Television (CATV) began in 1949, it merely beamed signals from TV stations to rural and some urban homes in the valleys. They have spread to 50 states with most subscribers in California, New York, and Pennsylvania. The fee is around $5 or $6 a month, and users get some shows that don't appear on regular TV, special movies and sports events. Picture quality is good.

For investors, the bright future of Cable TV is tinged with risk, according to a financial analyst, who says that it is "an intriguing monster." But the cable concept is vast and as yet nowhere near approaching its enormous potential.

The issue of "pay TV" as opposed to commercial TV in some programing, such as first run movies, is being considered by the Federal Communications Commission, which was asked to change the restriction against first run pictures by the Motion Picture Association and the pay TV people vs. the National Associaton of Broadcasters.

The Cable TV people would like to raise funds through this kind of entertainment to expand their operations into more exotic fields such as in business, industry and educations. But that point will be a long time coming, if indeed it is ever reached.

Also in USNWR

ENERGY ACTION—Washington says it's ready to carry the ball to control things: rationing, higher fuel prices, or more taxes. A crash drive for new fuel sources in on, will cost billions. Meanwhile, business awaits information, is delaying expansion and production plans, and they want to know what government intends to do about the economy for 1974. 7

INFLATION—The outlook for 1974 is bad. Consumer prices are expected to go up 7 per cent, compared to 6 per cent in 1973. Hikes are seen in fuel, utilities, and services. Watch out for home building and automobiles if a recession hits. It could create a "ripple" effect in other areas. p. 8

STOCK MARKET DECLINE—The swift fall on Wall Street reflects "almost complete loss of confidence" Big investors fear Nixon ability to deal with the slowing business boom, increasing inflation, and the oil shortage. ....p. 8

ENERGY CZAR— William E. Simon will give an answer by Jan. 1 about whether rationing will be imposed on the country's motorists, is pushing for new sources of energy, less use by the American people, "energy wast rels." p. 17

RECESSION—Dramatic changes are occurring in Europe because of the fueld shortages pushing the continent into falling demand and decreased production, with recession predicted. Business circles are shaken. "It's a depressing picture." p. 57

BUSINESS TRENDS—The impact of the energy crunch on jobs is not yet reflected in economic reports, but the effect on prices is bad. Joblessness is expected to rise to 6 per cent next year. Already unemployment is increasing from layoffs due to the oil shortage in airlines, auto, private planes, motor homes industries. Autos may recover with small cars coming off production lines. ...p. 65

DETROIT ACTS—In the fuel pinch, auto makers announce that gas-economy cars are on the way, along with rounder tires for better mileage, gadgets that help save fuel. Mentioned are **General Motors, Chrysler Corp., Firestone Tire & Rubber Co., Ford Motor Co., Honda, Mercedes-Benz, Peugeot**. ....p. 76

BANKS—Competing to get into business activities in fields other than their own, large commercial banks are drawing fire from foes. ....p. 81

In Journal of Commerce

Petrochemicals fear cutbacks

Dec. 13, p. 1 — The energy and raw materials shortages may result in a sustained 15 per cent reduction in the output of the organic chemical industry. This will result in a 1.6 to 1.8 million loss of jobs—plus a loss of $65 to $70 billion of domestic production in petrochemicals annually.

This information was received by the Petrochemical Energy Group from a study prepared for it by Arthur D. Little.

Some plants have curtailed their output of plastics, fibers and other products, and others are working on a day-to-day basis. If it continues, more shutdowns are due. This now seems inevitable as shortages continue.

The ADL study projects losses in production value and employment in such categories as synthetic fibers, synthetic rubber, plastics, agricultural chemicals, soaps and detergents and paints.

In Fortune

Learn to live with oil crisis

December, p. 25 —Americans, finding themselves in a seige situation similar to their position in World War II, but without the disciplines of a war-time crisis, can learn to live wh the oil squeeze.

Much depends upon questions that have no precedent in history, there's no experience factor to go on.

As long as the Arab oil embargo lasts — and no one knows how long that will be — the obvious measures are being taken first. With turned-down thermostats, less driving, and dimmer lights, the U.S. may be able to cope with the 13 per cent loss of oil with only minor economic dislocations. But these measures can make up only about 5 per cent of the normal U.S. supply.

If the conservation measures of the Administration work out, factories will continue to function, stores will remain open, even though people may have to wear sweaters or take longer to get to work.

The mere threat of a gasoline shortage last spring cut gasoline consumption by 4 per cent. There are other conservation measures that can be taken, daylight saving time, and mandatory checkups of auto engines.

Discomfort from the oil shortage is anticipated, but it may not necessarily bite deep into the gross national product. In fact, domestic oil and coal may add to the GNP. There may be some local shortages and plant shutdowns and layoffs, and the consumer shunning big cars, will be the continuing headache of the auto makers.

At this point the U.S. seems to be in for considerable discomfort rather than grave dislocation. Even if the oil embargo lasts, the growth rate in the economy can pick up again. Robust capital investment and a swing back to deficit in the Federal budget will provide stimulus for growth.

The oil shortage could delay some capital spending, but it will not alter its basic trend. The next four quarters will probably show an increase of 6 or 7 per cent in capital goods purchases, not the 9 per cent of the past two years, but nevertheless healthy. And there may be another healthy increase in 1975, since outlays in the energy field are coming on strong.

All in all, the energy crisis has altered perspectives for the better.

Also in Fortune

MORE SPENDING—Secretary of Defense James R. Schlesinger feels that the U.S. must spend more on defense than it does, especially on weapons such as Trident submarines. ....p. 82

LONG COMMUTE—Ebullient Irishman Tony O'Reilly, doesn't have enough to do as president of **H.J. Heinz of Pittsburgh**,"that old pickle company," so travels frequently to Dublin, where he heads his own conglomerate, **Fitzwilton Ltd.** He does both jobs well, indeed. . . p. 88

REFORM—Financing political campaigns cries out for reform, but there are some drawbacks to government financing of campaigns. Partial public financing is appealing to those who would also have the candidates match up to stipulated limits, funds from public sources. ....p. 94

DIRIGIBLES—Enthusiasts are trying to whip up interest in reviving lighter than air ships. From an energy standpoint they are very efficient, can move huge cargoes long distances without benefit of roads or runways. And they are a gracious way to carry passengers. ....p. 110

GLAMOUR ISSUE- **Dr. Pepper Co.**, formerly a sleepy Dallas manufacturer of soft drinks, has become one of the glamour stocks on Wall St. In seven years, Pepper head Woodrow Wilson Clements has quadrupled revenues without mergers or technological break-throughs. ....p. 120

GHETTOES—Europe, importing cheap labor to do the dirty jobs, got more than it bargained for. Foreigners brought their families, created need for schools, housing and new ghettoes. ....p. 136

NEW WAY—Scientists at **General Electric** discovered how to punch an infinitesimal number of holes in membranes through nuclear radiation, making filters useful to winemakers or drugmakers. But it was too small for GE, so they helped to form another company, **Nuclepore**, which is doing well. ....p. 144

GOOD NEWS—The energy crisis may not be the crisis some pessimists think it will be. There are alternatives, such as slower speeds, lower thermostats, dimmer lights, rather than plant shutdowns and loss of jobs. ....p. 25

In Harvard Business Review

Fuqua Industries forecast viewed

December, p. 34—Fuqua Industries dropped a bomb on the financial community in December of 1972 by publishing its earnings forecast, jumping the gun on the theorists pro and con. This problem is reviewed by Chairman James Stewart of Frank B. Hall & Co. Inc., Chairman Dennis C. Stanfill of Twentieth Century-Fox Corp., Ralph E. Kent, senior partner of Arthur Young and Co., and John C. Burton, chief accountant for the Securities and Exchange Commission.

At the time of the forecasts the estimates of future prospects of the Fuqua Industries businesses were realistic.

J. B. Fuqua, chairman of the board, found general agreement that the numbers looked good, and weighing many other considerations, decided to publish the forecast.

"I had for some time been questioning the advisability of giving out numbers only to those who asked for them We have always had a policy here of giving answers to questions asked by analysts and others. We never volunteered the information, but, if they asked, we could give indications of how things looked, even down to product lines and, in some cases, products.

"I had been thinking that, if this company were a partnership and my partner walked in and asked me how the figures looked for next year, I would tell him. I don't think there is any real distinction between a partner who owns 50 per cent of the company and a shareholder who owns one share. They are both partners. Why shouldn't the one-share stockholder also receive an indication of how I view business prospects for the next year?"

Mr. Stanfill is against the forecast as "counterproductive" and "not soundly based."

Mr. Burton views it with approval, as "a significant step forward in corporate financial reporting."

Mr. Kent rides the fence, although he commends Fuqua management courage for "public limb-walking."

Mr. Stewart would have been against publication, but commends Fuqua for its frank attempt to communicate the "prospects of its unusual mix of businesses to the investment community."

Mr. Burton: "As more people follow Mr. Fuqua into this water, I am confident his judgment that it is temperate and alligator-free will be confirmed. And he will have had some useful swimming experience."

In Business Week

Radical shift is set at NCR

Dec. 8 p. 102 — By the time you tear another sheet off your wall calendar, **National Cash Register Co.**, will have changed to the extent that a massive marketing reorganization will reach into every corner of the NCR far-flung empire. The $1.6 billion Dayton, O., business machines company will begin to sell by vocation rather than by product.

Thus it will follow the same path already taken by other giants such as **IBM, Xerox, Addressograph-Multigraph, and General Foods.** The 3000-man sales force in the U.S. will specialize in retailing, financial, commercial, industrial, and medical-education-government groups.

There's a thorough shakeup involved, close on the heeels of NCR's worst year since 1933. Last year, the company lost nearly $60 million after pre-tax writeoffs of $134.7 million. But the company moved back into the black for the first nine months of this year, record earnings of $37.3 million on sales of $1.2 billion, the profit margin was only 3 per cent, less than half that of IBM and others.

Of the 16,489 persons in NCR's domestic marketing program, each and everyone will fit into the vocational plan.

Leading the change charge is NCR's presdient of 17 months, William S.Anderson, for whom there is no turning back. The radical shift has been "rung up," as they say in the cash register trade.

In Financial World

News, opinions on active stocks

Dec. 12, p. 38 — Capsule comments are offered on the following stocks:

..**Addison-Wesley**, a businessman's commitment, pays 20c annually; **Allied Stores** has long term appeal. **Blair (John) & Co.**, has depressed shares, recovery potential. **Certain-Teed Products**, possible eventual recovery. **Coleman Co.**, has depressed shares, may recover. **Eastmet Corp.** is a capital gains speculation. **ICM Realty**, has long term appeal. **Kaufman and Broad**, reasonably priced shares on prospects. **Lindberg Corp.**, cyclical businessman's bid. **Michigan Seamless Tube** can be held for income and eventual recovery. **Peoples Gas** an attaction for income accounts. **Quaker State Oil** appears well positioned for recovery.

In Money

Bonus develops wings a-fleeting

December, p. 108

Add to the shortages big corporate bonuses in executives' Christmas stockings, despite record corporate profits in 1973. Phase 4 regulations are getting in the way of the "executive control group." Hence, what they can't get, they aren't likely to give to lesser lights.

Some bonus arrangements are lump sum salary payments, or the "turkey bonus," as it's sometimes called. Taking it away, said one observer, would be like shooting Santa Claus.

On Wall Street, where low salaries are legendary and there are boom-year bonuses, the tradition is waning. **Merrill Lynch** no longer bullish on bonuses, has phased them out, gives better salary and benefits package.

To the 5 ½ per cent bonus maximums allowed under Phase 4, Money offers adjustments: 12.66 drummers drumming, 11.605 pipers piping, 10.55 lords-a-leaping, 9.495 ladies dancing, 8.44 maids a-milking, 7.385 swans a-swimming, 6.33 geese a-laying, 5.275 golden rings, 4.22 calling birds, 3.165 French hens, 2.11 turtledoves and 1.055 partridges in 1.055 pear trees.

And .000001 thousand pardons.

Also in Money

HIGHLY-PLACED FRIENDS— That it is good to have friends in high places is well demonstrated, but President Nixon found it is better to be that highly placed person, especially in real estate deals. p.25

OVER-STANDARD—The FTC ruled that **Wonder Bread** went beyond claims that its standard nutritional ingredients would aid growth in children. Wonder can't advertise the "12-ways" claim in the future. The FTC dropped a similar case against **Hi-C** when the company boosted its vitamin C content. ....p. 32

REAL ESTATE—Now's the time for the novice to cast his lot in the real estate investment field, to stake a claim despite booming land prices. Watch for the pitfalls. ....p. 34

CHEAPER SKIING—Last year it was less expensive to ski in the Alps than in the Rockies. This year it's different. A couple will pay about $1000 for everything in Arlberg, Austria, in January, when the same kind of trip will cost them $800 in Vail, Colorado. p.89

ANOTHER SHORTAGE—This time it's clothing that adds to the crisis, and there will be a change in quality, choice and price. Wool and cotton are scarce. The reason: big worldwide demand. .....p. 89

HAVEN—Battered stock investors may find a welcome respite in the bond market, where many seasoned fixed-income securites showed net rises of more than a point last week. ....p. 28

LONG-PLAYING—Toys that require a long span of attention, meaning they interest the child using them, and quality and safeness will be big considerations this year as the Christmas shopping crunch gets into high crush. ....p. 74

In Dun's

The five 'best managed firms'

December, p. 51 — The five best managed companies in the U.S. in 1973 as chosen by Dun's editors: **Citibank, J.C. Penney, Exxon, Monsanto, Weyerhaeuser.** Their one big, common quality is their ability to see the future.

What they saw years ago caused them to take the steps necessary to allow them to pluck the fruit in 1973. They outperformed their major competitors.

Monsanto reorganized its corporate structure in 1971, brought in a new president, John Hanley, changed direction. **Weyerhaeuser**, responded to market changes in five years of careful planning. **Exxon**, not only changed its name without losing a customer, but began a decade ago to undertake an exploration program that effectively lessened its dependence on Arab oil.

Citibank spent many years building assets and men to manage them. They established foreign beachheads, experimented with all sorts of financial services before doing it at home. **J.C. Penney**, kept its executive compensation pot sweet, along with the top retailing talent available.

As George Weyerhaeuser said, the five companies were "walking out to meet the future."

Also in Dun's

FOR SOPHISTICATES—Executive savers can find an attractive way to do it on foreign soil, with the influx of U.S. branches and the floating dollar. There are ways to do it, to reap high interest.p. 73

SLEEPY EXECUTIVES—Most U.S. men at the top were entirely unprepared for the energy crisis, now its full meaning is hitting home. Named are **Michigan Sugar Co., Monsanto, Babcock & Wilcox, Whirlpool, Armco Steel, Owens-Illinois.** p. 105

TROUBLE FOR IBM—It appears that the giant of computer makers is facing rough roads ahead in Europe, with the **Telex** decision setting a precedent. Oddly enough, Telex will probably lead the parade against IBM overseas. Other companaies in that road could include **Memorex, Mohawk Data Systems, Potter Instruments, Itel and California Computer Products**. . . . . .p. 123

ON THE ROCKS—Scotch whiskey warehouse receipts used to be a fashionable investment, now portends a big hangover. The whiskey-buying bender apparently is over. . . . . .p. 125

WINNER— **Bucyrus-Erie**, maker of heavy machinery, including coal-mining equipment, may benefit heavily from the energy crisis if it can get the raw materials it needs to provide the minining industry with mining equipment. At worst it is considered a pleasant problem to face. . . . . .p. 131

RISING— **Gulf Resources & Chemical Corp.** will come back to life. President Robert Allen hopes world demand for Gulf's lead, zinc, silver, coal, lithium, and potassium sulfate, will get him back into the game. . . . . .p. 132

In Business Week

Minicomputers run factories

Dec. 8, p. 68 — Now that the price of minicomputers is at about $2000 per unit — down from $100,000 of a decade ago, the minis can be used on the factory floor. This has led to the automated factory, or the "hierarchical" approach.

Not only do the minis provide the factory managers with the information they need, but they continue about their business if a bigger machine breaks down.

There are some 40,000 computer-aided manufacturing and design installations around the world, most of which have appeared in the last two years, according to Mayford L. Roark, executive director of **Ford Motor Co.'s Systems Office**. This year alone, minicomputers worth $700 million will be shipped.

The minis will be used by **International Business Machines Corp.**, with an expected sharp rise in the sales curve. They expect that manufacturers will spend $6.5 billion each year for plant automation equipment by the mid-1970s, meaning such equipment will account for 50 per cent of manufacturing's total capital equipment outlays. Improved product quality will result along with manufacturing cost reduction.

Three major companies have set goals in this area. They are **Philip Morris, General Motors,and Polaroid.**

Philip Morris aims to make its plant at Richmond, Va., 50 per cent more productive, and realize incredible annual savings. General Motors will test carburetors at the Rochester, N.Y. planta. The minicomputer will reduce test time and result in big savings in testing 63,000 carburetors a day. Polaroid will use the minicomputer system at its New Bedford, Mass. plant in production of the complex color negative film for the new SX-70 camera. Nowadays you can use minis on production as small as $1 million a year. Soon a mini-minicomputer will be issued by **General Automation** of California at a cost of less than $500 for the cheapest version

Among other big companies working on computer systems is **General Electric**, at appliance Park-East in Columbia, Md. production complex.

The top three producers of minicomputers are **Digital Equipment, Data General, andHewlett-Packard.** Digital alone expects to ship more than 16,000 units for its 1973 total.

Also in Business Week

THREAT—An expected labor peace in 1974 is being threatened by the energy crisis. The workers are becoming restive in the face of possible unemployment, loss of overtime, with stronger demands on unions to seek higher wages. . . . . .p. 33

PRICE BOG—A boom to a bust is what's in store for the gushing oil and gas drilling industry as a shortage of drilling pipe suddenly comes into being. Every available rig is working in the oil fields now, but price controls on tubular steel are blocking the flow. Oilmen are pleading to end the controls so they can capitalize on higher prices for new oil and gas. Mentioned: **Inexco Oil Co.,Midland Oil, U. S. Steel, Youngstown Sheet & Tube, Armco, Continental Oil Co., L. B. Foster Co.** . . p. 36

SHORTAGES—In line for steel products is the constuction industry, and the type sought by the most is the least profitable to produce, hence have been cut back. Steel companies have taken their price increases in more profitable lines. Mentioned are **Ace Tank Co., Fluor Corp., Dunbar Co., Sun Shipbuilding & Drydock Co., Reliance Steel & Aluminum Co.,Kaiser Steel Corp., Dade Steel Co.**p. 37

CUTS CUT—The general aviation industry got President Nixon to change cuts for fuel allocations . **Cessna** has already laid of 2400 workers. Mentioned are **Learjet, Beech Aircraft Corp., Citicorp Leasing**. . . . . .p. 38

UNSTUCK—The cement industry got out of the price control mire and hefty price increases are due from 7 to 17 per cent. Production increases will be scheduled, there will be an acceleration of expansion and modernization programs. Mentioned are **Kaiser Cement and Gypsum Corp., Missouri Portland Cement Co., Martin Marietta Cemenet, Medusa Corp., Amcord Inc., and Portland cement Assn.** . . . . .p. 38

HARD ROAD—Gloom hangs heavy over the auto makers, heads, who expected a slip in 1974, now expect it to get worse due to the fuel shortage, a sales drop of 5 or 6 per cent. November sales were down 13 per cent from the previous November. Companies included are **Ford, GM, Chrysler, American Motors Corp.** Big layoffs have already taken place, more are due. . . . . .p. 41

ANTITRUST—The Justice Department will test their fellow professionals and their own power to regulate lawyers, engineers, real estate men and others.p. 67

MINICOMPUTERS—Factories are being run by minicomputers, each doing repetitive, specialized jobs, such as testing cigarettees and carburetors. It'll mean big new profits for-many. Mentioned are **Ford Motor Co.'s Systems Office, International Data Corp., IBM., Philip Morris,, General Motors, Polaroid, General Automation, General Electric, Honeywell,Digital Equipment Corp.**, Minicomputers will greatly increase production. . . . . .p. 71

NEW PROBLEM—Just as John W. Brooks, chairman of **Celanese Corp.**, had everything turned around sales and profitwise, the company faces the newly arrived problem of rising prices and shortage of resources. The fear is that the corporate rebound could thusew be nipped in the bud. . . . . .p. 81

SKIDS—The $3 billion recreational vehicle industry market is being wrecked by the oil shortage. They face a 50 per cent sales drop. Chassis are piling up at **Chrysler** lots in Detroit. Others include **Winnebago Industries Inc., Champion Home Builders Co., Sportscoach Corp. of America., PRF Industries Inc., GM, Bendix Corp., White Motors, Ford Motor Co., El Dorado Industries.** . . . . .p. 92

In the C & F Chronicle

The little guy is the big fish

Dec. 10, p. 24 — Getting the little fish back into the big pond is the angle of the Securities Industry Association, which will dangle a $2 million advertising and public relations program as the lure.

However, the entire industry is not going for it hook, line and sinker.

Investors from among the general public are being sought through Benton & Bowles Inc., one of Madison Avenue's largest agencies, with testimonials from real people: "There's always a way to make money in the market." But some in the industry think the answer is through Washington rather than advertising, to restore confidence in the economy and in equity markets, and reducing the capital gains tax.

Also in the C & F Chronicle

OPPOSITION— Strong sentiment against the plan of Sen. Lloyd Bentsen of Texas, may see his proposal to put a limit on the amount of stock held by an institutional investor in one company, ending up in the Congressional wastebasket. . . . . .p. 1

NO TAX CUT—A Chronicle survey shows little chance for an income tax cut in 1974, but shows that tax reform measures are due in several areas, including a deep look at shelter deductions which don't help the economy, and taxing the super rich who have been legally managing to avoid it. . . . . . p. 1

DEEP FURROWS— **John Deere & Co.**, the nation's largest farm equipment manufacturer, is plowing toward higher sales and earnings this year. The profits outlook is "excellent." . . . . .p. 14

BLUE CHIPPER— Hopint to make the Federal National Mortgage Association (Fannie Mae) a blue chip company, officals predict a 24 per cent gain in earnings this year for the former government corporation. .p. 24

In Dun's

Suggest stocks as Yule gifts

December, p. 154A— Ever think of giving stock certificates as Christmas gifts? Might not be a bad idea. In the event you agree, here are some suggestions:

. . **Corning Glass Works**. This supplier of glass products for specialty applications had total sales of $715 million last year. Income recovered strongly from $2.11 a year earlier to $3.04 a share. This company has good potential earning power for the future.

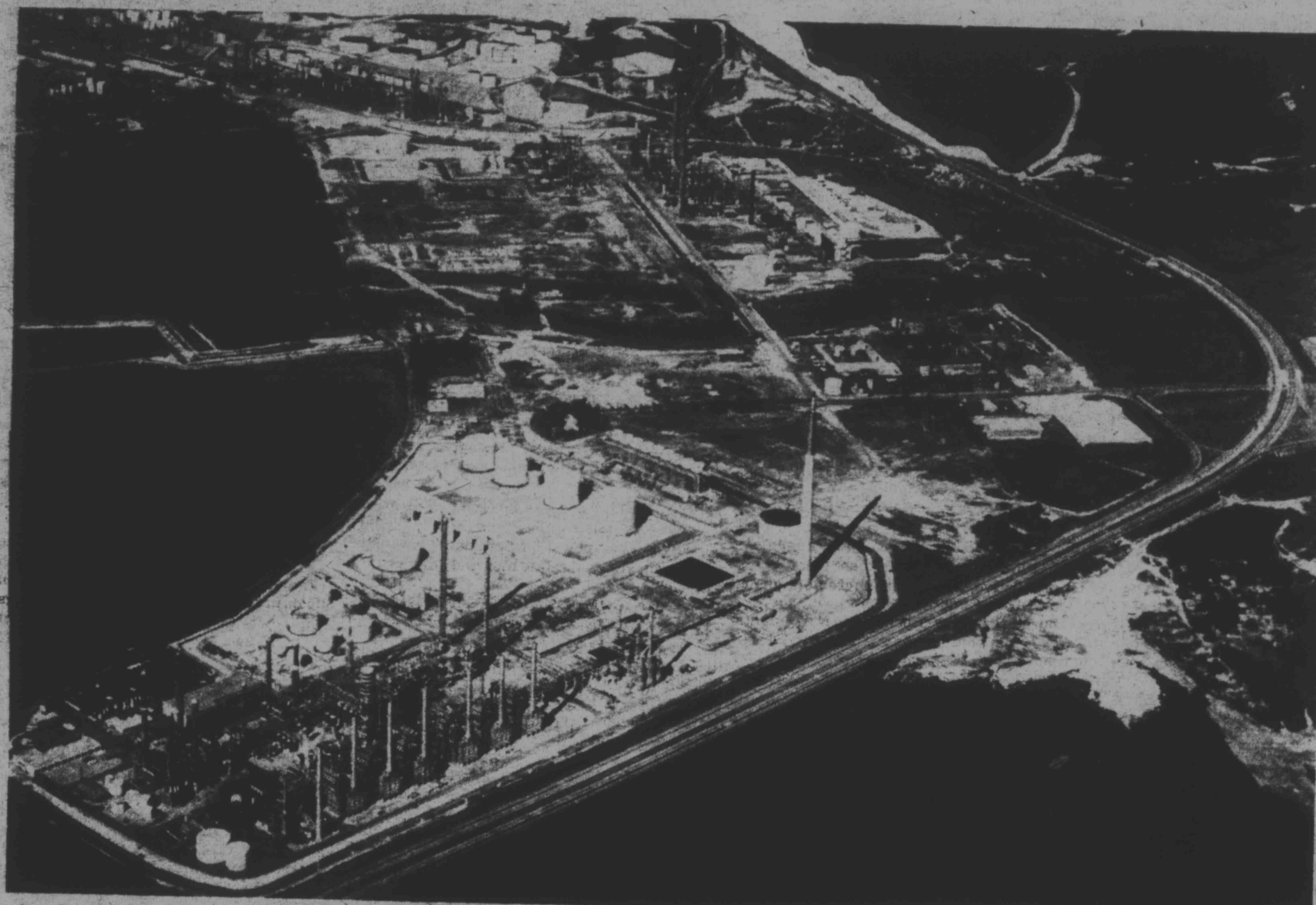
. . **First National City Corp.**, bank holding company, owns **First National City Bank** and had earnings of $1.58 a share, 22 per cent over a year earlier. Earnings a should rise for the year to $2.10 a share, gain again in 1974.

. . **General Electric** went over the $10 billion revenue mark last year, and continues strong. Earnings will probably reach $3.25 a share in 1973, were $2.91 a year ago. More gains are seen in 1974. Strong profits gain is seen over the long haul.

. . **Pfizer Inc.** grossed over $1 billion last year, with erarnings moving up too $1.50 a share from $1.38 a year earlier. It has a long term promise.

. . **Standard Brands** has $1.3 billion sales volume, 70 per cent of it in consumer items. Earnings of $3.50 a share are expected, up from $3.20 last year. Look for $3.80 in 1974. Dividends went up to an annual rate of $1.83.

The Commonwealth of Puerto Rico



The countryside of Penuelas, on Puerto Rico's south coast, provides the background for the Commonwealth Oil Refining Company (CORCO) complex, a vast conglomerate of pertrochemical and refining facilities that includes, in addition to Corco's wholly owned plants, joint ventures with Hercules, W.R. Grace and PPG.

New Technologies and Growing Foreign Investment Interest Boost Economy

Puerto Rico pushes upward and onward

By Rafael Hernandez Colon

(Ed. note: Rafael Hernandez Colon is the Governor of Puerto Rico, and the leader of the Popular Democratic Party.)

A year ago, the people of Puerto Rico exchanged one administration for another, returning to office the Popular Democratic Party. In this significant transition, they reconfirmed their basic democratic principles, and to a large extent handed the reins of responsibility to a new, younger generation.

However, while we now have a young team in my cabinet and in the various public authorities and agencies, we have carefully preserved a continuity with past achievement, and especially with "Operation Bootstrap" and the innovative concepts which marked our economic transformation over the past quarter of a century.

Teodoro Moscoso, the architect of "Bootstrap," is back on the job, heading the Economic Development Administration, and launching a worldwide campaign to draw additional industrial and commercial development to Puerto Rico. Our efforts on the mainland are now supplemented through new offices in Tokyo and London.

The dollar devaluations, which are already having the effect of helping to boost the tourism sector of our economy, should also work to our advantage in the areas of industry and trade.

In addition to a geographic expansion of our promotional efforts in the area of economic development, we are taking a number of measures within the structure of the government to expedite and facilitate development. Agency procedures in processing and serving industrial prospects are being streamlined.

The pool of readily available

industrial buildings has been enlarged materially. Methods of moderating shipping costs, as well as the creation of new institutions to mobilize developmental financial backing, are also under study.

In respect to agriculture, we are determined to aim for economic viability. This means economy and retrenching. We hope to stabilize the output of existing crops at levels which will permit efficient production through advanced technology. A number of our subsidy programs of recent years are just too expensive for our society and its economy. We are encouraging, too, greater production of "table crops" for our own consumption.

Tourism, while representing a relatively small percentage of our economy, is still an important, bellwether industry, and, of course, is significant in terms of the number of jobs which it supports. Our hotel situation has shown some improvement since the difficult period of 1970 to 1971, and the Tourism Development Company is now working towards the decentralization of facilities to supplement the expensive, luxury type that now predominates.

Power problems

Last summer we experienced problems in our electric power system. The Water Resources Authority, which furnishes virtually all power on the island, and is the second largest publicly-owned power producer in the United States, is now overcoming these difficulties. Earlier this year, I dedicated a new 410,000 kilowatt unit on the south coast, and, simultaneously, another major unit long idle was fully restored to service. Two huge additional units of 450,000 kw each are now nearing completion, and promise at last to give us the ample reserves we need.

Our "growing pains" in power supply should be viewed in light of the fact that our growth in demand, especially in the industrial sector, is at a rate almost unheard of on the mainland.

Recently, I announced my construction of a petroleum superport, naming the uninhabited offshore island of Mona as a preferred site. Initial contracts are now in the works for the first developmental stages. Many people know that we have a pressing and continuous need for job creation. While our total

Continued on page 23

Growth, groans and gains

By A. W. Maldonado

(Ed. note: A.W. Maldonado is an associate editor of El Mundo which is published in Puerto Rico.)

San Juan—in the height of the cold war, Puerto Rico attracted considerable world-wide attention as a "showcase of democracy". Puerto Rico proved that a terribly underdeveloped people could achieve rapid economic growth within a framework of representational government and individual liberties.

When Cuba turned communist the analogy was evident. Puerto Rico was "West Germany" and Cuba "East Germany." Once again it was proved to all who wanted to see the reality that democratic capitalism worked and socialist totalitarianism didn't.

Today, we are told, the cold war has ended and neat analogies are breaking down. Puerto Rico continues to grow economically at a rapid rate, but lately there has been uncertainty, even fear on the Island. It is a curious situation; one sector fears that our "economic miracle" is coming to an end, another sector fears precisely that the "miracle" will not come to an end.

The fact is that Puerto Rico is now beginning to pay the price for almost three decades of remarkable economic development.

The obvious price is urban ugliness, crime, drugs, broken families, and all kinds of physical pollution. The not so obvious price is the loss of national purpose. In the 1950's, there was a consensus that Puerto Rico had to industrialize as rapidly as possible to roll back four long centuries of incredible poverty. But now there is no consensus. Even those who most defend continued economic growth are asking themselves whether this really has been progress.

It is in this context that the people of Puerto Rico elected a 36-year-old lawyer as Governor of Puerto Rico in November, 1972. Rafael Hernandez Colon had had a brilliant career, first as a lawyer, then as a political leader. At the age of 28 he had been named Secretary of Justice by the then Governor Roberto Sanchez Vilella.

Four years later he was elected to the Island's legislature and shocked everyone by getting his party to name him President of the Senate. In 1972, he produced a stunning upset in defeating Governor Luis A. Ferre for the governorship.

Now one thing that the new governor had never demonstrated was any knowledge or even interest in the Island's economic structure. Politics in Puerto Rico, as perhaps in most Latin countries, tend to be abstract and ideological. Indeed, Hernandez Colon had demonstrated a troubling ignorance of economic realities when he based part of his gubernatorial campaign in 1972 on controlling inflation in Puerto Rico. This was, inevitably, a campaign promise that was to haunt him after his victory. In fact, it was to induce him to commit a major economic blunder.

So the election of the new Governor created a sense of uneasiness in industrial circles. Ironically it should be said that Hernandez Colon received the support of a great part of our business world for two reasons. Although the Ferre administration was composed of ex-businessmen, and Ferre himself was and is the Island's biggest industrialist, the image of his government was one of improvisation, inefficiency, and above all, excessive politicking. Ferre seemed particulary unable to cope with the massive union demands, and the cost of production skyrocketed. The other reason was that the business community longed for a return of the "good old days" of Operation Bootstrap, which had been created and successfully carried out by the Popular Democratic party, Hernandez Colon's party.

So the business community was motivated mostly by anti Ferre sentiments, and they recognized that the young, inexperienced Hernandez Colon was a risk. The new Governor was quite aware of the uneasiness, and decided to induce the "father of Operation Bootstrap", Teodoro Moscoso, to return to his old post in government as head of the Economic Development Administration. It took some doing, but Moscoso (who had been selected by President Kennedy to head the Alliance for progress) finally agreed to resign as Chairman of the Board of Commonwealth Oil Refinery Company to return to public service.

Now, the new governor and Moscoso found Puerto Rico in an economic paradox. On one hand the Ferre administration had kept the economy growing at a very fast rate. The Island's GNP has climbed by 11.5 percent in fiscal

Continued on page 24

Puerto Rico prepares for petrochemical progress

Puerto Rico's emergence as a major world petrochemical center had its beginnings less than two decades ago, and in the brief period since, the industry has grown dramatically from a single plant to a vast complex involving more than $1.3 billion in investment and over 50 chemicals and synthetic materials.

The seeds for this growth were two modest petroleum refineries that went on stream only months apart. The first, a facility of Gulf Oil, started up in the fall of 1955. The second was Commonwealth Oil Refining Company (Corco) which, taking crude oil from Venezuela, went on stream on the island's south coast in January 1956.

The nucleus of what was to become a Corco complex, this facility has gradually increased from the original 23,000 barrel-a-day capacity to the present 115,000 barrels a day.

Feedstock from Corco led to the island's first petrochemical plant, a Union Carbide ethylene glycol facility that started up in June of '59 at a site close by.

A half dozen years later, in 1965, Corco went on stream with its own petrochemical plant, an aromatics facility, and soon, under the impetus of Puerto Rico's Economic Development Administration (EDA), there began influx of major new companies, independent and in joint venture to the island: Phillips Petroleum, Hooker Chemical, Hercules, W. R. Grace and PPG Industries, among others. Sun Oil is the most recent of major newcomers to go on stream.

Operations, furthermore, soon began to interlock. The attraction of satellites, the setting up of operations to further process the basic feedstocks downstream—these promise resource-shy Puerto Rico the raw materials base the island lacks: raw materials which could lead to thousands of jobs making intermediate and consumer products.

The basic streams that lead to consumer goods manufacture are now being produced on the island, and the process of feeding upon itself, the hallmark of a successful petrochemical community, is developing.

Second plant built

Corco, for example, established a second aromatics "core" plant in 1969 and later, in conjunction with PPG, brought on stream a $100 million olefins plant. This new core facility is providing feedstock to new satellites as Corco's aromatics plants are providing feedstocks to Corco's joint venture partners—W.R. Grace, Hercules, PPG and Corco's own subsidiaries—in producing a variety of intermediates essential for nylon, polyester fibers, vinyl chloride, plastics, and many others.

Thus plants have multiplied and investments have snowballed, the original $25 million investment of Corco having grown to $350 million and the single refinery having triggered, with Corco's joint venture partners, the establishment of eight plants in the Corco complex. A new Corco joint venture, with Nippon Zeon and Mitsubishi in an isoprene project, represents the first Japanese chemical investment in the U.S. or Puerto Rico.

A second aromatics plant on the island was that of Phillips Petroleum, brought on stream in early '68 and followed by its own satellite, Fibers International, to which it supplied feedstock. The fibers plant has expanded to triple production of fine denier products and carpet yarns and has added to its production polyester, a first for this synthetic in Puerto Rico. The total investment of Phillips on the island is over $200 million.

The most dramatic expansion on the island is Union, a $300 million project that brings the company's investment in this sector in Puerto Rico to over $400 million.

PPG's investment in Puerto Rico, over $150 million, represents that company's largest single capital expenditure in its history. Four plants comprise the PPG complex, three wholly owned, the other, the $100 million olefins joint venture with Corco. The PPG plants produce chlorine and caustic soda, vinyl chloride monomer and ethylene glycols as their main products.

Another major project, Sun Oil's $125 million refining complex at Yabucoa, processes crude oil into naphtha, jet fuel, and kerosene, while a second unit produces lubricating oils.

Still other projects include Hooker Chemical's phthalic anhydride and chromic acid plants; Reichhold Chemical's plasticizers and vinyl and acrylic operation; Peerless

Continued on page 23

New activity stimulates Island's economy

By Juan A. Albors

(Ed. note: Juan A. Albors is President, Government Development Bank for Puerto Rico.)

Economic activity continued at a high overall level in Puerto Rico during the fiscal year ending June 30, 1973. Gross production of goods and services ran about 12 per cent higher than the value of production for the previous fiscal year, according to preliminary estimates. Of course, because of the effects of inflation, the increase expressed in constant dollars came closer to half of the rate in current dollars.

The crucial manufacturing sector enjoyed a rise to a new high level of activity, reflecting improved demand originating in the United States, particularly in the area of clothing manufacturers. The rise in the income flow from manufacturing was a continuation of the improvement which showed up in fiscal 1972, following a period of little or no real growth that marked the two previous years. Manufacturing accounts for about one-fourth of net income generated in the economy.

Tourism leveling off

Tourist expenditures in 1973 also showed an increase, continuing an improvement begun in fiscal 1972. As in the case of manufacturing, tourism had suffered a leveling off in the preceding two-year period. The extent of the advance in 1973 was checked to a large degree by an airport taxi strike initiated during the winter visitors season. For the future, the devaluation of the dollar should enhance the industry's possibilities in Puerto Rico by deterring foreign travel. Also, greater emphasis on convention business should make a favorable impact on total activity. Although tourism contributes a relatively small part of net income in Puerto Rico's economy, compared to manufacturing, it has the impact of an export industry.

Construction during fiscal 1973 showed signs of a softening in the second half of the year ending June 30, after a lively first half. For the year, however, final overall figures show a high level of performance. Part of the let-up in the second half could be attributed to the completion of large projects in the petrochemical field and in highway construction during the first half of the year. As a practical matter, the tempo of construction has been of such a high order in recent years, especially in the public sector, that it could not be sustained indefinitely.

Housing down

Another important element in construction trends was the drop in new housing starts due to an acceleration in the rise of construction costs and problems in securing financing. Since the close of the fiscal year, home mortgage financing has become extremely tight in Puerto Rico. This situation reflects substantially an extension to Puerto Rico of the general problem of home financing as it now prevails in the United States. The construction industry during the current fiscal year ending June 30, 1974, requires attentive watching.

A prolonged scarcity of home mortgage funds would be a drag on construction, and could also affect the level of manufacturing activity. An important part of the material used in construction is manufactured in Puerto Rico for local consumption.

Shipments of merchandise during fiscal 1973 scored a gain of 26 per cent to reach a total of $2,347 million in value. Of this, $1,825 million, or 77 per cent, consisted of new products, i.e., goods manufactured in plants set up as a result of Puerto Rico's industrial development program. Clothing accounted for the greater part of the increase in shipments.

Unemployment 12 per cent

Unemployment in 1973 was 12 per cent of the labor force and generally comparable with the rate of unemployment prevailing throughout the past periods of Puerto Rico's greatest economic activity. During fiscal year 1973, the average available labor force increased by 39,000 to 921,000 persons employed persons increased by 28,000 to 80,000. These differences in growth illustrate a basic problem of economic development in Puerto Rico. While the number of jobs increases, growth in the work force is at such a level that it tends to check the decline of the unemployment rate. This situation is directly related to population growth.

Financial indices offer a more unqualified picture of performance during 1973 compared to other economic indicators. Bank deposits rose 18.6 per cent for the year while savings and loan association accounts rose 21.4 per cent. Combined accounts in both types of institutions totalled $3.3 billion.

Against the background of economic performance for 1973, the Commonwealth government is in the process of taking short term measures to deal with immediate problems. For the longer term, a review of past and present programs and policy is being undertaken for the purpose of refurbishing and updating them, and of developing innovative approaches to Puerto Rico's needs. Up to now, some indentifiable conclusions have been reached.

In the first instance, the Commonwealth Government has reaffirmed the principal role of manufacturing in the economic development effort. This means intensification of efforts to promote new manufacturing industry, concentrating on products which will be responsive to the incentives which Puerto Rico can offer. Aside from U.S. promotional offices of the Economic Development Administration, offices have also been opened in Europe and Japan. At the same time, attention is being focused on ways to improve and aid incentives for both investment and reinvestment in manufacturing. Essentially both labor intensive and capital intensive production must and will be sought as long as the population continues to grow and the unemployment rate remains high.

Convention facilities

This policy toward manufacturing industry does not stand in isolation. Essentially, the present administration seeks to encourage production and income growth generally throughout the economic structure. Tourism is a case in point. The administration is striving to bring new vigor into tourist service operations in Puerto Rico and to help correct some of the structural defects which have developed over the years and which had caused some levelling off. Aside from measures to aid existing luxury hotels and to retain existing clientele, it is sponsoring the construction of convention facilities near these hotels and also the development of smaller hotel operations appealing to the more informal tastes of new segments of the United States vacationing public.

In the case of the troubled and much reduced agricultural sector, the target of the present administration is a viable, stabilized industry operating from a retrenched position. In the case of sugar, for example, the target is 350,000 tons. A viable agriculture is especially important to an island, simply as a matter of insurance against some of the uncertainties that can come with a life far out in the ocean. However, it should also be obvious that Puerto Rico is in no position to maintain heavily subsidized agriculture.

To back up primary production and to serve the accompanying growth in demands of Puerto Rico's population, the present administration recognizes that the Commonwealth Government must continue to expand the need infrastructure directly and through its various public agencies. It is presently examining ways and means of improving the process of planning and investment in infrastructure by government and in securing more effective operations. As part of this program, a full-fleged review is to be initiated in the near future covering Puerto Rico's future investment needs and the ways and means of financing them. The study will be undertaken by a select group of experts.

Tax study underway

Similarly, the administration has under way an all-inclusive study of Puerto Rico's tax structure with a view toward the possibilities of a more equitable distribution of tax burdens and a fuller compliance with law by taxpayers. Naturally, any change in the tax structure must not be counterproductive, adversely affecting long term economic development.

Probably, one of the most important of all the positions adopted by the administration has to do with family planning. Measures have been taken and are being taken on a voluntary basis to assure the availability of information needed to give to many families more control over family size. In the last analysis, population pressure has been a principal element influencing migration, the still high unemployment rate, the inability to exercise greater selectivity in developing new sources of employment, the character of pressure on the budget for social expenditures and even many environmental pollution problems.

Tax incentives

Encouragement of a broad spectrum of investment is the other principal area of maximum importance, mostly investment of external resources in Puerto Rico and mostly from the United States. Here the administration has affirmed a policy of innovation to secure maximum results. In recent months, the administration has taken steps to sharpen up the attractiveness of Puerto Rico's industrial tax incentive program aimed at manufacturing. However, those measures have been so structured as to enhance generally the attractiveness of reinvestment of the accumulated earnings of successful firms, not only in manufacturing but in other areas. Further, a special session of the Legislature was summoned in late September to deal with a whole series of proposals designed to encourage investment in housing, particularly with a view toward easing the tightened situation of home mortgage financing.

Not all measures taken in line with the above policy areas will be expected to produce immediate results. However, it can be anticipated that efforts will yield reasonable returns in the short term and certainly in the longer term.

P. R. gains from U. S. fleet

By Hiram D. Cabassa

(Ed. note: Hiram D. Cabassa is the Chairman of the Puerto Rico Ocean Service Association.)

Over the years one of Puerto Rico's staunchest allies helping to forge the success of the Island's "Operation Bootstrap" industrialization program has been the U. S. Merchant Marine.

The first major U.S. flag lines serving Puerto Rico, namely Sea-Land Service, Seatrain, Transamerican Trailer Transport, and Gulf-Puerto Rico Lines have invested more than $300 million in the trade since 1958, a 15 year period which marked Puerto Rico's remarkable economic take-off.

To be exact, the U.S. Merchant Marine provided Puerto Rico with a full range of dependable and stable ocean service when it needed it most - a period when the Commonwealth's external trade rose from about a billion dollars in 1958 to more than $5 billion today.

This ocean service is continuing to improve. Recently there has been official recognition of this fact from a number of high ranking quarters.

Federal Maritime Commission Chairman Helen D. Bentley said last month that Puerto Rico now receives the best shipping service in the U.S. at relatively low cost.

Deputy Assistant Secretary of Commerce Howard F. Casey went even further. In a recent speech in San Juan he declared that Puerto Rico, on a per capita basis, boasts unequalled intermodal shipping services. A high level Puerto Rico Government official, Amadeo I.D. Francis, who heads up the "Operation Bootstrap" program in the U.S., wrote, in a recent article tracing the Island's phenomenal growth rate:

"This spectacular growth has been helped considerably by containerized shipping, which was pioneered on a commercial scale in the U.S.-Puerto Rico trade."

Despite such glowing testimonials all is not roses in sunny Puerto Rico as far as the U.S. Merchant Marine is concerned.

Soon after the carriers requested freight rate increases in 1971 to cover an astounding 92 per cent increase in their operating costs, there was considerable criticism in Puerto Rico.

Forgotten in the hue and cry following the filing of these requests for increases in Washington was the fact that from 1958 to 1971 — since the introduction of the modern containership — the carriers did not raise rates.

Continued on page 22

Tourism travels toward new territories

By Roberto E. Bouret

(Ed. note: Roberto E. Bouret is Executive Director, Puerto Rico Tourist Development Co.)

For nearly two decades, almost since the beginning of our development program, Puerto Rico has been synonymous with progress and profits. From a land with almost no industry, it has become one of the top 20 industrial areas of the world. And though written off not long ago as a permanent economic invalid, it has flourished to the point where its per capita income is the highest in Latin America and its purchases from the United States make it the fifth largest market for U. S. goods, ranking only after Canada, Japan, West Germany and the United Kingdom.

This progress, reflected in one of the world's highest growth rates—an average of 10 per cent annually for over two decades— has resulted from what the island has come to mean to U.S. industry in the way of profits, profits which in some sectors are more than five times as great in relation to sales as in the U.S. These profits, made possible by many factors including a 100 per cent tax exemption incentive, have attracted a broad range of industry including many of the most prominent manufacturing firms in the United States.

Notwithstanding this notable progress, which has increased manufacturing employment to over 150,000, thousands of young people are entering the labor force each year and unemployment remains unacceptably high.

Now, with renewed vigor, the Commonwealth of Puerto Rico is moving ahead into what promises to be the most exciting period of economic growth in our history.

Without resting on the past accomplishments of our "Operation Bootstrap" program, we are broadening and liberalizing our program and the forms of assistance we offer manufacturers. We have streamlined procedures, initiated new incentives to attract industry and broadened the categories through which companies can enjoy tax exemption. Industry-wide committees are being established to assist manufacturers in Puerto Rico. We are expanding our training programs and the assistance we offer a plant even after it goes into operation. With respect to the promotional aspects of our effort, we are expanding our staffs on the mainland and have opened an EDA office in Tokyo, with another planned for London next year.

Of all our new programs to create additional jobs and strengthen our economy, none has occasioned more interest than the proposed deepwater port and industrial complex to be built on Mona Island. Mona is a small, uninhabited island about 40 miles off the western tip of Puerto Rico. If original plans for the port are fully realized, direct employment could reach some 10,000, and the number of indirect jobs in the refining-petro-chemical industry are estimated to range from one-and-a-half to three for every direct job.

Intense scrutiny of the project preceded the government's decision to go ahead, particularly the effect of the superport on the environment. Studies concluded that a superport and refineries on Mona would have no measurable environmental impact on the Puerto Rican mainland or the nearby Dominican Republic.

The Commonwealth of Puerto Rico will invest $200 million to construct the deepwater port facilities, which will be financed through bond issues. As owners and operators, we will retain control over the planning of the site and its orderly integration into the industrial community of Puerto Rico. As a first step, contracts totaling $3.8 million were recently awarded to carry out preliminary planning and engineering studies for the superport and oil project at Mona.

Of great importance, as we continue to keep our eye on the unchanging target of new jobs, establishment of the port will stimulate expansion of new industries.

The port will include facilities for oil transshipment, new refinery capacity, power plants and petrochemical facilities. We must expand our capabilities to accept the supertankers necessary to bring in oil to meet our own growing energy and raw material needs at a desirable cost. This is essential for the continued development of our petrochemical industry, now situated on the southern coast of Puerto Rico, which currently represents a $1.3 billion investment and includes Union Carbide, Phillips Petroleum, Sun Oil, Commonwealth Oil, PPG and Hooker Chemical, among others. This industry is vital to produce the manmade raw materials for urgently needed downstream operations which will provide additional jobs.

Among the products now manufactured downstream are nylon, nylon carpet yarns, polyester fiber and plasticizers.

The first Japanese chemical plant investment announced for Puerto Rico, a joint venture between Nippon Zeon, Mitsubishi and Commonwealth Oil which will break ground early next month, will produce ingredients for synthetic rubber. A $50 million Du Pont dye plant will produce 200 types of dyes. And a major Hercules-Commonwealth Oil expansion to double production of paraxylene, a base material for the manufacture of polyester fiber, has been completed. Paraxylene is also used to produce non-wrinkle fabrics and carpeting, and the current expansion raises the plant capacity to nearly 20 per cent of U. S. production.

The development of relatively new industries in Puerto Rico, such as electrical-electronics and pharmaceuticals, has been extraordinary. Just six years ago, the electronics industry shipped some $85 million in products to the U. S. By 1972 that figure had doubled to $174 million. Twenty-one firms in this sector have multiplant operations and nine companies are among the Fortune "500."

Typifying the growth of this industry is Matsushita, the leading Japanese electronics manufacturer, which markets its products in the U.S. under the trade name Panasonic. Matsushita began operations in Puerto Rico in 1965 with an 11-worker assembly line.

After two expansions and a third starting up, the company employs 528 workers to make Panasonic stereos, speakers, radios and color TV sets. Other leading companies in the industry include Heckman Instruments, Bell & Howell, Digital Equipment, General Electric, GTE Sylvania, Motorola, RCA and Westinghouse.

Hotels lead new era of tourism growth

Puerto Rico's tourism is entering a new era. We are leaving behind, or overcoming, a host of problems that began with the U.S. economic recession in 1969 and a tight money situation that lasted for several years. We have faced up to the new and stiff competition from Europe, the almost universal problem of poor service and the demands of the new traveler in the age of ecology.

We are moving ahead in two major areas. One is strengthening our traditional luxury hotel industry and the other is broadening the base of our market by introducing new vacation concepts.

Puerto Rico's hotel industry is the backbone of its tourism. The vast infrastructure of luxury hotels with casinos, restaurants, nightclubs and a wide variety of entertainment facilities represent an investment of almost $250 million. It also represents thousands of jobs—well-paid, year-round employment.

$1.2 million ad campaign

We are doing a number of things to give new vigor to our hotel industry. We have just launched, for example, a $1.2 million advertising campaign directed at the northeastern region of the U.S., our traditional market. But the program will also aim at new markets in selected metropolitan areas such as Atlanta, St. Louis, Los Angeles and Toronto. The decision to go after these new markets is based on a market study that shows good market potential in these regions.

The group and convention market will also receive strong added promotion. Our existing convention facilities are already the best in the Caribbean, but once our new Condado Convention Center is completed next year Puerto Rico will be the convention capital of the Caribbean. The group and convention market already accounts for 12 to 15 per cent of our visitors. And it has the potential to draw 25 to 30 per cent of our future visitors.

But we recognize that it is not enough to promote our attractions and seek out new markets; we must ensure that our product satisfies today's traveler.

To meet this challenge the Tourism Development Company has just formalized a contract with an experienced training company specializing in attitudinal training. Victoria International, a company specializing in hotel staff training,

Continued on page 23

Puerto Rico gains from U·S· fleet

Continued from page 20

In fact, a combination of tough competition and the efficiency of the container and trailership produced rate declines for many commodities, including vital foodstuffs. Also seemingly ignored was the fact that in the decade preceding the advent of containerization, the inefficient break-bulk operators had boosted rates by 50 per cent.

Still some of these critics persist, saying in effect that the reason why the lines have asked for first rate increases is that they are insufficient. This is patently untrue and the proof of the pudding is that while experts predict that eventually container ships will carry 75 per cent of the dry cargo, the fact is that the U.S. Merchant Marine in the Puerto Rican trade is already more than 85 per cent containerized or trailerized.

On this point of efficiency here is what Mr. Casey also said while in San Joan:

"Currently there are some 30 general cargo ships in this trade — all of which are efficient intermodal vessels. These include the four roll-on--roll-off trailerships built since 1968 and 22 containerships. While the latter are converted vessels of generally smaller sizes and less speed than the newer generation of containerships engaged in our foreign trades, they can by no means be characterized as antiquated or inefficient. They provide the same rapid cargo-handling advantages as the newer ships and offer refrigerated, liquid bulk, and other specialized containers as well as the regular dry cargo units."

While it is understandable for Puerto Ricans to resist ocean freight rate increases, the point is that the entire world is being swept up in a rising inflationary tide. It is a fact that the carriers in the Puerto Rican trade have instituted and proposed increases from 35.2 to 45.2 per cent boost for southbound cargoes. On the surface, this may seem exorbitant. But it is also a fact that between 1965 and this year, the world-wide average general rate increases imposed by the main steamship conferences were 53.4 per cent on outbound cargo — and still going up at last word.

Critics are also charging that there is insufficient competition in the Puerto Rican trade and, therefore, want foreign flag lines to be allowed to en ter. This, too, is patently incorrect. The competition among the four major carriers is so ferocious that two of the carriers lost money last year.

Let's look at the situation elsewhere in the Caribbean where other islands also compete for the U.S. investment dollar.

A 1970 Federal Maritime Commission study shows, for example, that rates of foreign flag lines serving other near-by islands like Jamaica, Haiti, or the Dominican Republic from New York were considerably higher than those of the U.S. flag carriers' rates from New York to San Juan.

According to the FMC, half of the foreign rates examined ranged from 100 to 500 per cent higher than those of the American flag carriers.

In the Virgin Islands where foreign flag competition is permitted, the facts speak for themselves. The same FMC study reported:

"It appears that American carriers have been able to capture a predominant and growing share of the common carriage types traffic moving from the U. S. mainland to the Virgin Islands because, generally speaking, they have offered more attractive and stable services at comparatively lower rates from most areas of the U.S. mainland."

Another expensive cost factor in Puerto Rico is the problem of demurrage. The shortage of warehouse space on the island is forcing many receivers of goods to hold on to containers and trailers, thereby tangling the orderly return movement of empty units outbound (at high cost to the carriers.

Some receivers of goods in Puerto Rico have used container and trailer equipment as temporary warehouses for as long as six months. When a steamship line became impatient, or attempted to charge demurrage fees — which is required by the Federal Maritime Commission - these receivers simply threatened to route their cargo next time with a competing carrier. Thus, by playing one line against the other in a fiercely competitive climate, they sometimes got their way.

It was this demurrage problem that finally caused the four major carriers in the trade to band together and form the Puerto Rico Ocean Service Association, commonly known as PROSA. (It is important to note that PROSA is not authorized to establish freight rates. The filing of freight rates must be accomplished by each individual carrier according to his own economic needs.)

When PROSA started working in 1969, demurrage collections did not exceed $35,000 a month. Since then, however, the situation has improved considerably. While there is still nearly $6 million outstanding, collections have been stepped up to the point where they bring now $200,000 per month.

It is my belief that to eliminate the root cause of the demurrage problem, the Commonwealth Government should build warehouses on the same crash program basis it has used to build hundreds of factories under the successful Bootstrap program. such a solution would additionally help to transform Puerto Rico into a major Western Hemisphere distribution center.

Information on the carriers' situation is currently being provided to important segments of the Puerto Rican business community and it is my hope that, with understanding of the actual economic facts, there will come a realization that the U.S. carriers have played the game fairly and squarely...And will continue to do so.

As for U.S. investors now considering manufacturing facilities in Puerto Rico, they can rest assured that the U.S. flag lines will continue to provide a high quality service that will make their distribution network as efficient as possible.

For example, the number of containers moving weekly has increased from 226 in 1968 to well over 4,000 today. From 50 sailings a year, the U.S. shipper is now afforded well over 400 sailings annually from ports ranging from Boston to Seattle.

The individual lines, in keen competition with one another, are expanding their services.

Sea-Land now has ten vessels in the East Coast-Puerto Rican trade, plus six more vessels calling on Puerto Rico from the West coast. Its affiliate line, Gulf-Puerto Rico Lines, now operates three trailerships to Puerto Rico from Mobile and New Orleans. Seatrain, over the past several years, has doubled the number of its containers arriving in Puerto Rico to more than 1,200 a week and it has begun service to the Dominican Republic, five mainland ports and Europe. Transamerican Trailer Transport which began operations in 1968, has introduced three giant trailerships, providing Puerto Rico with round-trip service three times a week from New York and Baltimore.

What this means to the U.S. company currently thinking about establishing a branch plant in Puerto Rico is that is has at its elbow a full range of lift-on and roll-on containerized ocean vessels which can carry its Puerto Rican production efficiently and rapidly to virtually anywhere on earth. And what it means to the government of Puerto Rico is that the U.S. flag carriers will continue to be one of "Operation Bootstrap's" staunchest allies in the campaign to attract U.S. investors.

Hotels lead in new tourism era

Continued from page 22

will conduct a major program, aimed primarily at attitude improvement, for second-level management people. The goal is to bring all hotel service closer to a standard of excellence. This special training program has already been carried out at the Carromar Beach hotel with effective results. Now ten more hotels are involved in a first phase program that started right after Labor Day.

For the reception of cruise ship and airline visitors we have already installed new services and facilities designed to ease arrivals and departures. This includes welcoming activities, better coordination of ground transportation and baggage movements and expanded information facilities.

Training police officers

Moreover, while our island-wide police force has traditionally dealt sensibly and sympathetically with travelers, we have started a new training program, intended to reach some 700 police officers, which will give particular emphasis to attitudes toward visitors and provide greater understanding of tourist needs.

Beaches to us are what money is to a bank. So in addition to our continuing campaign to increase the public's cooperation in keeping our beaches spic and span, we have also recruited a minibrigade to ensure a proper cleanup of beaches that are not already maintained by our Department of Parks and Recreation.

Casino gambling, though limited and government supervised, has become economically vital to several luxury hotels. Competition in this area from our Caribbean neighbors and other destinations has increased sharply. We will, therefore, seek to revise our casino regulations, written in 1949, to improve our competitive position. Our Tourism Research Center, which operates jointly with our School of Hotel Administration, has just completed a study from which we will make specific recommendations to the Governor and Legislature to modernize our gambling facilities and operations.

The expansion of our market is a required parallel to strengthening the luxury hotel industry. We intend to achieve this goal by giving a new dimension to our tourism.

As a great advertising executive once told us: "Accentuate the differences, even at the risk of being accused of cultural nationalism." By accentuating our personality as a people, by accentuating the natural environment and character of our island, we expect to lure to Puerto Rico a sizeable part of the rapidly expanding market that is highly motivated by that which is different, the indigenous.

We have already begun to "Puerto Ricanize" tourism on the island through the mechanism of "Paradores Puertorriquenos," or Puerto Rican Inns. This is a local adaptation of the extremely successful "Paradores de Espana," Inns of Spain. While we do not have old castles to convert into "Paradores," we do have charming small hotels throughout the island and we do have coffee haciendas and sugar plantations with large, stately homes that can be converted into very attractive and comfortable inns.

These moderately priced inns will participate in "Paradores Puertorriquenos," which has been registered as a subsidiary of the Tourism Development Company. Existing small hotels, as a first step, have been invited to join the network. They will be provided with centralized merchandizing, centralized reservations service and a ground transportation system on fixed itineraries. A hotel consultant, with considerable experience in the operation of the Spanish "Paradores," will service the member inns on condition that his advice and standards must be accepted. This is, of course, essential to the success of the "Paradores" since location alone is insufficient: it must be matched by excellence in service and high operational standards.

Individuality retained

"Each inn will retain its individuality, however. Each will be operated by its owner. But all of them will receive the centralized services offered by the corporation and benefit from the common image and publicity.

For the second stage of "Paradores" we plan the construction of new hostelries. It is at this stage that the restoration of old haciendas comes into the picture. The restoration of these haciendas and the construction of new "Paradores" will afford a good opportunity to small investors and will in turn stimulate entrepreneurship of small investors in the development of other facilities and amenities in adjacent areas.

The island-wide "Paradores" system aims not only at decentralization of tourism but also at making available to the traveler comfortable and attractive accommodations at reasonable prices in a variety of interesting settings. In other words, we are thinking of small hotels of 20 to 50 rooms, attractive but not fancy or luxurious, with minimum facilities of high quality—all located in areas of either scenic, historical or cultural interest, or all three.

We are working at top speed on a "Paradores" project and we expect the first ones to be in operation in the coming winter season.

Finally, these major new directions in tourism are being taken both to reaffirm Puerto Rico's commitment to tourism as an important sector of our economy and to provide a true projection of our island's special character.

Puerto Rico pushes upward

Continued from page 18

employment continues to grow. our young work force is expanding at a similar rate. Moreover, we continue to have a chronic high unemployment rate ranging in the area of 12 percent. A superport is significant not only for the jobs it will create directly, but for a host of related and satellite operations to which it should give rise.

Finance planning council

One significant action I would like to single out, briefly, is our creation of a Finance Council. The Council, with a membership of selected top level government officials, is designed to facilitate inter-agency coordination in regard to financial planning. While it does not execute policies or carry programs into action, it is currently organizing a special committee of outside experts who will undertake a comprehensive review of Puerto Rico's finances. Ultimately, important recommendations are expected regarding new, innovative and more efficient methods for broadening our financial resources, both from internal and from external sources.

I have repeatedly stressed that far too many of our people have not shared fully and fairly im the prosperity that has lifted us from the status of "poorhouse of the Caribbean" to a higher per capita income than exists anywhere in Latin Ameria. There is still far too much poverty side-by-side with prosperity. Those who have been left behind economically have unrealized expectations and the hope that their children's lives many be better and richer than theirs.

A number of reforms which we are inaugurating are aimed at correcting inequities and social injustices.

Tax reform begun

Tax reform in order to widen our base and achieve a fairer distribution of wealth and income is underway. A sweeping modernization of our entire system for providing health services is also being undertaken. A new Department has been set up to coordinate programs for combatting alcoholism and drug addiction.

Meanwhile, the physical building of a new Puerto Rico continues with new highways, new schools and hospitals, new port and airport facilities, new electric and water plants. For all this development-much of it described in this publication by those heading our public authorities and agencies-outside investment has been a prime ingredient.

We shall continue to provide the best possible fiscal climate for outside investment. Our Commonwealth constitution specifically prohibits deficit,. spending, and we now enforce-and will continue to enforce-rigid, conservative planning and management of debt.

Unquestionably, the spectacular progress our people have achieved has been made possible by the unique relationship which has developed between Puerto Rico and the United States. This relationship, one of maximum self-government within the framework of permanent union, is a unique testimonial to the fact that people with a different heritage can complement each other, seek mutual happiness and progress, and resolve their problems together.

Petrochemical gain

Continued from page 19

Thus, the basic goal of the island—to develop an integrated chemical process industry move toward realization. It is anticipated that with EDA's incentives program, whole new families of industry will establish in Puerto Rico, since from the Petrochemicals, with aliphatic solvents; Piacco, an English Shell plant) with epoxy enamels, adhesives, asphalt emulsions and other products; and, to meet the island's growing demand for industrial gases, Air Products & Chemicals produces 500,000 tons of oxygen and nitrogen.

Puerto Rico comes to grips with growth

Continued from page 18

1970, by 12.2 percent in 1971; by 12.8 in 1972. But it was like a jet which is cruising apparently easily at 40,000 ft. while,in the cockpit, the instrument panel indicates there are serious problems.

The Ferre administration had the economy moving mostly on massive borrowing (all, however, safely within the debt limit set by the constitution), by successfully getting Congress to appropriate more federal funds for Puerto Rico, and by greatly increasing government expenditures, mostly in salary increase and accelerated public works projects. But the "engines" of Puerto Rico's economic flight were seriously misfiring. Industrial growth was almost stagnant; factory closings almost offset the gains of factory openings; tourism fell into a slump causing several major hotels to close, and others to be kept opened through generous government help; the sugar industry took a nosedive and although Ferre earmarked $100 million to 'save it', all but one sugar mill gave up and the industry was taken over by the government. Obviously, the big increase in government spending could not continue.

In fact, it stopped the day Hernandez Colon became Governor in January of 1973. His first act was to announce he had found a huge deficit in the budget; a rigid austerity program was put into effect. But most importamt, he froze all new public works projects until July 1st, 1973, the beginning of the new year.

What normally would be seen by the business community as sound, responsible, conservative economic policies, became, instead, cause for converting uneasiness into outright concern. Businessmen said that the new policy would have a depressing effect on the economy. And it did. By May, the Treasury Department announced that government revenue was not what had beem expected, and the legislature had to cut the budget even further.

Meanwhile, the pattern of labor unrest that had begun during the final year of the Ferre administration continued and grew under the new administration. A taxi strike had a killing effect on tourism in the middle of the winter season. But the most sensational strike occurred in May when the electric power workers walked off their jobs promising to black out Puerto Rico. The Governor reacted quickly by calling out the National Guard, and within a week the strike was settled. The young Governor was strongly applauded by his firm action — it was in fact an important political victory for him. But this strike and others only served to lead deep concern in the business community to the borders of fear.

As if all this were not enough, the Governor decided, early in his administration, to fulfill his campaign promise by tackling the Island's rapid rate of inflation from five to six percent a year. Several of the younger members of the Cabinet devised a complicated plan to freeze food prices and subsidize importers. Against the warning of experienced economists that the plan would not work, the Governor not only approved it, but sent to the Legislature a bill to give him the power to go into the import business if importers refused to cooperate with his plan. A powerful anti-government movement within the business community was formed to battle for "free enterprise". As expected, the plan did not work. Importers stopped importing, causing great shortages in such basic foods as rice. The price of meat, instead of declining in summer, as anticipated by the government, kept going up and the cost of the import subsidy became prohibitive. Finally the Governor in effect accepted defeat and abandoned the plan. Price controls continue, but on a flexible "cost plus" basis.

While all of this was happening,Teodoro Moscoso was elaborating a plan that was to produce a remarkably intense controversy, and at the same time turn the image of the new administration completely around. The plan worked out by the development authority, Fomen; was to construct, in Puerto Rico, a giant superport in order to make the Island one of the world's major centers of petroleum refinery and production of petrochemicals.

Actually the idea of the superport was first advanced in the last month of the Ferre administration. Then it seemed to be dropped during the considerable confusion of the change in administration. But Moscoso picked up the idea, commissioned studies on the feasibility of the project, and its economic and environmental impact. By August of this year Moscoso was convinced that Puerto Rico needed the support project, as well as new plants to refine an additional 500,000 barrels of crude oil per day. This would not only give the Island's industrialization a desperately needed boost, but also prevent Puerto Rico's existing billion dollar petrochemical industry from being priced out of the market.

Moscoso's first major problem was to convince the new Governor to endorse the plan. This proved to be surprisingly easy. Although the Governor expressed grave doubts about the environmental impact of a project of this magnitude on a small island like Puerto Rico, he gave Moscos the green light. This, however, was only the first problem. The real battle was to take place before the liberal leadership of the Popular Democratic party, and before a public that was now beginning, for the first time in Island history, to question the cost and wisdom not only of industrializatiom, but also of economic progress itself.

No project in Island history was subjected to more debate, public hearings in the legislative and the executive branches, columns and editorials. The opposition to the superport was strong. From the powerful environmental agencies within the govermment, to ordinary citizens, there was a passionate belief that economic development had to be checked, before it destroyed the beauty of the Puerto Rican landscape and even the Puerto Rican traditional culture. Thus the word "superport" became a symbol, the code word for a fundamental decision being made by the government that would determine Puerto Rico's social, economic and cultural freedom.

And it was, of course, the crucial decision for the new Governor — perhaps the most important that he would have to make in all his four year term. His first act was to order Fomento to locate the superport on a 15 square mile, uninhabited island, 35 miles due west of Puerto Rico, and the same distance east of the Dominican Republic. Fomento had favored placing the project on the west coast of the Puerto Rican mainland. The Governor choose a small island called "La Mona," essentially to reduce, its environmental impact on the mainland. Then he began to face very strong opposition within his political leadership who saw the project as a betrayal of his liberal, left of center, ideology. Finally on September 14, in an island-wide television speech, the Governor announced his decision in favor of the superport.

This, it seems evident, was the turning point in his administration. The superport itself with the two refineries would create 2,000 permanent, high paying jobs. But the potential for creating additional jobs in "downstream" manufacturing plants that use petrochemicals as their raw materials was very impressive. Fomento estimates that up to 56,800 new jobs can be created, adding about $174 million in personal income to the Island's economy.

With the great emotionalism aroused by the project, the Governor's decision was indeed courageous. Technical studies by reputable U.S. consulting firms convinced him that the entire petrochemical complex can be built within the Island's stringent environmental laws. He visited a new "clean" refinery built in Seattle and several legislative teams visted the superports built in Europe,and reported back not only on their great impact in economic development, but also on the ability of government to industrialize and protect the environment when it really wants to do so.

The Governor made the decision by facing up to Puerto Rico's sobering ecomomic realities. The fact is that Puerto Rico's "economic miracle" was just that. Nature had doomed the Island to extreme poverty and massive unemployment. This overpopulated Island, devoid of natural resources, and mired in four centuries of poverty culture seemed to have no hope for ecomomic growth. But growth was achieved by highly aggressive and creative industrial promotion, based primarily on Puerto Rico's political status which permits full (local and federal) tax exemption, and lower labor costs. The key point is that this growth was not natural; it was "artificial" in the sense that it was "man made". What the governmemt has seen is that unless it continuously makes extraordinary efforts to push industrialization, Puerto Rico will return to poverty amd unemployment as surely as a Boeing 747 will "return" to earth if its engines fail.

Puerto Rico, I believe, is beginning now to pull out of its economic doldrums. The go-ahead on the superport project is reviving the old "Bootstrap" spirit. The new Governor has had a difficult period of trial and error in establishing his economic policies, but the feeling now in Puerto Rico's sensitive and vital business community is that he has learned and that the economy is finally on the right track.

SECURITIES NOW IN REGISTRATION*

(N) INDICATES ADDITIONS IN SINCE PREVIOUS ISSUE (R) ITEMS REVISED (I) INITIAL PUBLIC OFFERING

Oil-Gas Real Estate

ADA OIL EXPLORATION CORP
8910 Fannin, Houston, TX, July 20, 1973 filed $20,000,0.J of formation subscriptions for partnership interest, to be offered $1,000 per unit The company was organized to purchase and operate oil and gas producing properties ADA Securities Corp, Houston, TX will manage the underwriting. Offering expected Jan 2.

ALAMO DEVELOPMENT CORP
505 Park Ave, NY, July 26, 1973 filed $10,000,000 of partnership interests in Alamo Fund 1973 Drilling Venture, to be offered at $5,000 per unit. The company is a partnership which will explore for oil and qas. MPG Capital Corp, NY will manage the underwriting.

AMERICAN REALTY TRUST
2000 Jefferson Davis Hwy, Arlington, VA, July 2, 1973 filed $15,000,000 of senior subordinated debentures due 1983. The company is a real estate investment trust. Proceeds will be used for debt repayment. Suplee-Mosley Inc, Philadelphia, PA; and BG Dickinson & Co, Des Moines, IA will manage the underwriting.

BANCAL INVESTORS
400 California St, San Framcisco, CA, Oct 10, 1973 filed 1,650,000 shares of beneficial interest, to be offered at a maximum of $20 per unit. The company has been established to invest in a diversified portfolio of mortgage and real property investments. Dean Witter & Co Inc, San Francisco, CA; and Paine, Webber, Jackson & Curtis Inc, NY will manage the underwriting. Offering expected Jan.8.

BLACK GIANT OIL CO
1304 Ave L, Cisco, TX, Sept 28, 1973 filed 300,000 shares of common, to be offered at a maximum of $1 per share; and 30,000 shares of common stock underlying warrants, to be offered at a maximum of $125 per share. Proceeds will be used to finance drilling programs in Australia, repayment of debts, and towards acquisitions and other corporate purposes. Willis E Burnside & Cc, Inc, NY will manage the underwriting. Offering expected Jan. 15. (I)

CAPITAL RESOURCES REAL ESTATE PARTNERSHIP III
307 North Michigan Ave, Chicago, IL, July 6, 1973 filed 5,000 interests in limited partnership, to be offered at $1,000 per interest. The company was organized in a partnership to invest in real estate. First Nation Securities, Inc, Chicago, IL will manage the underwriting.

CENTRAL MORTGAGE AND REALTY TRUST
928 Grand Ave, Kansas City, MO, Oct 17, 1973 filed 750,000 shares of beneficial interest, to be offered at $22 per interest. The company has invested and intends to continue to invest primarily in short-term first mortgage construction and development loans on commercial and residential properties. Stern Brothers & Co, Kansas City, MO, and Dain, Kalman & Quail, Inc, Minneapolis, MN, will manage the underwriting. -V 218, p 497

CHARTER INVESTMENT CO
200s First Maryland Bldg, 25 South Charles St, Baltimore, MD, Nov. 15, 1973 filed 2,500,000 shares of common, to be offered at $20 per share. The company, which is a new closed-end diversified investment company will invest ab least 50 per cent of its assets in real estate investment trusts, will invest its net proceeds in securities and certain funds. duPont Walston, Inc, NY, will manage the underwriting.

CITIZENS & SOUTHERN REALTY INVESTORS
33 North Ave, NE Atlanta, GA, Nov 19, 1973 filed 1,000,000 shares of beneficial interests, to be offered at $36625 per share. The company is a real estate investment trust established for the purpose of investing in mortgage loans and owning real estate. Lehman Brothers, Inc, NY; Dean Witter & Co, Inc, San Francisco, CA; and Robinson-Humphrey & Co, Inc, Atlanta, GA, will manage the underwriting. Offering expected in Dec. V218, p807

CONVEST ENGERGY 74 OIL & GAS PROGRAM
July 30, 1973 filed 5,000 units of limited partnership interest, to be offered at $1,000 per unit. Convest Security Distributors and Chase Investment Services of Boston will manage the offering.

DYCO PETROLEUM CORP.
Gelco Bldg., 1300 soouth Second St., Hopkins, MN, Aug. 17, 1973 filed 600 units of participation and interests in Dyco Petroleum Corp. Oil and Gas program 1974, to be offered at $5,000 per unit. The partnership was organized to invest in oil and gas drilling. Dain, Kalman & Quail, Inc. Minneapolis, MN will manage the underwriting

DYCO PETROLEUM CORP
Gelco Bldg 1300 South Second St, Hopkins, MN, Aug 17, 1973 filed 800 units of participation in the company oil and gas program, to be offered at $5,000 per unit. Dain, Kalman & Quail, Inc, Minneapolis, MN will manage the underwriting. (I)

HARTMAN GROUP SECOND FUND, LTD
Suite 1720 Travelers Tower, Southfield, MI, Oct 29, 1973 filed 10,005 partnership units, to be offered at $500 per unit, with a minimum subscription of $2,500. The partnership was formed for the purpose of investing in improved real estate. Group Investment Managers, Inc, is the managing corporate general partner.

HEITMAN MORTGAGE INVESTORS
12th Floor, 225 Franklin St., Boston, MA, Oct. 31, 1973 filed $30,000,000 of senior subordinated notes due 1980, to be offered at 100 percent. The company is a real investment trust. Bear, Stearns & Co, NY will manage the underwriting -V 215, p 277.

IDS-MCCULLOCH OIL EXPLORATION DEVELOPMENT PROGRAM-1974
10880 Wilshire Boulevard, Los Angeles, CA, Nov 9, 1973 filed $30,000,000 of interests in an Oil and Gas Exploration and Development Program, to be offered at $1,000 per unit, with a minimum subscription of $5,000 The limited partnerships will engage in exploration for and development of oil and gas Investors Diversified Services, Inc, Minneapolis, MN, will manage the underwriting.

IDS REALTY TRUST
IDS Tower, Minneapolis, MN, Sept 6, 1973 filed $101,002,650 of Series C subordinated debentures due Oct 31, 1988. A real estate investment trust organized in Dec. of 1971 to invest in a portfolio of real property investments. The net proceeds will be used to repay short-term borrowings. Investors Diversified Services, Inc., Minneapolis, MN will manage the underwriting. -V 217, p 919

I.R.E. REAL ESTATE PARTNERS, LTD., SERIES IV
201 Selvilla Ave., Coral Gables, FL, Nov. 16, 1973 filed 20,000 units of limited partnership interests, to be offered at $500 per unit, with a minimum purchase of 5 units. The objective of this company is to acquire for investment, improved income preducing real estate. Investors Tax Sheltered Real Estate, Inc., is the General Partner.

JUSTICE MORTGAGE INVESTORS
505 N Ervay, Dallas, TX, Oct 1-29, 1973 filed 800,000 shares of beneficial interest, to be offered at $24 per share. The company is a business trust which invests in real estate mortgage loans. Kidder, Peabody & Co, Inc, NY will manage the underwriting. V 217, p 739

KEDCO MANAGEMENT CORP
816 Union Center Bldg, Wichita, KS, Sept. 6, 1973 filed $5,000,000 of pre-organization subscriptions to and interests in limited partnerships The company acts as general partner of limited partnerships to be formed under an offering of subscriptions to limited partnerships to engage in petroleum acquisition programs The minimum initial investment which may be made in a partnership is $-3,000, after which, an investor is entitled to subscribe a further sum of not less than $250 in any additionally formed partnership under this offering. The minimum amount which must be subscribed from limited partners to form a partnership is $250,000 The partnerships will attempt to acquire producinq oil and gas properties in the US and Canada. Raymond, James & Associates, St Petersburg, FL will manage the underwriting. -V 217, p 831

KENAI DRILLING LTD
551 Fifth Ave, NY, Sept 12, 1973 filed 467,500 shares of common and 467,500 warrants, to be offered in units of one share and one warrant, at a maximum of $450 per unit. Company was incorporated in April, 1973 to acquire two companies engaged in the oil business in Alaska. Proceeds will be used for acquisitions. WE Burnet, Inc. NY will manage the underwriting Offering expected Jan. 15.

MAENNER-AMERICAN PROPERTIES
10050 Regency Circle, Omaha, NE, Nov. 6, 1973 filed 25,000 units of preformation limited partnership interest, to be offered at $100 per unit with a minimum purchase of 25 units. The partnership will invest in income producing real property. First Mid America Inc, Lincoln, NE will manage the underwriting. Offering expected in early Jan.

MAY PETROLEUM INC
1435 Republic National Bank Bldg, Dallas, TX, Aug. 23, 1973 filed 2,400 units of participation in the company's series C drilling .rograms, to be offered at $5,000 per unit May Securities Corp, Dallas, TX will handle the underwriting (I)

MESA PETROLEUM CO
Vaughn M Bldg, 320 South Polk St, Amarillo, TX, Nov. 9, 1973 filed 2,327,800 shares of common, to be at $39 per share, 2,000,000 shs by the company and 327,800 shs by selling security holders) The company, which is in the business cf exploring for and developing oil and natural gas, will use its proceeds to reduce its debt. Merrill Lynch, Pierce, Fenner & Smith Inc; and Donaldson Lufkin & Jenrette Securities Corp, NY, will manage the underwriting. Offering imminent. V218, p901

MASSMUTUAL MORTGAGE & REALTY INVESTORS
1295 State St., Springfield, MA, Nov. 20, 1973 filed $40,000,000 of senior notes due 1980, to be offered at 100 per cent. This real estate investment trust will use proceeds to reduce shortterm borrowings. White, Weld & Co., Inc., NY will manage the underwritimg. -V. 216, p. 149. Offering expected Dec. 18.

MIDLAND MORTGAGE INVESTORS TRUST
1800 Midland Center, Oklahoma City, OK, Nov. 28, 1973 filed $22,000,000 of convertible subordinated debentures due 1998, to be offered at 100 per cent; and an indeterminate amount of shares of beneficial interest issuable upon conversion of the debentures. The company is a real estate investment trust which invests primarily in short term mortqage construction and development loans. Smith, Barney & Co., Inc.; Reynolds Securities Inc.; and Stone & Webster Securities Corp., NY will manage the underwriting. V. 217, p. 880.

MULTIEST GROWTH PROPERTIES
28 State St, Boston, MA, Sept 7, 1973 filed 825,000 units consisting of one share of beneficial interest and one warrant to purchase one share of beneficial interest The company has been created to invest in diversified real estate. Shearson, Hammill & Co, Inc, NY will manage the underwriting

MULTIVEST REAL ESTATE FUND LTD, SERIES I
26300 Telegraph Rd, Southfield, MI, July 11, 1973 filed 30,000 units of limited partnership interest, to be offered at $500 per unit Partership to be formed to invest in improved real estate. Multivest Securities Inc, Southfield, MI will manage the underwriting.

MULTIVEST REAL ESTATE FUND, LTD, SERIES VII
26300 Telegraph Road, Southfield, MI, Nov 1, 1973 filed 40,000 units of limited partnership interest, to be offered at $500 per unit, with a minimum purchase of 2 units The company deals in investment in improved real property, Multivest Securities, Inc, Southfield, MI will manage the underwriting Offering expected in late Dec.

PACIFIC WEST REALTY TRUST
2500-81st Ave, SE, Suite 200B, Mercer Island, WA, Sept 28, 1973 filed 1,250,000 shares of beneficial interest. The trust's investment policy is to acquire income producing properties, to which the proceeds will be applied. PW Securities, Inc, NY, will manage the underwriting.

PATRICK OIL & GAS CORP
744 W Michigan Ave, Jackson, MI; Oct 23, 1973 filed 2,400 1974 combinatiun program limited partnership interests, to be offered at $5,000 per unit. The Partnership will be formed to acquire and operate prong oil and gas properties and to drill exploratory and development wells. Patrick Programs, Inc, Bloomfield Hills, MI, will manage the underwriting. V218, p1137.

PIEDMONT PROPERTIES
277 North Dean St, Englewood, NJ, July 10, 1973 filed 10,000 units of limited partnership interests, to be offered at $500 per unit. Partnership will invest in real estate. Piedmont Capital Corp, Emglewood, NJ; and WestAmerica Securities, Inc, Emporia, KS, will handle the underwriting.

ROULSTON DIVERSIFIED REALTY FUND 73
July 17, 1973 filed 319 units of limited partnership interest, to be offered at $10,000 per unit. Roulston & Co, Inc, R Cleveland, OH will handle the underwriting.

MIDLANTIC MORTGAGE INVESTORS
60 Park Place, Newark, NJ, Oct 26, 1973 filed 1,250,000 shares of beneficial interest, to be offered at $20 per share. The company is a real estate investment trust formed to invest primarily in short-term construction, land acquisition and development loans. Goldman, Sachs & Co; and Reynolds Securities Inc, NY will mapage the underwriting. Offering expected in mid Jan.

SPECTRUM REAL ESTATE INVESTMENT TRUST
Alcoa Bldg, One Maritime, Plaza, Ste. 900, San Francisco, CA, Sept. 21, 1973 filed 400,000 shares of beneficial interest, to be offered at a maximum of $25 per share with a minimum purchase of 40 shares. The Trust primarily will make equity investments in income producing real estate. Spectrum Financial Group, Inc, San Francisco, CA will manage the underwriting. (I)

Reg. "A's"

ADMASTER, INC.
425 Park Ave. South, NY, July 25, 1973 filed a Reg. A covering 125,000 shares of common, to be offered at $1 per share. Preferred Investors Planning, Spring Valley, NY will manage the underwriting.

AMERICAN HOST CORP.
4300 North Central Expressway, Ste. 105 Dallas, TX, Oct. 1, 1973 filed a "Reg. A" covering 125,000 shares of common, to be offered at $0.50 per share. Koss Securities Corp., NY, will manage the underwriting. Offering expected Dec. 20. V. 217, p.917.

BRATSKELLARS, INC.
6922 Hollywood blvd, Suite 810, Los Angeles, CA, Aug. 24, 1973 filed a reg. 'A' of 200,000 shares of common, to be offered at $9 per share. Waldron & Co., Inc. San Rafael, CA will manage the underwriting.

CAPEHART HOSPITAL SUPPLY CO. INC.
433 Liberty St., Little Ferry, NJ, Aug. 3, 1973 filed a Reg. A covering 150,000 shares of common, to be offered at $3 per share. This company was formerly knowns as Capehart International Medical Corp. Hervat Maniscalco & Co., Bergenfield, NJ will manage the underwriting.

CLOTHES-OUT, INC.
214 Merle May Plaza, Des Moines, IA, Auq. 6, 1973 filed a Reg. A coverinq 125,000 shares of common, to be offered at $4 per share. First Iowa Securities Ltd., Des Moines, IA will manage the underwriting.

CONSOLIDATED INTERNATIONAL PICTURES, INC.
1330 Leyden St., Denver, CO, July 26, 1973 filed a Reg.: A covering 2,000,000 shares of common, to be offered at $0.25 per share. Toll & Co., Phoenix, AZ will manage the underwriting.

EARMARK AUDIO RESOURCES, INC.
449 Putnam Ave., Hamden, CT, Sept. 12, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at $2 per share. Kennedy Peterson Inc., East Hartford, CT will manage the underwriting.

DIVERSIFIED MACROWAVE APPLICATION INC.
Dubulin Hall, Blue Bell Office Campus 1770 Walton Rd., Blue Bell, PA, Sept. 24, 1973 filed a Reg. A covering 180,000 shares of common, to be offered at $2.75 per share. JJ Krieger & Co., will manage the underwriting.

FAVCO INC.
829 S. Fourth St., Minneapolis, MN, Aug. 31, 1973 filed a Reg. A covering 200,000 shares of common. This company was formerly known as Aeromat Inc. Engler & Budd Co., Minneapolis, MN will manage the underwriting. Offering expected in Dec.

HARDWARE WHOLESALERS INC.
Nelson Rcad, Fort Wayne, IN, Oct. 3, 1973 filed a "Reg. A" covering 9,000 shares of common, to be offered in units of 20 shares at $1,000 per unit; and 1,000 shares of common, to be offered in units at 10 shares at $500 per unit. V.214, p.1737.

HYDRO TECHNOLOGY INC.
677 Oak Lane, Kaysville, UT, Sept. 7, 1973 filed a Reg. A covering 300,000 shares of common, to be offered at $1 per share. Olsen & Co.' Salt Lake City, UT will manage the underwiting. (I)

JEWELS BY MARTINEZ INC.
8 West 36th St., NY, Oct. 1, 1973 filed a "Reg.A" covering 100,000 shares of common, to be offered at $5 per share. Brooks Hamburger Securities Co., Inc., NY NY, will manage the underwriting. Offering expected in Jan. V.217, p.880.

*** Important Notice**

The tabulations exclude issues filed prior to July 1973 for which specific offering dates have not been announced. These issues will be reinstated when information regarding the dates when the offerings are to be made is available.

MAXWELL HARMAN ENTERPRISES, INC.
123 Hodgden Hall, Tufts University, Medford, MA, March 29, 1973 filed a Reg. A covering 500,000 shares of common, to be offered at $1 per share. Dania Securities Inc., Rye, NY will handle the underwriting. Offering expected Dec. 18. (I)

MODEL TEE CART CORP.
Maple Place & Manchester Ave., Keyport, NY, Aug. 22, 1973 filed a Reg. A covering 150,000 shares of common, to be offered at $3 per share. Pars Securities Inc., NJ will handle the underwriting.

O'CONNOR, MCLAUGHLIN & PAYNE, INC.
University Club Bldg., Salt Lake City, UT, July 5, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at $2 per share. Universal Underwriting Service, nc., Salt Lake City, UT will manage the underwriting. (I)

OIL INTEREST LTD.
Aug. 31, 1973 filed a Reg. A covering 4,500,000 shares cf common, to be offered at $0.10 per share. Barton & Co., Inc., Denver, CO will manage the underwriting. (I)

PHOTOPHYSICS, INC.
1601 Stierlin Road, Mountain View, CA, Sept. 20, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at $2 per share.

PLEASURE INDUSTRIES, INC.
3367 5th Ave. South, Fort Dodge, IA, Aug. 10, 1973 filed a Reg. A covering 111,250 shares of common, to be offered at $4 per share. First Iowa Securities, Des Moines, IA, will manage the underwriting.

SCHWAB INVESTMENT CORP. OF OREGON
P.O.Box 667, New Madras Highway, Princeville, OR, Oct. 1, 1973 filed a "Reg. A" covering 28,000 shares of common, to be offered at $14 per share.

SUNBANC CORP.
60 Boylston St., Boston, MA, Aug. 2, 1973 filed a Reg. A covering [illegible] shares of common, to be offered at $[illegible] per share. Christian-Paine & Co., Inc., Hasbrouck, NJ, will manage the underwriting.

TULE CANYON TUNGSTEN MINING CORP OF NEVADA
401 East Fremont, Ste. 9, Las Vegas, NV, July 9, 1973 filed a Reg. A covering 1,332,104 shares of common, to be offered at $0.25 per share. Western First Western Securities Co., Spokane, WA, will manage the underwriting. (I)

VARIETAL VINTNERS, INC.
200 Park Ave., Suite 1303, NY, May 29, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at $3 per share. [illegible], Johnson & George, Inc., NY, will handle the underwriting. Offering [illegible].

VISTA LABS INC.
[illegible] Ave., New Milford, CT, Aug. [illegible], 1973 filed a Reg. A covering 100,000 shares of common, to be offered at $5 per share. [illegible] Securities Corp., NY, will manage the underwriting.

WELLS FARGO FILM PRODUCTIONS, INC.
420 South Main St., Ste. 300, Salt Lake City, UT, July 23, 1973 filed a Reg. A covering 300,000 shares of common, to be offered at $1 per share. Associated Underwriters, Inc., Salt Lake City, UT, will handle the underwriting. (I)

WORLD WIDE SPORTING GOODS, INC.
[illegible] Rd., Melville, NY, July 27, 1973 filed a Reg. A covering 200,000 shares of common, to be offered at $2.50 per share. [illegible] & Co., NY, will manage the underwriting.

Utilities

ARIZONA PUBLIC SERVICE CO.
411 Central Ave., Phoenix, AZ, Nov. 14, 1973 filed 2,000,000 shares of common, to be offered at $21.375 per share. The company, which is engaged in the generation of electricity in Arizona and New Mexico and subsequent sale of that electricity in Arizona as well as the purchase and sale of natural in Arizona, will use its net proceeds for debt repayment. First Boston Corp.; Blyth Eastman Dillon & Co., Inc., NY; and Dean Witter & Co., Inc., San Francisco, CA, will manage the underwriting. Offering expected Dec. 18. V.217, p.1087.

CENTRAL TELEPHONE INC.
Lincoln, NE, Oct. 29, 1973 filed $30,000,000 of first mortgage and collateral sinking funds bonds due Dec. 1, 1998, to be offered at $1,010 per unit. Proceeds will be used for debt repayment. Dean Witter & Co., Inc., San Francisco,

New Issue Calendar

DECEMBER 17 (MONDAY)
Amdahl Corp.
(CE Unterberg, Towbin Co.; Hambrecht & Quist) 600,000 common.
Barnes Mortgage Investment Trust
(Drexel Burnham & Co., Inc.) $25,000,000 notes
Long Island Lighting Co.
(Bids 12 noon EDST) $80,000,000 bonds
Mostek Corp.
(E.F. Hutton & Co., Inc.; Schneider Bernet & Hickman Inc.) 375,000 common.
Duquesne Light Co.
(First Boston Corp.) 2,250,000 common
Florida Bancorp. Inc.
(Dean Witter & Co., Inc.) 440,000 common.

DECEMBER 18 (TUESDAY)
Arizona Public Service Co.
(First Boston Corp; Blyth, Eastman Dillon & Co, Inc.) 2,000,000 common.
Ben Franklin Income Securities, Inc.
(Reynolds Securities, Inc.; Blyth Eastman Dillon & Co., Inc.; Kidder, Peabody & Co., Inc.; Dean Witter & Co., Inc.) 1,100,000 common.
Centronics Data Computer Corp.
(Blyth Eastman Dillon & Co., Inc.) 400,000 common.
Honeywell Finance Inc.
(Blyth Eastman Dillon & Co., Inc.; White, Weld & Co., Inc.) $75,000,000 debentures.
Tymeshare Inc.
(Drexel Burnham & Co., Inc.; Hambrecht & Quist) 384,053 common.
Lee Pharmaceuticals
(Birr, Wilson & Co., Inc.) 275,000 common.
Standard Microsystems Corp.
(Winkler Cantor, Pomboy & Co.) $3,300,000 debs.
Davega Appliance Corp.
(Ferkauf, Robben Inc.) 100,000 common.
Green Mountain Power Corp.
(Kidder, Peabody & Co.) 210,000 common.
Heitman Mortgage Investors
(Bear Stearns & Co., Inc.) $30,000,000 notes.
Massmutual Mortgage & Realty Investors
(White, Weld & Co., Inc) $40,000,000 notes
Maxwell Harman Enterprises, Inc.
(Dania Securities Inc.) 500,000 common.
Tennessee Valley Bancorp.
(Salomon Brothers) $25,000,000 debentures

DECEMBER 21 (FRIDAY)
American Host Corp.
(Koss Securities Corp.) 125,000 common.
Massachusetts Fund for Income
(Bache & Co., Inc.) 1,505,000 common

DECEMBER 31 (MONDAY)
IDS McCulloch Oil Exploration Development Program-1974
(Investors Diversified Services, Inc.) $30,000,000 interests

JANUARY 2 (WEDNESDAY)
Anchor Spectrum Fund, Inc.
(Anchor Corp.) $50,328,036 capital stock.
Anchor Spectrum Fund, Inc.
(Anchor Corp.) 2,500,000 shares capital stock
ADA Oil Exploration Corp.
(ADA Securities Corp.) $20,000,000 units

JANUARY 7 (MONDAY)
San Diego Gas & Electric Co.
(Bids at 12 noon) $55,000,000 bonds

JANUARY 8 (TUESDAY)
Bancal Investors
(Dean Whitter & Co, Inc.) 1,650,000 shares of beneficial interests
Oklahoma Gas & Electric Co.
(Bids at 11 am) $75,000,000 bonds

JANUARY 9 (WEDNESDAY)
Pacific Power & Light Co.
(Bids at noon) $80,000,000 bonds
Wisconsin Telephone Co.
(Bids 11 a.m. EDST) $100,000,000 debt securities

JANUARY 10 (THURSDAY)
Metroflight Inc.
(Willis E. Burnside & Co., Inc.) 1,250,000 units
Potomac Electric Co.
(Bids at 11 am) $100,000,000 bonds

JANUARY 15 (TUESDAY)
Kenai Drilling Ltd.
(W.E. Burnet, Inc.) 467,500 common.
Philadelphia Electric Co.
(Bids 12 noon EDST) $100,000,000 bonds
Tampa Electric Co.
(Bids 11 a.m. EDST) $50,000,000 bonds
Black Giant Oil Co.
(Willis E. Burnside, Inc.) 300,000 common

JANUARY 16 (WEDNESDAY)
Idaho Power Co.
(Bids 11 am) $35,000,000 bonds
Philadelphia Electric Co.
(Bids at noon) $125,000,000 bonds
Corporate Investment Trust Fund, Second Monthly Payment Series
(Bache & Co.) 10,000 units.
Zondervan Corp.
(William Blair & Co.) 363,883 common.

JANUARY 17 (THURSDAY)
Florida Power & Light Co.
(Bids t 11 am) $100,000,000 bonds.

JANUARY 21 (MONDAY)
Georgia Power Co.
(Bids 12 noon) $150,000,070 bonds
Northern States Mortgage & Realty Shares
(Stone & Webster Securities Corp.) 3,300,000 beneficial interests.
Tucson Gas & Electric Co.
(Blyth Eastman Dillon & Co., Inc.) 1,500,000 common.

JANUARY 22 (TUESDAY)
Tennessee Valley Authority
(Bids at 11 am) $100-150,00,000
Public Service Electric & Gas Co.
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 4,500,000 common.

JANUARY 23 (WEDNESDAY)
Public Service Co. of Oklahoma
(Bids at 12 noon) $25,000,000 preferred.
Public Service Co. of Oklahoma
(Bids at 11 am) **Florida Bancorp. Inc.**
(Dean Witter & Co., Inc.) 440,000 common.

JANUARY 23 (WEDNESDAY)
Public Service Co. of Oklahoma
(Bids at 12 noon) $25,000,000 preferred.
Public Service Co. of Oklahoma
(Bids at 11 am) $35,000,000 bonds

JANUARY 28 (MONDAY)
Baltimore Gas & Electric Co.
(Bids at noon) $75,000,000 bonds

JANUARY 29 (TUESDAY)
Montana Power Co.
(Bids at noon) 60,000,000 debs.
Southwestern Public Service Co.
(Dillon, Read & Co., Inc.) $20,000,000 preferred

JANUARY 30 (WEDNESDAY)
Houston Lighting & Power Co.
(Bids at 11 am) $100,000,000 bonds.

FEBRUARY 4 (MONDAY)
Public Service Co. of Indiana
(Bids at noon) $50,000,000 bonds

FEBRUARY 5 (TUESDAY)
Southern California Edison Co.
(First Boston Corp.) $75,000,000 common.
Union Electric Co.
(Bids at 11 am) $70,000,000 bonds.

FEBRUARY 6 (WEDNESDAY)
New York State Electric & Gas Corp.
(Bids to be received) 1,000,000 preferred.
New York State Electric & Gas Corp.
(Bids to be received) $60,000,000 bonds.

FEBRUARY 13 (WEDNESDAY)
Ohio Edison Co.
(Bids at 11 am) 450,000 preferred.
Comstock Gold, Silver & Copper Inc.
(Willis E. Burnside & Co., Inc.) 800,000 common.

FEBRUARY 14, (THURSDAY)
Pennsylvania Power Co.
(Bids at 12 noon) 90,000 preferred
Southern Bell Telephone & Telegraph Co.
(Bids at noon) $350,000,000 debt.

FEBRUARY 20 (WEDNESDAY)
Allegheny Power Co.
(Bids at 4 pm) $48,000,000 common.
Consolidated Edison Co. of NY.
(Bids at 11 am) $150,000,000 bonds.

FEBRUARY 21 (THURSDAY)
Texas Power & Light Co.
(Bids at noon) 300,000 preferred.
Texas Power & Light Co.
(Bids at 11 am) $50,000,000 bonds.

FEBRUARY 27 (WEDNESDAY)
Appalachian Power Co.
(Bids at 11 am) $50,000 000 bonds
Appalachian Power Co.
(Bids at 11:45) 200,000 preferred.
Brooklyn Union Gas Co.
(Bids at 11 am) 35,000,000 bonds
Brooklyn Union Gas Co.
(Bids at noon) $20,000,000 preferred.

FEBRUARY 28 (THURSDAY)
Puget Sound Power & Light Co.
(Bids at 11 am) $30,000,000 bonds.

MARCH 26 (TUESDAY)
Texas Electric Service Co.
(Bids at 11 am) $40,000,000 bonds.
Texas Electric Service Co.
(Bids at noon) 300,000 preferred

APRIL 1 (MONDAY)
Texas Gas transmission Corp.
(Dillon, Read & Co., Inc.) $40,000,00 debentures

APRIL 2 (TUESDAY)
Wisconsin Power & Light Co.
(Bids at 11 am) $35,000,000 bonds.

MAY 21 (TUESDAY)
Pacific Gas & Electric Co.
(Bids at 11:30 am) $150,000,000 bonds.

CA: and **Paine, Webber, Jackson & Curtis, Inc.**, NY will manage the underwriting. Offering imminent.-V. 216, p. 1261.

DUQUESNE LIGHT CO.
435 Sixth Ave., Pittsburgh, PA, Nov. 21, 1973 filed 2,250,000 shares of common, to be offered at $21 per share. Proceeds will be used to repay short term indebtedness incurred for construction purposes. **First Boston Corp.** will manage the underwriting. Offering expected Dec. 17. V. 218, p. 807.

GREEN MOUNTAIN POWER CORP.
1 Main St., Burlington, VT, Nov. 21, 1973 filed 210,000 shares of common, to be offered at $15 per share. Proceeds will be used to repay debt incurred in construction. **Kidder, Peabody & Co., Inc.**, NY will manage the underwriting. Offering expected Dec. 18. V. 210, p 917.

ILLINOIS BELL TELEPHONE CO.
225 W. Randolph st., Chicago, IL, Nov. 21, 1973 filed $300,000,000 of debentures due Dec. 10,2004, to be offered at 100 percent. Proceeds will be used for debt repayment and for general corporate purposes. **White, Weld & Co., Inc.; Dillon, Read & Co., Inc., NY; Halsey, Stuart & Co., Inc., Chicago. Kidder, Peabody & Co., Inc., NY and AG Becker & Co., Inc. Chicago, IL** will manage the underwriting. Offering imminent. V. 218, p 361.

LONG ISLAND LIGHTING CO.
250 Old Country Rd., Mineola, NY, NOv. 20, 1973 filed $60,000,000 of first mortgage bonds series X, due 2003, to be offered at competitive bidding. Proceeds will be used for construction and ddbt repayment. Bids expected Dec. 17, 12 noon EDST. V. 217, P. 872.

SUNOCO EXPLORATION PARTNERSHIP, LTD.
2300 Southland Center, Dallsa, TX, Oct. 4, 1973 filed 5,000 units of limited partnership interests, to be offered at $5,000 per unit. The interests represent participations in a program through which Sun Oil Co. has conducted and will conduct substantially all its exploration for oil and gas in the contiguous 48 states of the U.S. **Blyth Fastman Dillon & Cc., Inc.: and Smith, Barney & Co., Inc., NY**, will manage the underwriting. V.217, p.700.

NORTHERN STATES POWER Co.
414 Nicollet Mall, Minneapolis, MN, Nov. 30, 1973 filed $75,000,000 of first mortgage bonds due Jan. 1, 2004, to be offered at competitive bidding. Proceeds will be used to finance construction and to repay borrowings. Bids expected Jan. 14, 11 a.m.-V. 218, p. 1139.

POTOMAC ELECTRIC POWER CO.
1900 Pennsylvania Ave., NW Washington DC, Dec. 5, 1973 filed $100,000,000 of first mortgage bonds due 2009, to be offered at competitive bidding. Proceeds will be used to retire short term borrowing and for construction. Bids expected on Jan. 10, at 11 a.m. V.217, p.2026.

TAMPA ELECTRIC CO.
111 North Dale Mabry Highway, Tampa, FL, Nov. 28, 1973 filed $50,000,000 of first mortgage bonds due 2004, to be offered at competitive bidding. Proceeds will be applied to debt repayment. Bids expected on Jan. 15, at 11. a.m. V.216, p.2120.

TRAVELODGE PARTNERS, LTD.
250 S. Cuyamaca, El Cajon, CA, Aug. 22, 1973 filed 9,000 units of limited partnership interest, to be offered at $1,000 per unit, with a minimum purchase of 5 units. Partnership, which will develop, own and cperate Travelodge Low Rise Motor Hotel in various states, will use its proceeds for construction and for furnishing motor hotels. **Merrill Lynch, Pierce, Fenner & Smith Inc., NY**, will handle the underwriting.

Other Companies in Registration

AMDAHL CORP.
1180 Kern Ave., Sunnyvale, CA, Oct. 29, 1973 filed 600,000 shares of common, to be offered at $28 per share. The company, which is in the computer systems business, will use its proceeds for finance, development, and investment. **C.F. Unterberg. Towbin Co., NY; and Hambrecht & Quist**, San Francisco, CA will manage the underwriting. Offering expected Dec. 17. (I)

AUTODYNAMICS, INC.
2 Barnard St., Marblehead, MA, Oct. 26, 1973 filed 300,000 shares of ccmmon, to be offered at $5 per share; 30,000 shares of common, to be offered at $5.50 per share (reserved for issuance upon exercies of warrants); and 30,000 warrants to purchase common. The company develops, manufactures and markets electrically powered vehicles. Proceeds will be used for debt repayment and to provide funds for development. **Gctham Securitiee Corp.**, NY will manage the underwriting. -V. 206, p. 1931.

AUTOSTOP CORP.
20 R. Hepublic Rd., North Billerica, MA, July 6, 1973 filed 250,000 shares of common, to be offered at a maximum of $6 per share. The company engages in the development of an automatic radar braking system, and the proceeds are to be used for general corporate purposes. **BFCotzin, Woolf & Co.**, Worcester, MA., will manage the underwriting. Offering expected in Jan.

BARNES MORTGAGE INVESTMENT TRUST
100 Federal St., Boston, MA. Oct. 26, 1973 filed $25,000,000 of senior subordinated notes due Dec. 1, 1980. The company invests primarily in first mortgage construction and development loans. **Drexel Burnham & Co.; and Bache & Co.**, NY will manage the underwriting.-Offering expected Dec. 17. V. 216, p. 2070.

BOWERS & RUDDY GALLERIES, INC.
6922 Hollywood Blvd., Suite 810, Los Angeles, CA, Aug. 24, 1973 filed 200,000 shares of common, to be offered at $9 per share. **Mullaney, Wells & Co.**, Chicago, IL will manage the underwriting.

CNA REAL ESTATE MANAGEMENT CORP.
July, 30, 1973 filed 5,000 units of limited partnership interest, to be offered at $1,000 per unit. **CNA Investor Services, Inc.**, Chicago, IL will manage the underwriting.

CVI LASER CORP.
200 Dorado Place, S.E. Albuquerque, NM, Oct. 29, 1973 filed 250,000 shares of common, to be offered at $3 per share; 250,000 common stock purchase warrants, to be offered at $3 each (each warrant 1-2 share each); 25,000 common stock purchase warrants, to be offered at $0.01 each; and 25,000 shares of common, to be offered at $4.05 per share, offere0 in units consisting of one share of common and one warrant to purchase one half additional share of common. The company, which is basically engaqed in coating lenses, mirrors and similar optical machines in order to control high power laser beams, will use its proceeds to increase company capacity, repay loans and to add to company funds. **Doherty and Co.**, Albuquerque, NM will manage the underwriting. -V. 217, p. 1993.

CHEMICAL AMERICAN CORP.
992 High Ridge Road, Stamford, CT, July 17, 1973 filed 250,000 shares of common, to be offered at a maximum of $4 per share. The company manufactures and merchandises products recycled from waste materials. **Consortium Investors Corp.** will manage the underwriting.

DND TELFTRONICS, INC.
1156 Mohawk St., Utica, NY, Sept. 28, 1973 filed 300,000 shares of common, to be offered at a maximum of $5 per share; 30,000 warrants, to be offered at $0.01 each and 30,000 shares of common issuable upon exercise of warrants, to be offered at $5.50 per share. The company, which designs and manufactures various products for the telecommunications industry, will use its proceeds for product development, and to increase workinq capital. **Gotham Securities Corp., and R.A. Wolk & Co., Inc.**, NY, will manage the underwriting. (I)

DAVEGA APPLIANCE CORP.
July 26, 1973 filed 100,000 shares of common, to be offered at a maximum of $6 per share. **Ferkauf, Roqqen Inc.**, NY will manage the underwriting. Offering expected Dec. 18.

DIACON, INC.
4812 Kearny Mesa Rd., San Diego, CA, Nov. 12, 1973 filed 283,225 shares of common, to be offered at $9.50 per share; and 12,000 shares of common, to be offered at $11.40 per share and issuable upon exercise of warrants (total includes 225,000 by the company, 35,725 by selling shareholders, and 22,500 to cover over-allotments). The company designs, develops, manufactures and markets semiconductor packages. Proceeds will be used to retire indebtedness, finance and capital purposes. **Crowell, Weedon & Co.**, Los Angeles, CA, will manage the underwriting. Offering expected early Jan.

DIAL-A-INTERNATIONAL INC.
645 Madison Ave., NY, Oct. 29, 1973 filed 145,000 units, to be offered at $2.75 per unit. The company is newly organized and will offer a medically supervised program of weight reduction. Proceeds will be used for rental of offices an other start up operation costs. **JJ Krieger & Co.**, NY will manage the underwriting.

EDUCATIONAL BOOK PUBLISHERS
1500 N.E. 131st St., North Miami, FL, Sept. 27, 1973 filed 280,000 shares of common, to be offered at $2.50 pershare. The company is in the busfness of publishing and marketing an encyclopedia which concentrates on black people. Proceeds will be used to reduce debt and to provide funds for operating. **A.J. Carno & Co., Inc.**, will manage the underwriting. Offering expected in Feb.

EL PORTAL MINING CO.
3325 Norman Drive, Reno, NV, Nov. 23, 1973 filed 300,000 shares of common, to be offeres at $1 per share; 9,000 shares of common, to be offered at $1.20 per share; and 9,000 warrants to purchase common, to be offered at $0.01 per warrant. The company was organized for the purpose of engaging in the exploration and development of precious metals, including gold and platinum. Initially, the companv proposes to operate in Colombia, South America. Proceeds will be used to start operatinq. **Wilson Davis & Co.**, Las Vegas, NV will manage the underwriting. (I)

GENERAL PET CORP.
16 Passaic Ave., Fairfield, NJ, July 31, 1973 filed 150,000 shares of common, to be offered at a maximum of $5 per share. The company manufactures and distributes products for pets and their care. **Ralph B. Leonard & Sons, Inc.**, NY will manage the underwriting. (I)

HCA-MARTIN, INC.
919 Third Ave., NY, Nov. 19, 1973 filed 400,000 shares of outstanding common, tc be offered at $21.75 per share. The company deals with the processing and dyeing of nylon yarn. **Reynolds Securities, Inc.**, NY, will manage the underwriting.

HAIR TRIGGER, INC.
East Glenwood Place, Santa Ana, CA, July 31, 1973 filed 250,000 shares of common, to be offered at a maximum of $6 per share. The company is in the development and distribution of skin, hair and scalp conditioners and aids. **Leason & Co., Inc.**, Chicago, IL will manage the underwriting.

HONEYWELL FINANCE INC.
2701 Forth Ave., S. Minneapolis, MN, Nov. 13, 1973 filed $75,000,000 of sinking fund debentures due 1998, to be offered at $1,010 per unit. The company is a wholly owned subsidiary of Honeywell Inc. and engages in the business of financing customer obligations of Honeywell Information Systems Inc. Proceeds will be used for debt repayment. **Blyth Eastman Dillon & Co., Inc.; and White, Weld & Co., Inc.**, NY, will manage the underwriting. Offering imminent. V.214, p.1063.

INDUSTRIAL DEVELOPMENT BANK OF ISRAEL, LTD.
9 Ahad Haam, Tel Aviv, Israel, Nov. 30, 1973 filed $50,000,000 of 7 ½ per cent registered capital notes, due 1998, to be offered at $1,000 per note to non-residents of Israel. Proceeds will be use0 as part of the capital of the Bank. **Capital for Israel, Inc.** will manage the underwriting. Offering in expected early Jan. -V. 203, p. 1342. (N)

INTAROME FRAGRANCE CORP.
429 West 53rd St., NY, Sept. 13, 1973 filed 120,000 units, comprising cf one share of common stock and one warrant, to be offered at a maximum of $2.50 per unit; 120,000 shares of common, to be offered at a maximum of $4.50 per share; 12,000 shares of common, to be offered at a maximum of $2.74 per share and 12,000 common stock warrants to be offered at $0.01 each. The company, whose proceeds will be added to its qeneral funds, blends and sells " fragrance compounds." **Braun, Hess & Co.**, will manage the underwriting. Offering expected in Dec. -V. 217, p. 318.

INTERNATIONAL LEISURE INDUSTRIES, INC.
5090 N.E. 12th Ave., Fort Lauderdale, FAug. 28, 1973 filed 500,000 shares of common and 500,000 warrants (to be offered in units of one share and one warrant), at $4.40 per unit. The company develops foldable ladders and self propelled lawn mowers. **American Shareholders, Inc.**, Orlando, FL will manage the underwriting. (I)

ITEL INVESTORS GROUP II
One Embarcadero Center, San Francisco, CA, Nov. 20, 1973 filed 15,000 limited partnership units, to be offered at $1,000 with a minimum purchase of 6 units. The company is to purchase approx. $50,000,000 of the virtual memory version of IBM System 370 central processing units and-or peripheral equipment manufactured bY IBM and others and lease them to third persons. **duPont Walston, Inc.**, NY will manage the underwriting.

JACUZZI BROS. INC.
11511 New Benton Highway, Little Rock, AR, Nov. 14, 1973 filed 430,000 shares of common (185,076 by the company and 244,924 by selling shareholders) to be offered at $22 per share. The company designs, manufactures and sells pumps and water systems. Proceeds will be used for capital expenditure and working capital. **William Blair & Co.**, Chicago, IL; and **Salomon Brothrs**, NY, will manage the underwriting. Offering expected in early 1974.

JENN-AIR CORP.
Indianapolis, July 27, 1973 filed 245,000 shares of common. The company manufactures ranges, grills and ventilating systems. The proceeds will be used for equipment and working capital. **Shearson, Hammill & Co., Inc.**, NY will manage the underwriting. (I)

JONES INTERCABLE, INC.
880 Continental National Bank Bldg., Endlewood, CO, Nov. 29, 1973 filed 5,000 preformation limited partnership interests of CATV Fund IV, to be offered at $500 per interest with a minimum purchase of 5 interests. The partnerships will engage in the acquisition, construction, development and operation of cable television systems in the U.S. **Barton & Co., Inc.**, Denver, CO will manage the underwriting. Offering expected mid Jan. V. 217, p. 2071. (N)

LEE PHARMACEUTICALS
144 Santa Anita Ave., South El Monte, CA, Nov. 9, 1973 filed 275,000 shares of common(50,000 by the company, 200,000 by selling stockholders, and 25,000 subject to over-allotment option). The company, which develops, manufactures and markets products for preventive and restorative dentistry, will use proceeds to increase its working capital. **Birr, Wilson & Co., Inc.**, San Francisco, CA, will manage the underwriting. Offering expected Dec. 18. V.218, p.121.

MATRIX COMMODITIES, INC.
28 King St., NY, Oct. 29, 1973 filed 200,000 shares of Class A common, to be offered at $5 per share. The company is in the business of tradimg commodity futures. **Philips, Appel & Walden, Inc.**, NY will manage the underwriting.

MEDENCO, INC.
Suite 1600, Five Greenway Plaza East, Houston, TX, Nov. 16, 1973 filed 467,198 shares of ccmmon, to bs offered at $12 per share, (24,725 shs. by sellinq stockholders, and 42,473 shs. to cover overallotments). The company, which is principally engaged in providimg health services, will use its proceeds for debt repayment. **Reymolds Securities Inc.**, NY, will manage the underwriting. V.216, p.183. Offering expected in Dec.

METAL SALES MANUFACTURING CORP.
4001 Produce Lane, Louisville, KY, Nov. 6, 1973 filed 50,000 shares of cumulative convertible preferred stock with a par value of $15, to be offered at $20 per share; 15,000 shares of common, issuable upon exercise of warrants, to be offered at $8.75 per share; and 15,000 warrants to purchase common. The coznany manufactures and markets metal roofing and siding panels. Proceeds will be used to provide funds for additional working capital. **The Ohio Co.**, Columbus, OH will manage the underwriting. Offering expeced in Dec.

METROFLIGHT INC.
1974 Sproul Rd., Broomall, PA, Oct. 19, 1974 filed 1,250,000 units consisting of 1,250,000 shares of common and 1,250,000 warrants, to be offered at $0.60 per unit. The company, which operates commuter flights, will use its proceeds to lease equipment, reduce loans and for working capital. **Burnside & Co., Inc.**, NY will manage the underwriting. Offering expected Jan. 10.

MISSION EQUITIES CORP.
2601 Wilshire Boulevard, Los Angeles, CA, Nov. 20, 1973 filed 400,000 shares of common, to be offered at $21.125 per share. This holding company, whose subsidiaries are primarily engaged in property and casualty insurance underwriting and agency and brokeraqe activities, will contribute its proceeds to the capital acccunts of the company's insurance subsidiaries. **Blyth Eastman Dblion & Oo., Inc.; and Salomon Brothers**, NY will manage the underwriting. Offering expected in Dec. V. 217, p. 1765. (N)

MONOLITHIC MEMORIES, INC.
Sunnyvale, CA, April 20, 1973 filed 630,000 shares of common, (520,000 by the company and 110,000 by stockholders). The company manufactures integrated semiconductor memory circuits. Proceeds will be used for working capital and other purposes. **Loeb, Rhoades & Co.; New Court Securities Corp., NY; and Seidler, Arnett, Spillane & Harris, Inc.**, Los Angeles, CA will manage the underwriting. Offering expected in Dec. (I)

MONTREAL URBAN COMMUNITY
17 W. 50th st St., NY, Nov. 14, 1973 filed $50,000,000 of percentage sinking fund debentures due Dec. 15, 2003. This regional governmental body will use prooeeds towards expenses incurred in the extensionof the Metro Subway System. **White, Weld & Co., Inc.; Salomon Brothers, NY; Levesque, Beaubien Inc.; and Nesbitt Thomson Securities Ltd.**,Montreal, Canada, will manage the underwriting. Offering imminent.

MOSTEK CORP.
1215 E. West Crosby Road, Carrollton, TX, Oct. 24, 1973 filed 412,500 shares of common, to be offered at $50 per share (225,000 shares by the company and 150,000 by sellinq stockholders and 37,500 subject to grant to underwriters). The company, which designs' manufactures and markets integrated electronic circuits' will apply its proceeds to design, production and test equipment and facilities. **E.F. Hutton & Co., Inc.**, NY; and **Schneider, Bernet & Hickman, Inc.**, Dallas, TX will manage the underwriting. Offering expected Dec. 17.

OMARK INDUSTRIES, INC.
2100 SE Milfort Rd. Portland, OR, Nov. 7, 1973 filed 300,000 shares of outstandin9 common, to be offered at $9 per share. The company's principal business is manufacturing and marketing of cutting chain saws and other construction equipment. **Smith, Barney & Co., Inc.**, NY, will manage the underwriting. Offering imminent. V.210, p.1637.

PACIFIC RESOURCES, INC.
239 South Beverly Dr., Beverly Hills, CA, July 6, 1973 filed 800,000 shares cf common and 1,600,000 warrants, to be offered in units, of one share and two warrants, at $0.75 per unit. The company, which conducts exploration for ccmmercially mineable ore budies, yl use its procees for working capital and other ccrporate purposes. **Willis Burnside & Co., Inc.**, NY, will handle the underwriting.

PAGINATION, INC.
New Englander Industrial Park, Holliston, MA, Sept. 28, 1973 filed 174,000 shares of common, to be offered at a maximum of $0.75 per share; 17,400 warrants to be offered at $0.001 each; and 17,400 shares of common issuable; upon exercise of the warrants, to be offered at $4.15 per share. The company is completing development of a 35mm computerized projection platemaking system for sale to the graphic arts industry. Proceeds will be used for R&D marketing, and manufacturing of the system and to repay debt. **Cotzin, Woolf & Co.**, Worcester, MA, will manage the underwriting.

PINE FOREST ASSOCIATES
Aug. 7, 1973 filed 206 units of class A limited partnership interests, to be offered at $25,000 per unit, **Financial Service Corp. cf America**, Atlanta, GA, will handle the underwriting.

PIZZA CORP. OF AMERICA.
7701 East Kellogg, Wichita, KS, Nov. 5, 1973 filed 507,908 shares cf common (200,000 by the company and 307,908 by certain stockholders to be offered at $14.50 per share. The company operates a chain of pizza restaurants. Proceeds will be used for debt repayment and general corporate purposes. **Paine, Webber, Jackson & Curtis Inc.**, NY, will manag.e the underwriting.

POLYDEX CHEMICALS LTD.
421 Comstock Road, Scarborough, Ontario, Canada, Oct. 29, 1973 filed 200,000 shares of outstanding common, to be offered at $8 per share. The company deals in the manufacture and sale of Dextran synthetic chemical compound) and derivatives. **J.D.Winer & Co., Inc.**, NY, will manage the underwriting. V.216, p.230.

ROBLIN INDUSTRIES, INC.
290 Main St., Buffalo, NY, Sept. 26, 1973 filed $5,461,500 of subordinated debentures due in 1989 and 9,939 units of common stock to be offered in exchange for its outstanding 6 ½ per cent convertible subordinated debentures due 1984. **W.E. Hutton & Co.; and S.D. Lunt & Co.**, NY will manage the underwriting.

ROGUE INDUSTRIES, INC.
1795 Antelope Rd., White City, OR, July 30, 1973 filed 250,000 shares of common, to be offered at a maximum of $5 per share. The cempany produces and sells softwood plywood. **First California Co., Inc.**, San Francisco, CA will handle the underwriting.

ROY O. MARTIN INDUSTRIES
P.O. Drawer 1110, Alexandria, LA, Sept. 14, 1973 filed 407,000 shares of commoŋ (250,000 by the company and

157,000 by stockholders), to be offered at $14 per share. The company is a manufacturer of a variety of wood products, and will use proceeds for debt repayment. duPont Walston & Co., Inc., NY will manage the underwriting.

SEEBURG INDUSTRIES, INC.
767 Fifth Ave., NY, Nov. 9, 1973 filed 255,000 shares of outstanding common, to be offered at $26 per share. Through a subsidiary, the company is engaged primarily in the manufacture and sale of coin-operated phonographs, amusements games and vending games. Allen & Co., Inc., NY, will manage the underwriting. Offering expected in Jan.

SOUTHWEST CHEMICAL SERVICES, INC.
2410 Two Shell Plaza Houston, TX, Nov. 2, 1973 filed 586,000 shares of common' to be offered at $15 per share (400,000 by the company and 146,000 by selling stockholders, and 40,000 subject to a 30 day option granted to underwriters). The company, which provides certain services for the plastics industry, and producing specialty chemicals, will use its proceeds for plant improvement and expansion projects. White, Weld & Co., Inc.' NY will manage the underwriting. Offering imminent.

STEER WEST, INC.
2711 Garden Bd., Monterey, CA, Sept. 21, 1973 filed 10,000 um units of pre-organization subscriptions for limited partnership interests, to be offered at $1,000 per unit, with a minimum purchase of 10 units. The partnership would purchase, feed, and sell slaughter cattle. Steer-West Securities, Corp., Monterey, CA, will manage the underwriting. V.214, p.1835.

TALIA DEVELOPMENT CORP.
15300 Ventura Blvd., Sherman Oaks, CA, July 27, 1973 filed 125,000 shares of common, to be offered at a maximum of $27 per share. The company sells raw land for recreational purposes.London Securities Ltd., NY, will manage the underwriting.

TELEMED CORP.
9950 W. Florence Ave., Schiller Park, IL, Dec. 5, 1973 filed 380,000 shares of common, to be offered at $25 per share, (100,000 by the company; 250,000 by selling stockholders; and 30,000 to cover over allotment). The company, which provides services and equipment to medical facilities to assist physicians, will use its proceeds to retire indebtedness, to purchase equipment, and for working capital purposes. G.H.Walker, Laird Inc., NY, will manage the underwriting. Offering expected in Jan. V.217, p.3. (N)

TITLESEARCH, INC.
301 Citizens Commonwealth Center, Charlotteville, VA, Aug. 15, 1973 filed 52,000 shares of $1.32 convertible preferred; and 67,600 shares of common reserved for issuance upon the conversion of preferred stock), to be offered at a maximum of $2 per share. Anderson & Strudwick, Richmond, VA, will manage the underwriting.

PROVINCE OF NEW BRUNSWICK
Canadian Consulate General, 1251 Ave. of the Americas, NY, Nov. 20, 1973 filed $50,000,000 of debentures due Dec, 15, 1998. Salomon Brothers, NY: Nesbitt Thomson Securities, Inc., Montreal, Pitfield, Mackay & Co., Inc., NY; Richardson. Securities' Inc.' NY; and Levesque, Beaubien Inc., Montreal, Can. will manage the underwriting. Offering expected Dec. 12. (N)

TENNESSEE VALLEY BANCORP. INC.
400 Union St., Kasbvills, TN, Nov. 23, 1973 filed $25,000,000 of sinking fund debentures due 1999, to be offered at 101 per cent. This registered bank holding company will use proceeds for subsidiary bank funds and to purchase other banks. Salomon Brothers NY will manage the underwriting. Offering expected Dec. 18. -V. 218, p. 1213. (N)

TENNESSEE FORGING STEEL CORP.
U.S. Hwy No. 27, Harriman, TN, Nov. 16, 1973 filed $2,500,000 of notes due Nov. 1, 1976, to be offered at 100 per cent.The company, which reduces ferrous scrap, and manufactures light structural steel products, will add its proceeds to its general funds. .Wheat, First Securities, Inc., Richmond, VA, will manage the underwriting.

TRI-WALL CONTAINERS, INC.
100 Crossways Park, W. Woodbury, Long Island, NY, Nov. 6, 1973 filed 300,000 shares of outstanding common, to be offered at $12.50 per share. The company manufactures shipping containers. Shearson, Hammill & Co., Inc., NY, will manage the underwritiing . V.218, p.1213. (N)

TYMSHARE INC.
10340 Bubb Rd., Cupertino, CM, Nov. 21, 1973 filed 384,053 shares of outstan0hng common, to be offered at $9.63; 21,250 warrants, to be offerem at $2.63 per warrant; and 21,150 shaes of common issuable upon exercise cf warrants, to be offered at $9.63 per share. The company offers remote access computer services on its international data communications network. Drexel Burnham & Co., NY and Hambrecht & Quist, San Francisco, CM will manage the underwriting. Offering expected Dec. 18. -V. 218, p. 951. (N)

UNION TANK CAR CO.
111 West Jackson Blvd., Chicago, IL, Dec. 4, 1973 filed $35,000,000 of equipment trust certificates due Jan. 15, 1994 (series 10) , to be offered at $1,025 per certificate. The company, which leases railway tank cars, will use its proceeds for debt repayment. Salomon Brothers, NY, will manage the underwriting. Offering expected in Jan. V.217, p.224. (N)

VARO SEMICONDUCTOR, INC.
2800 W. Kingsley, Garland, TX, Nov. 6, 1973 filed 800,000 units, consisting of 1 share of common and 1 warrant to purchase 1-2 share of common, to be offered at $25 per unit; and 400,000 shares of common, issuable upon exercise of warrants, to be offered at $22.50 per share. The company produces solid state high voltage rectifiers for use in consumer and industrial electroniwe products. E.F.Hutton & Co., Inc., NY, will manage the underwriting.

VICTORIA STATION INC.
150 Chestnut St., San Francisco, CA, Nov. 5, 1973 filed 465,500 shares of common(350,000 shs. by the company, 80,500 shs. by selling stockholders, and 35,000 shs. to the underwriters to cover over-allotments if any), to be offered at $16 per share. The company is in the limited menu restaurant business. Proceeds will be used fcr debt repayment and tc develop new restaurant business. Robertson, Colman, Siebel & Weisel, San Francisco, CA, will manage the underwriting. V.216, p.531.

ZONDERVAN
1415 Lake Drive S.E., Grand Rarids, MI, Sept. 27, 1973 filed 363,883 shares of common, to be offered at a maximum of $12 per share. The company develops market materials used in communicating the evangelical Christian faith. William Blair & Co., NY, will manage the underwriting. Offering expected Jan. 15. (I)

Bank Holding Co.

FLORIDA BANCORP. INC.
1101 E. Atlantic Blvd., Pompano Beach, FL, Nov. 20, 1973 filed 440,000 shares of common, to be offered at $18 per share. This bank holdinq company will contribute its proceeds to capital funds of existinq subsidiary banks amd subject to obtaining regulatory approval tc provide additional capital for proposed banks. Dean Witter & Co., Inc., San Francisco, CA will manage the underwritinq. Offering expected Dec. 17.

NEW ENGLAND MERCHANTS CO., INC.
Prudential Center, Boston, MA, Oct. 19, 1973 filed $15,000,000 of debentures due 1998. This bank holding company will use proceeds for debt repayment. Kidder, Peabody & Co., Inc., NY will manage the underwriting.

Mutual Funds

AMERICAN GENERAL OPTION INVESTORS, INC.
3910 Keswick Rd., Baltimore, MD, Nov. 9, 1973 filed 2,000,000 shares of common, to be offered at $25 per share; and 200,000 shares of common (registered to cover over-allotments), to be offered at $25 per share. The company is a new, closed-end, diversified management investment company whose primary objective will be to seek revenue in the form of premiums from writing puts and calls. Goldman, Sachs & Co.; Reynolds Securities Inc.; E.F.Hutton & Co., Inc., NY; and Alex Brown & Sons, Baltimore, MD, will manage the underwriting.

AMERICAN OPTION WRITERS FUND
6 Central Row, Hartford, CT, Oct. 19, 1973 filed 700,000 of limited partnership units, to be offered at $15 per unit. The company is a closed end investment company formed primarily to earn income from writing option contracts against a portfolio for securities. Advest Co., Hartford, CT, will manage the underwriting. V. 213, p. 1469.

ANCHOR SPECTRUM FUND, INC.
Westninster at Parker, Elizabeth, NJ, Aug. 20, 1973 filed 2,500,000 capital shares. The company is a diversified open end management company. Anchor Corp., Elizabeth, NJ is investment advisor. Offering expected Jan. 2.

ANCHOR SPECTRUM FUND, INC.
Westminster at Parker' Elizabeth, NJ, Aug. 20, 1973 filed 12, 582,009 capital shares, to be offered at $4 per share. Anchor Corp.,Elizabeth, NJ is investment adviser. Offering expected Jan. 2.

BEN FRANKLIN INCOME SECURITIES, INC.
MNW Corner,Bala & City Line Aves., Bala Cynwyd, PA, Nov. 16, 1973 filed 1,100,000 shares of common, to b offered at $25 per share. This comnany, whose investment advisor is Girard Trust Bank, is a new, closed-end diversified management investment company. Reynolds Securities, Inc.; Blyth Eastman Dillon & Co., Inc.; and Kidder, Peabody & Co., Inc., NY; and Dean Wittier & Co., Inc., San Francisco, CA, will manage the underwriting. Offering expected Dec. 18.

CORPORATE BOND TRUST, SERIES I
140 Broadway, NY, Nov. 28, 1973 filed 10,000 units. The company is a unit investment trust. Paine, Webber, Jackson & Curtis, Inc., NY is the depositor.

CORPORATE INVESTMENT TRUST FUND SECOND MONTHLY PAYMENT SERIES
c-o Bache & Co., Inc., 100 Gold St., NY, Oct. 26, 1973 filed 10,000 units. The trust consists of a diversified portfolio.Bache & Cc., Inc.will manage the underwriting. Offerinq expected Jan. 16. (I)

FUND FOR FEDERAL SECURITIES, INC.
Valley Forge, PA, July 10, 1973 filed 1,000,000 shares of common, to be offered at a maximum of $10 per share. The company will invest exclusively in bonds and others securities of the United States Government and its instrumentalities. Wellington Management Co., Philadelphia, PA will manage the underwriting. (I)

GOLDEN GATE INCOME SECURITIES, INC.
44 Montgomery St., San Francisco, CA, Oct. 19, 19-73 filed 2,400,000 shares of common, to be offered at $25 per share, with a minimum purchase of 40 shares. The company is a new, closed end, diversified management investment company. Dean Witter & Co., Inc., San Francisco, CA; and First Boston Corp.NY will manage the underwriting.

GOVERNMENT SECURED INVESTMENTS, INC.
P.O. Box 7650, 550 Laurel St., San Francisco, CA, Oct. 11, 1973 filed 100,000 shares of common, to be offered at $25 per share, with a minimum initial purchase of $1,000. The company is a newly formed, open-end nondiversified management investment company.American Express Asset Management Co., will manage the offering.

HARRIS, UPHAM TAX-EXEMPT FUND, SECOND SERIES
120 Broadway, NY, Oct. 31, 1973 filed 7,500 units. The Fund is a unit investment trust formed for the purpose of investing in tax exempt bonds. Harris, Upham & Co., Inc., NY will manage the underwriting.

INDEX FUND OF AMERICA, INC.
P.O. Box 7650, 550 Laurel St., San Francisco, CA, Oct. 11, 1973 filed 3,500 shares of common, to be offered at $150 per share. The company is a newly formed, open-end diversified management investment company. American Express Asset Management Co., will manage the underwriting.

LEXINGTON INCOME FUND, INC.
177 North Dean St.' Englewood, NJ, Aug. 21, 1973 filed 100,000 shares of capital stock, to be offered at $10 per share with a minimum purchase of $250. Lexington Management Co., Englewood, NJ is the investment advisor.

ML CORPORATE INCOME FUND, NINTH MONTHLY PAYMENT SERIES
One Liberty Plaza, 165 Broadway, NY, Nov. 29, 1973 filed $25,000; units, which includes 5,000 units registered for resale by the depositor. Merrill Lynch, Pierce, Fenner & Smith Inc.,, is the depositor. Offering expected early in Jan.

MASSACHUSETTS FUND FOR INCOME
100 Federal St.' Boston, MA, Oct. 12, 1973 filed 1,505,000 shares of beneficial interest, to be offered at $17.50 per share. This fund will operate as an open end diversified management company. Bache and Co., NY will manage the underwriting. Offering expected Dec. 21.

MUNICIPAL BOND FUND, SERIES 10
c-o Paine, Webber, Jackson & Curtis Inc., 140 Broadway, NY, Oct. 10, 1973 filed 20,000 units. Paine, Webber, Jackson & Curtis Inc., NY; Dean Witter & Co., Inc., San Francisco; and Reynolds Securities Inc., NY will handle the underwriting.

NATIONAL MUNICIPAL TRUST, SECOND SERIES
Nov. 8, 1973 filed 11,250 units, (including 3,750 units registered for the purpcse of resale by the depositors). Thomson 9 mcKinnon Auchincloss Kohlmeyer Inc., NY; First Regional Securities, Inc., Baltimore, MD; and Piper, Jaffray & Hopwood Inc., Minneapolis, MN, are the depositors. Offering imminent. 12.

NATIONAL TAX-EXEMPT BOND TRUST, SERIES I
Suite 1504, Russ Bldg., San Francisco, CA, Nov. 7, 1973 filed 10,000 investments units, to be offered at $1,050 per unit. This fund is a unit investment trust which consists of $10,000,000 principal amount of interest bearing bonds. Tax-Exempt Bond Trusts, Inc., is the Sponsor.

NUVEEN TAX-EXEMPT BOND FUND, SERIES 53 CHECK-A-MONTH PLAN
209 S. La Salle St. Chicago, IL, Nov. 12, 1973 filed 150,000 units (including 50'000 registered for resale). Objective of the Fund is federally tax-exempt income through a diversified investment in tax-exempt bonds. John Nuveen & Co., Inc., NY, will manage the underwriting.

PBT TAX-EXEMPT BOND FUND THIRD SERIES
c-o Prescott, Ball &h Turben, 900 National City Bank Bldg.,Cleveland, OH, Oct. 9, 1973 filed 7,500 units. Prescott, Ball & Turben, Cleveland, OH, is the sponsor for the fund. V.216, p.2029.

ST. PAUL LIFE FUND, INC.
10709 Wayzata Blvd., Box 1386, Minneapolis, MN, Sept. 7, 1973 filed 1,000,000 shares of common at $0.01 par value. Shares of this open-end diversified investment are sold only to insurance companies, and to trustees or to other managers of pension, profit sharing or similar plans. Imperial inancial Services, Inc., Minneapolis, MN will manage the underwriting.

TDP&L INVESTMENT ACCOUNT "B", INC.
28 State St., Boston, MA, Nov. 28, 1973 filed 250,000 shares of common, to be offered at $100 per share. The company is a diversified, open-end investment company. Thorndike, Doran, Paine & Lewis, Inc., was named investment manager.

TAX-EXEMPT BOND FUND
One Wilshire Blvd., Los Angeles, CA, Aug. 13, 1973 filed $20,000,000 of partnership interests, to be offered at $20 per interest. The Fund is a new mutual fund which seeks tax-exempt income consistent with preservation of capital it proposes to invest in high quality municipal bonds. Wellington Mamagement Co., Philadelphia, PA, is the investment manager.

UNITED INCOME INVESTMENT PROGRAM
1 Crown Center, P.O.Box 1343, Kansas City, MO, Nov. 7, 1973 filed $10,000,000 of monthly investment programs under which an investor makes regular monthly investments at a price of $30 to $350 over a ten year period. The program offers an cpportunity to indirectly accumulate shares of United Income Fund, which is a class of shares of United Fund Inc. Waddell & Reed, Inc., Kansas City, MO, is the depositor.

Issues Filed With SEC This Week

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." Noted here also are other offerings made this week.

AMERICAN GENERAL LIFE INSURANCE CO. OF DELAWARE SEPARATE ACCOUNT D
2727 Allen Parkway, Houston, TX, Dec. 6, 1973 filed $2,500,000 of deferred and immediate variable annuity contracts. (N)

AMERICAN PROPERTY INVESTORS IV
1776 S. Jackson St., Denver, CO, Dec. 11, 1973 filed 60,000 units of limited partnership interests, to be offered at $500 per unit with a minimum investment of $2,500. The Partnership will invest primarily in approved commercial real estate which is leased to others. Blyth Eastman Dillon & Co., Inc., NY; and Kelly & Morey, Inc., Denver, CO will manage the underriting. (N)

BUILDERS INVESTMENT GROUP
750 E. Swedesford Rd., P. O. Box 860, Valley Forge, PA, Dec. 11, 1973 filed 156,850 shares of beneficial interest, issuable upon exercise of the 1973 warrants,, to be offered at $25 per interest. The company is a real estate investment trust. -V. 218, p. 1436. (N)

COHDIS CORP.
125 N.E. 40th St., Miami, FL, Dec. 7, 1973 filed 42,950 shares of common, to be offered at $38.50 per share; and 24,000 warrants to purchase common stock, being offered by the selling security holders. The company, which is engaged in the design, manufacture and sale of specialized medical devices, equipment and services, will use proceeds upon exercise of warrants for general corporate purposes. -V. 215, p. 1673.' (N)

FARMLAND INDUSTRIES, INC.
3315 N. Oak Trafficway, Kansas City, MO, Dec. 3, 1973 filed $4,000,000 of 7 per cent subordinated certificates of investment due in five years; $1,000,000 of $7\frac{1}{2}$ per cent subordinated certificates of investments due in five years; $14,250,000 of $7\frac{1}{2}$ per cent subordinated certificates of investment due in ten years, all to be offered at $100 per certificate; $6,000,000 of $7\frac{1}{2}$ per cent subordinated monthly interest certificates due in ten years, to be offered at $5,000 per certificate; $2,000,000 of $8\frac{1}{2}$ per cent subordinated certificates of investment due in ten years, to be offered at $100 per certificate; 90,000 shares of 6 per cent preferred stock, to be offered at $25 per share; and 400 shares of common, to be offered at $25 per share. The company is a farm supply and marketing cooperative. Proceeds will be used to provide funds for expansion and property replacement. (N)

FIRST MELVILLE BANCORP, INC.
545 Pleasant St., New Bedford, MA, Dec. 3, 1973 filed 263,886 shares of common, to be offered at $25 per share in connection with a proposed merger of First National Bank of New Bedford into a subsidiary of the company on a 1-for-1 basis. (N)

FIDELITY UNION BANCORP.
765 Broad St., Newark, NJ, Nov. 29, 1973 filed 915,200 shares of common, to be offered at $32.56 per share in connection with a proposed merger of Colonial First National Bank into a subsidiary of the company on a .1881-for-1 basis. -V. 217, p. 1995. (N)

FLORIDA POWER & LIGHT CO.
4200 Flagler St., Miami, FL, Nov. 27, 1973 filed $125,000,000 of first mortgage bonds due 2004, to be offered at competitive bidding. Proceeds will be used to repay short-term borrowings incurred for construction. Bids expected Jan. 17, at 11 a.m. V.218, p.1215. (N) !

GULF & WESTERN INDUSTRIES, INC.
1 Gulf & Western Plaza, NY, Nov. 29, 1973 filed $483,700 of 7 per cent subordianted debentures due July 1, 2003; 270,000 warrants expiring Jan. 31, 1978 to purchase common, to be offered at $4.875 per warrant; 277,290 shares of common, to be offered at $53.;554 per share; and 83,667 shares of outstanding common, to be offered at $21.375 per share from time to time. -V. 215, p. 121. (N)

HALLIBURTON CO.
3211 Southland Center, Dallas, TX, Dec. 3, 1973 filed 1,000,000 shares of common, to be offered at $170 per share. The company is a diversified world-wide service and sales organization. Proceeds will be used to retire outstandingic commercial paper, and to retire short-term bank loans. Lehman Brothers, NY will manage the underwriting. -V. 218, p. 999. (N)

E.F.HUTTON TAX-EXEMPT FUND, NEW YORK SERIES 5
Dec. 17, 1973 filed 7,500 units (including 2,500 units registered for the purpose of resale by the depositor). The fund is a $5,000,000 diversified portfolio of interest-bearing municipal bonds. E.F.Hutton & Co., Inc., NY, is the depositor. (N)

LAGRANDE-OKANOGAN, LTD.
Hancock Bldg., Omak, WA, Dec. 10, 1973 filed 6,400 limited partnership units, to be offered at $1,000 per unit. The limited partnership is formed for the purpose of acquiring and operating several cattle, grain and hay ranches, a young apple orchard, and other properties having potential for development in north central Washington. (N)

NORTHERN STATES BANCORP., INC.
City National Bank Bldg., Detroit, MI, Dec. 11, 1973 filed 135,450 shares of common, to be offered at $13.10 per share in connection with a proposed merger of First National Bank of Lake City into a subsidiary of the company, on a j0-for-1 basis. -V. 218, p. 1437. (N)

7.
NORTHWEST BOND FUND, SECOND SERIES
Foster & Marshall Inc., 205 Columbia St., Seattle, WA, Dec. 10, 1973 filed 30,000 units of ownership evidencinq an undivided interest in the Fund, to be offered with a minimum purchase of ten units. (N)

PRIME COMPUTER, INC.
23 Strathmore Rd., Natick, MA, Dec. 11, 1973 filed 450,000 shares of common, to be offered at $8 per share. The company, which is engaged in the design, manufacture and sale of small and medium sized computers, will use proceeds to repay debt and provide working capital. Clark, Dodge & Co., Inc., NY will manage the underwriting. (N)

PUBLIC SERVICE CO. OF OKLAHOMA
600 South Main St., Tulsa, OK, Dec. 7, 1973 filed $35,000,000 of first mortgage bonds, series M, due Jan. 1, 2004; and 250,000 shares of $100 preferred stock, to be offered at competitive bidding. The company, which is an electric utility, will use its proceeds for debt repayment and for construction. Bids expected on Jan. 23, at 10 a.m. (Chicago time) on the bonds, and 11 a.m. on the preferred. V.217, p.3. (N)

UNION ELECTRIC CO.
1 Memorial Drive, St. Louis, MO, Dec. 11, 1973 filed $70,000,000 of first mortgage bonds, series due 2004, to be offered at competitive bidding. Proceeds will be used to retire debt incurred for construction. Bids expected Feb. 5. -V. 216, p. 2029. (N)

SHWARDEN WALKER, LTD.
522 Fifth Ave., NY, Dec. 10, 1973 filed $10,000,000 of units, consisting of various gallonages of scotch whisky of various ages and certain ancillary services, to be offered at $2,100 per unit. (N)

XONICS, INC.
6849 Hayvenhurst Ave., Van Nuys, CA, Dec. 5, 1973 filed 302,500 shares of common, to be offered at $20 per share; 13,750 warrants to purchase common stock; and 13,750 shares of common, issuable upon exercise of warrants, to be offered at $24 per share. The company, which deals with science sed using applied technology for commercial development, will use its proceeds for additional production, marketing and distribution (upon completion of development) of medical diagnostic electron radiography chest units. New York Securities Co., Inc., NY; and ., L.C.Wegard & Co., Inc., Willingboro, NJ, will manage the underwriting. (N)

Effective Registrations

BLYTH EASTMAN DILLON & CO. INC.
Sunoco Exploration Partnership, Ltd. $25,000,000 of units of limited partnership interests offered at $5,000 per unit, to current common stockholders on Dec. 4 through Jan. 25, and to the general public on Jan. 26 through Feb. 7, by Blyth Eastman Dillon & Co., Inc.; and Smith, Barney & Co., Inc., NY.

CHASE MANHATTAN BANK,N.A.
Farmers Home Administration $200,000,000 of 7 3/4 per cent certificates of beneficial ownership in the farmers home insured note trust series 2 due Dec. 28, 1988, offered at 100 per cent, on Dec. 11, by Chase Manhattan Bank, N.A.; Chemical Bank, NY; Continental Bank, Chicago, IL; and White, Weld & Co., Inc., NY.

DREXEL BURNHAM & CO., INC.
Niagara Mohawk Power Corp. 3,500,000 shares of common offered at $13.25 per share, on Dec 11, by Drexel Burnham & Co., Inc.; White, Weld & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY.

FIRST BOSTON CORP.
Indiana & Michigan Electric Co. $40,000,000 of 8 3/8 per cent first mortgage bonds due Dec. 1, 2003, rated A by Moodys, Standard & Poors and Fitch, offered at 101.38 per cent plus accrued interest, to yield 8.25 per cent, on Dec. 13, by First Boston Corp.; Goldman, Sachs & Co.; Hornblower & Weeks-Hemphill, Noyes, Inc.; Kidder Peabody & Co., Inc.; Stone & Webster Securities Corp.; White, Weld & Co., Inc., NY; and Dean Witter & Co., Inc., San Francisco, CA.

Indiana & Michigan Electric Co. 300,000 shares of 8.68 per cent preferred stock offered at 100.93 per cent, plus accrued dividends, to yield 8.60 per cent, on Dec. 13, by First Boston Corp.; Goldman, Sachs & Co., NY; Halsey., Stuart & Co., Inc., Chicago, IL; Hornblower & WeeksHemphill, Noyes, Inc.; Stone & Webster Securities Corp.,NY; and Dean Witter & Co., Inc., San Francisco, CA.

Iowa Electric Light & Power Co. 475,000 shares of common offered at $14.625 per share, on Dec. 10, by First Boston Corp.; E.F.Hutton & Co., Inc.; Reynolds Securities Inc.; and G.H.Walker, Laird Inc., NY.

Niagara Mohawk Power Corp. $80,000,000 of 8 1/4 per cent general mortgage bonds due Dec. 1, 2003, rated A by Moodys, Standard & Poors and Fitch, offered at 101.115 per cent, plus accrued interest, to yield 8.15 per cent, on Dec. 10, by First Boston Corp.; White, Weld & Co., Inc.; Hornblower & Weeks-Hemphill, Noyes Inc.; Paine, Webber, Jackson & Curtis Inc.; Smith, Barney & Co., Inc.; and Stone & Webster Securities Corp., NY.

DEAN WITTER & CO., INC.
Central Telephone Co. $30,000,000 of 8 1/8 per cent first mortgage & collateral sinking fund bonds due Dec. 1, 1998, rated Aa by Moodys and A by Standard & Poors, offered at 99 3/8 per cent, plus accrued interest, to yield 8.183 per cent, on Dec. 13, by Dean Witter & Co., Inc., San Francisco, CA; and Paine, Webber, Jackson & Curtis, Inc., NY.

GREENSHIELDS INC.
Northern Electric Co. 2,600,000 shares of common offered at $15 per share, on Dec. 11, by Greenshields Inc., Montreal, Canada.

HALSEY, STUART & CO. INC.
Jersey Central Power & Light Co. $30,000,000 of 8 7/8 per cent first mortgage bonds due Dec. 2003, rated Baa by Moodys and BBB by Standard & Poors, offered at 101.855 per cent, plus accrued interest, to yield 8.70 per cent, on Dec. 11, by Halsey, Stuart & Co., Inc., Chicago, IL; Blyth Eastman Dillon & Co., Inc.; Salomon Brothers; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY.

KUHN, LOEB & CO.
New England Power Co. $40,000,000 of 8 3/8 per cent first mortgage bonds, series T, due 2003, rated Aa by Moodys, A by Standard & Poors and AA by Fitch, offered at 101.75 per cent, plus accrued interest, to yield 8.22 per cent, on Dec. 11, by Kuhn, Loeb & Co.; Blyth Eastman Dillon & Co., Inc.; Salomon Brothers; and Smith, Barney & Co., Inc., NY; Dean Witter & Co., Inc., San Francisco, CA; Warburg-Paribas, Inc.; and Wood, Struthers & Winthrop Inc., NY.

LEHMAN BROTHERS INC.
Halliburton Co. 1,000,000 shares of common offered at $176 per share, on Dec. 11, by Lehman Brothers Inc., NY.

MERRILL LYNCH, PIERCE, FENNER & SMITH INC.
Mesa Petroleum Co. 2,218,900 shares of common offered at $36 per share, on Dec. 13, by Merrill Lynch, Pierce, Fenner & Smith Inc.; and Donaldson Lufkin & Jenrette Securities Corp., NY.

Municipal Investment Trust Fund, Nineteenth Monthly Payment Series 30,000 units offered at $1,024.74 per unit, with a minimum purchase of 1 unit, on Dec. 11, by Merrill Lynch, Pierce, Fenner & Smith Inc.; Bache & Co., Inc.; and duPont Walston Inc., NY.

MORGAN STANLEY & CO., INC.
United Illuminating Co. $30,000,000 of 8 1/4 per cent debentures due Dec. 15, 2003, rated A by Moodys and AA by Standard & Poors, offered at 100 per cent, plus accrued interest, on Dec. 10, by Morgan Stanley & Co., Inc., NY.

SALOMON BROTHERS
Farmers Home Administration $300,000,000 of 7.30 per cent certificates of beneficial ownership in the farmers home insured note trust series 1 due Dec. 28, 1978, offered at 99.875 per cent; plus accrued interest, to yield 7.42 per cent, on Dec. 11, by Salomon Brothers; and Morgan Guaranty Trust Co., NY; A.G.Becker & Co., Inc., Chicago, IL; Merrill Lynch Government Securities Inc.; and First Boston Corp., NY.

Province of New Brunswick $50,000,000 of 8 3/8 per cent debentures due Dec. 15, 1998, rated A by both Moodys and Standard & Poors, offered at 99 3/4 per cent, plus accrued interest, to yield 8.50 per cent, on Dec. 12, by Salomon Brothers, NY; Nesbitt Thomson Securities Inc., Montreal, Canada; Pitfield, Mackay & Co., Inc.; Richardson Securities Inc., NY; and Levesque, Beaubien Inc., Montreal, Canada.

Western Air Lines, Inc. 800,000 shares of capital stock offered at $8.625 per share on Dec. 12, by Salomon Brothers, NY.

SMITH, BARNEY & CO. INC.
Atlantic Richfield Co. $200,000,000 of 7 3/4 per cent debentures due 2003, rated Aa by Moodys and AA by Standard & Poors, offered at 100 per cent, plus accrued interest, on Dec. 11, by Smith, Barney & Co., Inc., NY.

WHITE, WELD & CO., INC.
Illinois Bell Telephone Co. $300,000,000 of 8 per cent debentures due Dec. 10, 2004, rated Aaa by Moodys and AAA by Standard & Poors, offered at 100 per cent, plus accrued interest, on Dec. 12, by White, Weld & Co., Inc.; Dillon, Read & Co., Inc., NY; Halsey, Stuart & Co., Inc., Chicago, IL; Kidder, Peabody & Co., Inc., NY; and A.G.Becker & Co., Inc., Chicago, IL.

Montreal Urban Community $50,000,000 of 8 3/8 per cent sinking fund debentures due Dec. 15, 2003, rated A by both Moodys and Standard & Poors, offered at 98 3/8 per cent, plus accrued interest, to yield 8.53 per cent, on Dec. 13, by White, Weld & Co., Inc.; Solomon Brothers, NY; Levesque, Beaubien Inc.; and Nesbitt Thomson Securities Ltd., Montreal, Canada.

Nevada Power Co. 750,000 shares of $20 preferred stock offered at $20.15 per share on Dec. 13, by White, Weld & Co., Inc., NY.

Prospective Offerings

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you'll find hereunder.

Would you telephone us at 732-9570 or write us at 25 Park Place, New York, N.Y. 10007

APPALACHIAN POWER CO. (2-26)
Dec. 3, 1973 it was reported that this company plans the sale of $50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected Feb. 26, at 11 a.m.

APPALACHIAN POWER CO. (2-26)
Dec. 3, 1973 it was reported that in addition to the sale of bonds, this company plans the sale of 200,000 shares of $100 preferred stock. Underwriter — Competitive bidding. Bids expected Feb. 26, at 11:45 a.m.

BALTIMORE GAS & ELECTRIC CO. (1-28)
Dec. 10, 1973 it was reported that this company plans the sale of $75,000,000 of 30-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected on Jan. 28, at noon. V.218, p.1506.

BALTIMORE GAS & ELECTRIC CO.
Dec. 10, 1973 it was reported that in addition to the sale of bonds, the company plans the sale of up to 2,000,000 shares of common, sometime in the first quarter of 1974. Underwriter — First Boston Corp., NY. V.218, p.1506.

BANKERS TRUST NEW YORK CORP.
Dec. 10, 1973 it was reported that this company plans the sale of about $100,000,000 of debentures, in early 1974. Underwriter — Lehman Brothers Inc., NY. V.213, p.838.

BROOKLYN UNION GAS CO. (2-27)
Nov. 19, 1973 it was reported that this company plans the sale of $35,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected Feb. 27.

BROOKLYN UNION GAS CO. (2-27)
Nov. 19, 1973 it was reported that in addition to its proposed bond sale the company plans the sale of $20,000,000 of preferred. Underwriter — Competitive bidding. Bids expected Feb. 27.

CONSOLIDATED EDISON CO. OF NEW YORK M (2-20)
Nov. 12, 1973 it was reported that this company plans the sale of $150,000,000 of bonds due 2004. Underwriter — Competitive bidding. Bids — Expected Feb. 20, at 11 a.m.

FIRST PENNSYLVANIA BANKING & TRUST CO.
Dec. 10, 1973 it was reported that this company plans to offer $40,000,000 of capital notes due Jan. 1999, in early Jan. Underwriter — Kidder, Peabody & Co., Inc., NY. V.218, p.363.

FLORIDA POWER CORP.
Dec. 10, 1973 it was reported that this company plans the sale of up to $120,000,000 of debt, sometime in 1974. Method of sale is to be determined. V.218, p.1651.

GEORGIA POWER CO. (1-21)
Oct. 22, 1973 it was reported that this company plans the sale of $150,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids — Expected Jan. 1.

HOUSTON LIGHTING & POWER CO. (1-30)
Dec. 10, 1973 it was reported that this company plans the sale of $100,000,000 of first mortgage bonds. Underwriter— Competitive bidding. Bids expected on Jan. 30, at 11 a.m. V.217, p.616..

IDAHO POWER CO.
Nov. 12, 1973 it was reported that this company plans the sale of about $25,000,000 of debt, sometime in mid-1974. Underwriter — Competitive bidding.

INDIANAPOLIS POWER & LIGHT CO.
Nov. 12, 1973 it was reported that this company plans the sale of about $25,000,000 of debt, sometime in the first quarter of 1974. Underwriters — Merrill Lynch, Pierce, Fenner & Smith Inc.

INDIANAPOLIS POWER & LIGHT CO.
Nov. 12, 1973 it was reported that in addition to the sale of debt securities, the company plans the sale of $10,000,000 of preferred stock, sometime in the fourth quarter of 1974. Underwriters — Lehman Brothers Inc.; Goldman, Sachs & Co., and First Boston Corp., NY, managed a previous underwriting of preferred for the company.

INTERSTATE POWER CO.
Dec. 3, 1973 it was reported that in addition to the sale of first mortgage bonds, this company plans the sale of about $5,000,000 of $50 preferred stock. Underwriter — Competitive bidding.

IOWA SOUTHERN UTILITIES CO.
Dec. 3, 1973 it was reported that this company plans the sale of $10,000,000 of first mortgage bonds, sometime in 1974. Underwriter — Competitive bidding.

IOWA SOUTHERN UTILITIES CO.
Dec. 3, 1973 it was reported that in addition to the sale of bonds, the company plans the sale of $5,000,000 of preferred stock, sometime in 1974. Method of sale is to be determined.

IOWA POWER & LIGHT CO.
Nov. 12, 1973 it was reported that this company plans the sale of about $30,000,000 of bonds, sometime in the fourth quarter of 1974 — Underwriters — Competitive bidding.

JOHNS MANVILLE CORP.
Nov. 19, 1973 it was reported that this company plans the sale of $75,000,000 of debentures sometime in early 1974. Further details weren't available.

KENTUCKY UTILITIES CO.
Nov. 19, 1973 it was reported that this company plans the sale of $20,000,000 of preferred sometime in miod 1974. Underwriter — Competitive bidding.

KANSAS CITY POWER & LIGHT CO.
Nov. 12, 1973 it was reported that this company plans the sale of at least $15,000,000 of debt securities, in the last half of 1974. Underwriters — Competitive bidding.

KANSAS CITY POWER & LIGHT CO.
Nov. 12, 1973 it was reported that in addition to the sale of debt securities, the company plans the sale of at least $10,000,000 of preferred stock, in the last half of 1974. Underwriters — Competitive bidding.

KOGER PROPERTIES
Nov. 5, 1973 it was reported that this company plans the sale of about 700,000 shares of common, (600,000 shs. by the company and 100,000 shs. by selling shareholders). Underwriter — Alex Brown & Sons, Baltimore, MD; and Faulkner, Dawkins & Sullivan Securities Corp., NY.

MONTANA-DAKOTA UTILITIES CO.
Nov. 26, 1973 it was reported that this company plans the sale of $20-25,000,000 of first mortgage bonds late in 1974. Underwriter — Competitive bidding.

MONTANA POWER CO. (1-29)
Nov. 12, 1973 it was reported that this company plans the sale of $60,000,000 of debentures. Underwriters — Kidder, Peabody & Co., Inc.; and Smith, Barney & Co., Inc., NY; and Halsey, Stuart & Co., Inc., Chicago, IL, managed a previous underwriting of debentures for the company. Offering expected Jan. 29.

MOTION INDUSTRIES INC.
Nov. 12, 1973 it was reported that this company plans the sale of 500,000 shares of common, (250,000 shs. by the company and 250,000 shs. by selling shareholders). Underwriters — JC Bradford & Co.; Nashville, TN; and Morgan, Keegan & Co., Inc., Memphis, TN.

NATURAL GAS PIPELINE CO. OF AMERICA
Nov. 12, 1973 it was reported that this company plans the sale of about $50,000,000 of debt securities, sometime in 1974. Underwriters — Dillon, Read & Co., Inc., NY; and Halsey, Stuart & Co., Inc., Chicago, IL, managed a previous underwriting of notes for the company.

NATURAL GAS PIPELEINE CO.?OF AMERICA
Nov. 12, 1973 it was reported that in acdition to the sale of the debt securities, the company plans the sale of about $20,000,000 of preferred stock, in 1974. Underwriters — Dillon, Read & Co., Inc., NY; and Halsey, Stuart & Co., Inc., Chicago, IL, managed a previous underwriting of preferred for the company.

NEW ENGLAND GAS & ELECTRIC ASSOCIATION
Nov. 26, 1973 it was reported that this company plans to raise about $9,000,000 through the sale of common sometime in the last half of 1974. Underwriter — First Boston Corp., NY, managed a previous underwriting of common for the company.

NEW YORK STATE ELECTRIC & GAS CO.
Oct. 31, 1973 it was reported that this company plans the sale of $25-30,000,000 974. Further details weren't available.

NEW YORK STATE ELECTRIC & GAS CORP. (2-6)
Dec. 10, 1973 it was reported that in addition to the sale of preferred stock, the company plans the sale of $60,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on Feb. 6. V.217, p.1187.

NIAGARA MOHAWK POWER CORP.
Dec. 10, 1973 it was reported that this company plans to raise about $189,000,000 through debt and equity, sometime around mid 1974. Methods of sale are to be determined. V.218, p.1507-1538.

NORTHEAST UTILITIES
Dec. 10, 1973 it was reported that this company plans ths sale of 4-5,000,000 shares of common, in the first haif of 1974. Underwriter — Competitive bidding. V.217, p.1056.

NORTHERN NATURAL GAS CO.
Nov. 12, 1973 it was reported that in addition to the sale of debentures, the company plans the sale of about $15,000,000 of preferred stock, sometime in 1974. Underwriter — Blyth Eastman Dillon & Co., Inc., NY.

NORTHWESTERN PUBLIC SERVICE CO.
Nov. 12, 1973 it was reported that this company plans the sale of $3,500,000 of preferred stock; and $3,500,000 shares of common, sometime in 1974. Underwriter — Merrill Lynch, Pierce, Fenner & Smith Inc., NY., managed a previous underwriting of common for the company.

OHIO EDISON CO. (2-13)
Nov. 5, 1973 it was reported that this company plans the sale of 450,000 shares of preferred stock. Underwriter — Competitive bidding. Bids — Expected Feb. 13, 11 a.m.

ORANGE & ROCKLAND UTILITIES, INC.
Nov. 26, 1973 it was reported that this company plans the sale of 1,500,000 shares of common early in the second quarter. Underwriter — Merrill Lynch, Pierce, Fenner & Smith Inc., NY.

OTTER TAIL POWER CO.
Nov. 19, 1973 it was reported that this company plans the sale of approx. $14,000,000 of first mortgage bonds sometime in early 1974. Underwriter — Expected to be Blyth Eastman Dillon & Co., NY.

PACIFIC GAS & ELECTRIC CO. (5-21)
Dec. 3, 1973 it was reported that this company plans the sale of $150,000,000 of 32-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected May 21, at 11:30 a.m.

PACIFIC POWER & LIGHT CO. (1-9)
Oct. 22, 1973 it was reported that this company plans the sale of $60,000,000 of first mortgage bonds. Underwriter Competitive bidding. Bids — Expected Jan. 9. 3 p.m. EDST

PACIFIC POWER & LIGHT CO.
Nov. 12, 1973 it was reported that this company plans the sale of $45,000,000 of first mortgage bonds. Underwriter — Competitive bidding.

PACIFIC POWER & LIGHT CO.
Nov. 12, 1973 it was reported that in addition to the sale of bonds, this company plans the sale of $55,000,000 of common, late in 1974. Underwriter — Competitive bidding.

PENNSYLVANIA POWER CO. (2-14)
Nov. 5, 1973 it was reported that this company plans the sale of 80,000 shares of preferred stock. Underwriter — Competitive bidding. Bids — Expected Feb. 14, 12 noon.

PIEDMONT NATURAL GAS CO.
Nov. 26, 1973 it was reported that this company plans the sale of up to $18,000 000 of debt sometime in 1974. Underwriter — White, Weld & Co., Inc., NY.

POTOMAC ELECTRIC CO. (1-10)
Dec. 3, 1973 it was reported that this company plans the sale of $100,000,000 of 25-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected Jan. 10, at 11 a.m.

PUBLIC SERVICE ELECTRIC & GAS CO. (1-29)
Dec. 3, 1973 it was reported that this company plans the sale of 4-4,500,000 shares of common, on Jan. 29. Underwriter — Merrill Lynch, Pierce, Fenner & Smith Inc., NY.

PUBLIC SERVICE OF INDIANA (2-4)
Nov. 19, 1973 it was reported that this company plans the sale of $50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids — Expected Feb. 4, at noon.

PUGET SOUND POWER & LIGHT CO. (2-28)
Dec. 10, 1973 it was reported that this company plans the sale of $30,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on Feb. 28, at 11 a.m. V.218, p.1071.

Dividends

The dividend announcements shown below are the payments declared during the current week.

The dividends declared previously can be found in the Saturday issue of the Chronicle.

Abbott Laboratories (quar)	30c	2-15	1-25
Aceto Chemical Co. (stock div.)	5%	1-23	1-2
Advance Investors Corp. (from ncome)	12c	1-14	12-28
Aetna Income Shares	0.079	12-14	12-10
Albert Frank-Guenther Law	25c	....	12-21
Amerace Corp. com (quar)	30c	1-15	12-17
$2.60 pfd A (quar)	65c	2-15	1-25
American Air Fileter Co. (incr-quar)	11c	1-11	12-28
American Can Co. (quar)	55c	2-25	1-11
American General Convertible Securities (monthly)	11c	1-15	12-19
American Leaders Fund	6c	12-20	11-30
American Technical Industries, Inc. (quar)	3c	1-16	1-2
Anderson Clayton & Co. (quar)	20c	1-15	12-21
Argus Corp., Ltd. (incr-quar)	15c	3-1	1-31
Extra	30c	3-1	1-31
Aro Corporation (quar)	22.5c	1-15	12-31
Bank of Tokyo of Calif. (s-a)	20c	1-15	11-30
Bird & Son. (incr-quar)	35c	1-10	12-21
Booz Allen & Hamilton, Inc. (quar)	3c	1-10	12-20
Boston Foundation Fund	12c	12-20	11-30
Bristol-Myers Co.			
com (quar)	33c	2-1	1-4
$2 pfd (quar)	50c	3-1	2-1
British Columbia Forest Products	15c	2-1	1-11
Broward Banchsares (quar)	9c	1-2	12-21
Extra	3c	1-2	12-21
Stock dividend	10%	1-25	12-21
Browning-Ferris Industries, Inc. (quar)	3c	1-31	12-31
Brunswick Corp. (incr-quar)	8c	2-8	12-27
Buffelsfontein Gold Mining ADR (a payment of approx. 0.686 per depositary share)	....	2-22	12-21
Budd Auto of Canada (special)	$1	12-31	12-14
Bulova Watch Co. (quar)	17.5c	1-16	12-21
Canadian Pacific Investments (incr. s-a)	28c	1-28	12-27
Canadian Pacific, Ltd. (final)	41c	1-28	12-27
Capitol Food Industries	3c	1-2	12-14
Caressa, Inc. (quar)	5c	1-9	12-21
Chesapeake Corp. of Virginia (incr-quar)	42c	2-15	1-25
Chittenden Trust (Vt.) (quar)	20c	12-31	12-15
Coco Cola Bottling Co. of Los Angeles $2 pfd (quar)	50c	2-15	1-31
Commercial Trust Co. of New Jersey (quar)	30c	1-2	12-20
Extra	15c	1-2	12-20
Stock dividend	5%	2-1	1-2
Commonwealth Edison Co.			
com (quar)	57.5c	2-1	12-28
1.425 pfd (quar)	35.5-8c	2-1	12-28
$1.90 pfd (quar)	47.5c	2-1	12-28
$2 pfd (quar)	50c	2-1	12-28
$7.24 pfd (quar)	$1.81	2-1	12-28
Conchemco, Inc. (quar)	8c	1-12	12-18
Extra	4c	1-12	12-18
Connecticut General Insurance Corp. (quar)	18c	1-10	12-17
Consolidated Natural Gas Co. (incr-quar)	52.5c	2-15	1-15
Cousins Mortgage & Equity Invest.	62c	1-16	12-21
Cox Broadcasting Corp. (quar)	8.75c	1-15	12-24
Cross (AT) Co. (quar)	10.5c	2-20	2-6
DelMonte Corp. (quar)	30c	2-15	1-18
Delaware Valley Realty & Mortgage (Monthly)	11c	12-31	12-17
Extra	5c	2-1	1-16
Detroit International Bridge (incr-quar)	50c	1-18	1-1
Extra	20c	1-18	1-1
Diamond International Corp. (quar)	50c	2-1	1-2
Dillon Cos., Inc. (quar)	25c	1-15	12-28
Dow Chemical Co. (quar)	25c	1-30	12-31
Drexel Bond Debenture Fund (monthly)	12c	1-2	12-21
ERC Corporation (quar)	13.5c	12-28	12-17
Eastern Air Devices, Inc. (stock div.)	5%	2-5	12-31
Economics Laboratories (quar)	9c	1-15	12-28
Empire Fund	1.25	12-20	11-30
Esmark, Inc. (incr-quar)	25c	1-1	12-17
Esquire, Inc. (quar)	6c	1-31	1-16
Fair Lanes, Inc. (incr-ann.)	8c	1-31	1-2
Federal Paper Board Co.			
com (incr-quar)	30c	1-15	12-28
4.60% pfd (quar)	28.75c	3-15	2-28
$1.20 pfd (quar)	30c	3-15	2-28
Federated Regional Research Investment	19c	12-20	11-30
Fidelity Group Funds:			
Fidelity Fund (from income)	23c	12-21	12-7
Trend Fund (from income)	32c	12-21	12-7
Fifth Empire Fund	1.15	12-20	11-29
First Bancshares of Florida (incr-quar)	13c	12-28	12-20
First Colony Life Insurance (quar)	7c	3-15	2-15
First Continental Real Estate Invest. Trust	34c	1-15	12-31
First Fund of Virginia (5.5 cents from income and 11.9 cents from security profits)	17.4c	12-10	11-30
Fleetwood Enterprises (quar)	3c	2-4	1-4
Florida Mining & Materials	12c	1-7	12-21
Fourth Empire Fund	17c	12-20	11-30
Frank (Clinton E.), Inc. (incr-quar)	12.5c	1-31	1-15
Franklin Realty & Mortgage Trust (quar)	12c	12-31	12-20
GRI Corporation (extra)	5c	1-11	12-21
General Growth Properties SBI	25c	1-15	12-28
General Shale Products (quar)	20c	1-5	12-20
Stock dividend	5%	1-19	12-20
Gibson-Homans Co. (incr. s-a)	15c	2-15	2-1
Great American Mortgage Invest. SBI	31c	1-14	12-28
Green Mountain Power	28c	1-15	12-17
Greenwich Gas com (quar)	22c	12-31	12-17
$1.50 pfd (quar)	37.5c	12-31	12-17
Guardian Mortgage Investors	1.08	1-18	12-28
Hamilton Cosco, Inc. (quar)	7.5c	1-15	12-20
Hannaford Bros. Co. (quar)	11.25c	12-27	12-13
Hardee's Food Systems, Inc. (quar)	4c	1-10	12-21
Hatteras Income Securities (monthly)	12c	12-31	12-14
Extra	3c	12-31	12-14
Hawker Siddeley Canada, Ltd. (quar)	6c	1-16	12-28
Health-Mor, Inc.	0.075	1-10	12-28
Hood (HP), Inc. (quar)	20c	1-2	12-20
Hospital Corp. of America (incr. s-a)	8c	1-28	12-28
Houston Natural Gas			
com (quar)	12.5c	1-1	12-18
$2.50 pfd A (quar)	62.5c	1-1	12-18
Howmet Corp. (quar)	17.5c	1-19	1-4
Hubbell (Harvey), Inc.			
class A&B (quar)	30c	1-11	12-24
Series A&B pfd (quar)	43.75c	3-15	2-28
Hudson's Bay Oil & Gas (incr. s-a)	40c	1-28	12-31
Hydrometals, Inc.			
com (quar)	4c	1-25	1-4
60c pfd (quar)	15c	1-25	1-4
ICB Corporation (quar)	0.084	1-7	12-21
ICM Realty SBI	51c	1-8	12-24
Independence Square Income Securities (from income)	14c	12-28	12-19
Industrial Valley Bank & Trust Co. com (incr-quar)	45c	2-8	1-18
Quarterly	45c	5-10	4-19
Quarterly	45c	8-9	7-19
Quarterly	45c	11-8	10-18
International Flavors & Frangrances (quar)	11.5c	1-10	12-28
2-for-1 stock split	....	....	12-28
Israel Development Corp	45c	1-15	12-24
JB's Big Boy Family Restaurants (annual)	5c	1-11	12-28
Jacobson Stores, Inc. (quar)	17.5c	1-15	12-28
Jason-Empire, Inc. (quar)	7c	1-15	1-2
Jervis Corp. (stock div.)	10%	1-25	12-21
Keystone Custodian Funds class A (quar)	10c	1-25	12-31
Keystone Industries, Inc.	7.5c	1-16	12-27
Keystone International, Inc. (stock div.)	50%	2-28	2-15
New com (incr-quar)	6.25c	2-28	2-15
King Radio Corp.	15c	1-15	12-27
Labatt (John), Ltd. (quar)	23c	1-15	12-18

New Issue Prices as of December 16

THE CHRONICLE has computed the following list of companies that have gone public since Jan. 1, 1973. Data includes offering price and Dec. 13, 1973 opening price.

We list at the beginning the issues offered during the current week.

NONE THIS WEEK

	Date Offered	Offering Price	Current Value
American National Holding Co.	June 5	18	16
Broadview Financial	Feb. 13	13	5½
BBDO International Inc.	Oct. 24	18	12
Burris Industries, Inc.	Jan. 18	12	5⅛
Canadaigua Wine	Feb. 22	20	9
Century Telephone Enterprises, Inc.	Aug. 14	7	5⅞
Circle Income Shares, Inc.	June 21	15	13¼
Clarcan Petroleum	Jan. 24	10	2⅞
Colonial Mirror-Glass Corp.	Jan. 5	5	1
Colony Kitchens, Inc.	Feb. 3	6	2⅝
Cotton Petroleum Corp. (units)	Jan. 9	14	9
Curtice-Burns, Inc.	Sept. 13	10.50	8
Datatrol Inc.	Jan. 30	8	4½
Delaware Valley Realty & Mortgage Investors (units)	Jan. 31	12½	9¼
EDS Nuclear Inc.	Jan. 23	13	14¼
Electronic Arrays, Inc.	Oct. 4	15	4¾
Falcon Products, Inc.	Mar. 23	6	4½
First Commerce Realty Investors sbi	Feb. 21	25	15½
Florida Investment Trust (units)	Mar. 26	11	5
Flow Laboratories	Jun 13	5½	2½
Florida Industries, Inc.	Oct. 30	14	5¾
General Semiconductor Industries	Feb. 1	6	4½
Genova, Inc.	Feb. 1	12	3⅛
Hatteras Income Securities, Inc.	Apr. 17	20	17½
Hovermarine Corp.	Jan 12	10	7¼
Incoterm Corp.	Oct 24	14	5½
James River Corp.	Mar 16	12	8¾
LQ Motor Inns	Mar 21	13½	3¾
Modular Computer Sys.	Nov. 15	8	8¾
Murray Mortgage Investors SBI	June 14	15	12½
Mylan Laboratories	Feb 15	10½	4¾
Nuclear Services Corp.	Aug. 15	7.50	15¾
Pants 'N Stuff Shed House, Inc.	Apr. 10	3	1⅛
Peavey Co.	Jan 18	24	14
Phone-Mate, Inc.	Jan 8	11	4¼
Pioneer Hi-Bred International, Inc.	Sept. 13	27	16⅜
Polymer Research Corp of America	Apr 20	5	2
Postal Instant Press	Jan 24	5¼	1½
Richmond Graphic Systems, Inc. (units)	Mar 28	10	8½
Sea Pines	Jan 9	18	8½
Shaklee Corp.	Mar 15	23	23½
Syracuse China	Jan 11	10	3⅛
Terrydale Realty Trust (units)	Feb. 28	20	14⅛
Trans-National Leasing	Jan 9	5½	3¾
United Equitable	Mar 20	14½	3¾
WD-40 Co.	Jan 16	16¾	17¼

Gold invites new riches

Continued from page 12

that in the past, when gold was an essential support of the domestic and international monetary system, the need to protect and maintain this monetary system justified the former restrictions. But gold hasn't been redeemable domestically since 1933, or internationally since 1971. And its glitter has faded from the monetary management scene. As a result, such people as Representative Gene Taylor (R., Mo.) have urged that it is no longer necessary or desirable "to limit the citizen's right to hold his assets in any form he chooses."

Among those who have objected in the past to the citizen's right to own gold has been the Treasury, who claimed that this could lead to the hoarding of the metal. But even the Treasury now recognizes "the logic of allowing U.S. citizens to own and hold gold," according to Undersecretary of the Treasury, Paul Volcker, in testimony last spring.

Another objection raised to the private ownership, sale or purchase of gold has been that it would benefit speculators. Many have also said that providing citizens with such a right would be damaging to the governmental policy of "reducing the monetary role of gold."

Mixed reactions

Just what effect the legalization of gold ownership will have on the economy, monetary policy and investing is questionable at this point.

But many have strong ideas on the matter. Representative Philip M. Crane (R., Ill.), a member of the House subcommittee on domestic finance, who has been a strong supporter of private ownership as an immediate move, said, during congressional proceedings last spring, that private gold ownership will have a number of beneficial effects on our economy.

Crane points out that there are thousands of potential jobs in the gold mining industry were the price of gold to reach a level profitable enough for companies to go back into production. This would contribute positively toward remedying unemployment. Additionally, Crane says, "our nation has sufficient gold reserves underground to make us a major gold exporter. And if our policy is to remedy our balance of payments deficit, becoming a major exporter of gold would help us meet this objective."

In fact, however, the foreign price of gold, at about $105 per ounce, has not proved enough of an incentive for American companies to mine their resources.

Unparalleled instrument

Another outspoken gold enthusiast is Dr. Henry Jarecki, chairman of Mocatta Metals Corp., New York City. Jarecki, in a recent speech before the Metal Market Gold and Silver Forum, said that the government's plan to permit U.S. citizens to own gold would not only strengthen the U.S. dollar, but it would provide our government with "an unparalleled instrument of monetary policy."

He noted that restoration of gold ownership might increase the confidence of the rest of the world in the paper dollar when it "became clear that Americans were not rushing to swap their dollars for gold."

Commenting on the effect on the U.S.'s monetary posture, Jarecki said that open market operations in gold on the part of the Federal Reserve Board in which the latter would offer domestic and foreign central bank gold for sale to citizens would enable dollars to be absorbed into the monetary system without having a major effect on the bond market. The money supply, he said, would be regulated in a way that would be insulated from international capital movements.

As far as investing is concerned, Jarecki said that because a major impetus for many to buy gold mining shares has been the inability to own gold, when they are allowed to own gold, many investors may turn away from gold mining shares.

Minimal effect

Despite Jarecki's enthusiasm for gold as a new monetary vehicle, others contend that free gold trading will have a minimal effect on the monetary system.

Powers, of the International Monetary Market, questions whether gold will play any role at all in the new monetary system presently being negotiated.

As for the economy, Powers says free gold trading won't mean very much either. "What it will mean, however, is that Americans will no longer have to put up with an illogical restriction."

Another observer who does not share Jarecki's view, for the most part, is John C. Van Eck, chairman and president of management investing firm International Investors Inc., New York City. Van Eck's firm is predominantly a gold mining investment fund. Van Eck comments that when there is a free gold trading, there might be some selling off of gold mining shares by those who like the metal itself. "But on the other hand, any appreciable purchase of the metal would raise the price of gold, increase profits, and would bring in another type of buyer into gold mining shares," comments Van Eck

Another observer from a major New York City bank points out that private gold ownership will have no effect on monetary policy and that the effect on our balance of payments would not be very serious.

Gold purchase by private citizens would show up as imports in our balance of payments. But even if there's $500 million in terms of gold trade movement, it will have only a slight effect on pulling down any payments surplus," this spokesman comments.

Lehman Corp. (84c from capital gains and 7c from income)	91c	1-16	12-26
Lincoln National Corp. com (incr-quar)	28c	2-1	1-10
$3 pfd A (quar)	75c	3-5	2-15
Litton Industries, Inc. $3 pfd A (s-a)	$1.50	1-15	12-18
Londontown Mfg. Co. (resumed)	10c	1-15	12-21
Longview Fibre Co. (incr-quar)	$1.60	1-10	12-25
Lyon Metal Products (extra)	20c	12-31	12-14
MacAndrews & Forbes Co.	15c	1-25	1-14
Macmillan, Inc. (quar)	5c	1-21	12-31
Manhattan Industries, Inc. (quar)	14c	12-31	12-21
Market Facts, Inc. (quar)	6c	1-31	1-17
Marley Co. (quar)	12.5c	1-10	12-27
Martha White Foods, Inc. (quar)	10c	2-27	2-13
Materials Research Corp. (incr. s-a)	10c	1-15	12-31
Methods Electronics, Inc. (quar)	10c	1-31	1-10
Middle South Utilities, Inc. (quar)	30c	1-2	12-17
Midland Co. (quar)	7.5c	1-8	12-21
Midwestern National Life Insurance Co. (Ohio) (initial)	1c	12-28	12-9
Miller-Wohl 4.5% pfd (accum)	56.25c	12-29	12-19
Milton Bradley Co. (quar)	9c	1-15	12-26
Extra	2c	1-16	12-26
Missouri Pacific RR class B (special)	20c	12-28	12-17
As part of Missouri-Pacific's plan of recapitalization this payment is equal to $1.25 per share on the 16 shares of new common stock that would be exchanged for each share of present class B stock			
Mobile Gas Service Corp. com (incr-quar)	31c	1-1	12-21
4.90% pfd (quar)	$1.225	1-1	12-21
Morrison-Knudsen, Inc. (quar)	20c	2-4	12-31
National City Corp. (quar)	37.5c	2-1	1-1
National Service Industries, Inc. (incr-quar)	18c	1-8	12-20
Noble Lumber (stock div.)	5%	1-15	12-14
Northern & Central Gas Corp. (quar)	15c	3-1	2-14
Northwest Ohio Bancshares new com (incr-quar)	40c	1-2	12-20
Northwestern Mutual Life Mortgage & Realty	53c	1-31	12-31
Northwestern Steel & Wire Co. (incr-quar)	26c	1-31	1-17
Oilgear Co. (incr-quar)	25c	12-31	12-17
Extra	10c	12-31	12-17
Oklahoma Gas & Electric Co. com (incr-quar)	34c	1-30	1-10
4% pfd (quar)	20c	1-15	12-31
Overmeyer Corp. (quar)	7c	1-4	12-28
Ozite Corp. $6 pfd (quar)	$1.50	1-2	12-21
Pacific Lighting Corp. $4.36 pfd (quar)	1.09	1-15	12-20
$4.40 pfd (quar)	1.10	1-15	12-20
$4.50 pfd (quar)	1.125	1-15	12-20
$7.64 pfd (quar)	1.91	1-15	12-20
$4.75 pfd (quar)	1.1875	1-15	12-20
Pacific Standard Fund	10c	12-20	11-30
Pako Corporation (resumed)	5c	1-7	12-21
Peerless Tube Co. (extra)	4c	1-15	1-3
Penn Traffic Co. (quar)	20c	1-25	1-10
Extra	10c	1-25	1-10
Pennwalt Corp. $2.50 pfd (quar)	62.5c	2-1	1-11
$1.60 pfd (quar)	40c	2-1	1-11
Peoples Gas Co. (incr-quar)	59c	1-15	12-17
Petrie Stores Corp. (quar)	10c	12-28	12-18
Year-end	4c	12-28	12-18
Petrolite Corp. (incr-quar)	55c	2-4	1-28
2 for 1 stock split subject to approval on Feb. 11, 1974			
Pittsburgh-Des Moines Steel new com (incr-quar)	28c	1-28	1-11
Special	30c	12-28	12-21
Polymer Materials	7.5c	12-28	12-21
Pratt (Henry) Co. (quar)	6.25c	12-20	12-17
Premier Industrial Corp. com (quar)	8c	1-10	12-21
90c pfd A (quar)	22.5c	1-10	12-21
Presidential Exchange Fund	$1.80	12-20	11-30
Proler International Corp. (quar)	25c	1-10	12-21
Stock dividend	10%	1-10	12-21
Radiation-Medical Products	10c	1-15	12-24
Reece Corp. (quar)	18.5c	1-9	12-26
Extra	14c	1-9	12-26
Republic Auto Parts (quar)	4.5c	2-1	12-27
Rice Food Markets (quar)	5c	1-14	1-2
Rospatch Corp.	9c	2-15	1-15
Stock dividend	5%	3-15	2-16
Rykoff (S-E) & Co. (quar)	5c	1-15	12-24
Santa Anita Consolidated, Inc. (quar)	25c	1-10	12-20
Sav-On Drugs, Inc.	5c	1-24	1-3
Savannah Foods & Indust., Inc. (quar)	56c	12-27	12-17
Scott Foresman & Co. (quar)	15c	3-11	2-18
Seagrave Corp. (quar)	8.5c	1-31	1-15
Second Presidential Exchange Fund	$1.80	12-20	11-29
Simpsons-Sears, Ltd. (quar)	5c	3-15	2-15
Sixth Empire Fund	14c	12-20	11-30
Skaggs Cos., Inc. (quar)	10c	1-11	12-18
Skil Corp. Com payment omitted at this time			
Skyline Corp. (quar)	6c	1-3	12-21
Service Corp. Int. (quar)	2.5c	1-31	12-21
Shaklee Corp. (incr-quar)	4c	1-9	12-21
Shawmut Association, Inc. (quar)	75c	1-2	12-17
Southern Industries Corp. (quar)	25c	1-18	1-4
Southwest Bancshares, Inc. (quar)	24c	1-18	12-31
Sovereign Investors	25c	12-28	12-14
Spectro Industries, Inc. (quar)	4.5c	1-28	1-14
Sperry Rand Corp. (quar)	18.5c	2-15	1-2
Sta-Rite Industries, Inc. (quar)	15c	1-15	12-31
Stanadyne, Inc. (quar)	21c	12-28	12-17
Extra	4c	12-28	12-17
Standard Thomson Corp. (incr-quar)	12c	1-31	1-17
State Farm Growth Fund	3c	1-4	12-7
State Farm Income Fund	28c	1-4	12-7
State Mutual Securities (monthly)	8.5c	1-9	12-31
Sunshine Mining Co. (quar)	10c	12-31	12-20
Superior Industries Intl, Inc. (quar)	3c	2-21	1-25
Supervised Invest. Growth Fund	7c	12-21	12-3
Swank, Inc. (quar)	17c	1-29	1-8
Extra	5c	1-29	1-8
Telefonos de Mexico ADR (a payment of approx. 0.197 per depositary share)	—	1-15	12-28
Tennessee Natural Gas Lines, Inc. (quar)	10c	1-2	12-21
Third Empire Fund	10c	12-20	11-19
Towne Mines Corp. (this payment represents earnings of the current and previous years)	2.50	12-27	12-4
Transamerica Income Shares (monthly)	13c	1-15	12-31
Tremco Mfg. (incr-quar)	15c	3-15	2-28
Tri-Continental Corp. com	25c	12-28	12-18
$2.50 pfd (quar)	62.5c	1-2	12-18
Trust of Georgia (incr-quar)	25c	1-15	12-26
Tubos de Acero de Mexico ADR (a payment of approx. 0.56 per depositary share)	....	1-16	12-17
Union Service Group: Board Street Investing	14c	12-21	12-10
National Investors Corp.	6c	12-21	12-10
Union Capital Fund	12c	12-21	12-10
Whitehall Fund	14c	12-21	12-10
USLIFE Income Fund (from income)	8c	1-7	12-17
Universal Cigar Corp.	5c	1-14	12-19
Universal Marion Corp. (liquidating)	$5	1-30	1-8
University Savings Assoc. (quar)	6.5c	12-31	12-21
Upper Canada Resources (annual)	2c	12-27	12-19
Utah International (incr-quar)	13c	1-15	12-31
Varian Associates (quar)	5c	1-28	1-4
Vermont American Corp. (stock div. subject to approval April 26, 74	4%	5-31	5-15
Walbro Corp. (s-a)	8c	1-25	12-28
Extra	2c	1-25	12-28
Warner Communications com (quar)	10c	2-15	1-15
$1.25 pfd D (quar)	31.25c	2-15	1-15
4.25 pfd B (quar)	1.0625	2-15	1-15
Washington National Corp. com (quar)	15c	1-2	12-19
$2.50 pfd (quar)	62.5c	1-2	12-19
Weight Watchers Intl (year end)	5c	1-7	12-24
Weisfield's, Inc. (quar)	5c	12-28	12-21
Wiener Corp. (quar)	5 1-3c	1-11	12-21
Wilson Freight (quar)	6c	1-3	12-20
Winkelman Stores, Inc. (quar)	10c	2-18	1-28
Wright (William E) Co. (quar)	4.5c	1-4	12-21
Wyoming Bancorp. (quar)	11c	1-25	12-31

Security salesman's corner

Horse, buggy salesmanship: overcoming odds

By John Dutton
Special to the Chronicle

Several weeks ago a great southern electric utility holding company, was confronted with the task of selling 10,500,000 shares of its common stock during the most unfavorable market conditions in more than a decade. Unless this stock was placed with investors the indenture provisions of its subsidiary debt could be impaired.

Meanwhile the stock market continued its relentless downward erosion day after day. Several smaller utility common stock offerings had recently been relatively unsuccessful. The institutional interest in this huge block of stock was also reported to be not very large.

But the job had to be done. Two strong nationwide groups of possible underwriting firms bid for the stock on a day when the market was hardly strong or active. After one group was successful in its bid, the two massive teams of selling talent joined forces in an attempt to market this stock successfully.

It takes salesmen to sell

Despite the unfavorable market climate, all the elements were established to accomplish a successful sales effort. The stock was offered at the last sale on the New York Stock Exchange at a net price which represented a historical low. The underwriting profit was also sufficiently attractive to salesmen to make an extra effort.

The Company enjoyed an excellent past history of consistent growth in earnings and dividends year after year. Despite the scare talk about the energy situation,the plus side of this company was that 89 per cent of its generating capacity was derived from coal. It owned its own mines with an estimated life of 55 years at present rates of consumption. The dividend return to investors was 9 per cent.

When you combine a quality product, priced attractively with a generous incentive to salesmen, what happens? Even in today's gloom and doom market climate, a potential failure is turned into a rousing success. Those 10,500,000 shares of common stock were sold to investors from coast to coast in a few hours.

A partially contrived environment

Today our country is in a state of confused, hesitant, apathy. We have been bombarded by the news media with negativism until the majority of people have begun to think failure. Defeatist dogma is even preached from the pulpit. It is parroted in our university lecture halls, and blasted at us day and night by the T.V. and the radio. The morning paper is already wet with tears from self-righteous editors, columnists, and sundry word-slingers, before we can lift it from our dew-laden lawns.

If those of us who offered the 150 million dollar block of stock of this great utility to investors had listened to all these harbingers of doom, deviltment, and destruction, we probably would not have sold one half of this attractive underwriting.

The root cause of problems

Unfortunately, there are too many well meaning people in our country who do not understand that too much government intervention in the free market economy has finally resulted in present day shortages of essential goods and services.

It is also the unsound government fiscal policies, continued for forty years, which have been the cause of depreciated dollars and inflation. The productive people among our population can no longer pay enough in taxes to support the unproductive. The government creates money through the control of the central banking system. Higher social security payments and welfare are voted constantly. Cut off the Treasury borrowing power and all wheels stop.

The cost of providing electricity, natural gas, oil and everything else is higher, so prices must advance. If they are controlled, as they are today, scarcity follows. People don't waste their time, energy and creative talents, and also their capital, just to produce goods and services at a loss despite all the edicts of the Washington bureaucrats.

Every welfare state in history has travelled the same path to the amazement and chagrin of those who don't understand these elemental laws of economics.

No waiting in line

Meanwhile when a great power company had to raise $150 million, so that its capital structure could support its future long term financial requirements,and the people of Georgia, Alabama, Mississippi, and north Florida could have an uninterrupted supply of electric power, they turned to Wall Street.

Isn't it fortunate they didn't have to go to Washington and wait five years, like the oil companies, who have tried to get a permit to build the Alaskan pipeline?

Happily, there are still a few of us around who can sell 10.5 million shares of stock in two hours so that the lights will turn on when we need them.

Covering the analysts

Sindlinger foresees new bull market

Albert E. Sindlinger, the nationally known consumer opinion researcher, says the stock market is at or near its bottom and that a bull market "where 25 million trading days will be very normal" is in the offing.

Speaking before the New York Society of Security Analysts last week, Sindlinger, president of the Swarthmore, Pa. based company that bears his name, said that daily sampling of consumer opinion indicates that an estimated 10 million Americans are ready to come into the stock market.

Sindlinger listed 40 turns in the market when there was a 1.5 to 20 per cent up or down movement, and claimed that, over the past 18 years, he has called these turns eight weeks prior to their occurrence. Based on interviews conducted during the week of December 2nd, he predicted widespread interest in the stock market.

Method of analysis

Each day of the year, Sindlinger and his staff determine the levels of consumer confidence and "consumer forecast confidence by interviewing approximately 330 consumers in the 48 contiguous states." Interviewees are asked questions to determine their satisfaction or dissatisfaction with present and future income and job security.

Sindlingers' fundamental belief is that the stock market is a lag function of consumer confidence. "Confidence", he states, "is the economic state of mind influenced by two critical criteria — money and job security. The curve between confidence and retail sales line is clear." Retail sales, he claims, in turn determine corporate sales and profits, and profits are the key to stock prices.

Thus, he propounded, the stock market is not on a proper course unless it is in tune with consumer spending. "It's the consumer who determines the up-down movement of the stock market. Wall Street doesn't control the market and neither do the institutions, even with their more than 70 per cent domination of trading. The consumer is the man who really calls the shots."

50 million Americans can't be wrong

November samplings, according to Sindlinger, showed that six in every ten U.S. consumers, or more than 66 million persons had read, heard or talked about the stock market during one week and that during the average day in November, a projected 50 million people knew what the market did the previous day. Of this 50 million, 23 million were stock owners, while 27 million were not. About 29 per cent of the non-owners, or eight million people, have plans to buy stocks. Less than 700,000 stock owners had plans to buy more stock in late October, when the market topped out.

Sindlinger claims that 10 million consumers are ready to enter the stock market, and will start buying as soon as professional investors stop panic selling, such as was seen during early December.

"Why is the public disillusioned with the stock market?", he asked the analysts. Answering his own question, he stated, "Because you have...over the years...let the public get wiped out...You continue to sell the public just as the market is about to top out." He implied that brokers were giving the little man poor information.

Businessmen's bookshelf

Economic Foundations of Political Power—Randall Bartlett—a refutation of the traditional implicit assumption that public policy is independent of conflicting private interests and an examination of the relationship between government and the economic agents of an industrialized society—The Macmillan Publishing Co., Inc., 866 Third Avenue, New York, N. Y. 10022—cloth—$8.95

European Monetary Unification and Its Meaning for the United States—edited by Lawrence B. Kraus and Walter S. Salant—an exploration of the implications of the proposed unification for the United States by leading experts in international economics and politics—The Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington, D. C. 20036—cloth—$8.95

Instant Millionaires—The Secrets of Overnight Success—Max Gunther—the stories of three dozen impatient people—Playboy Press, 747 Third Ave., New York, N. Y. 10017—cloth— $7.95

International Monetary Market, 444 West Jackson Blvd., Chicago, Ill. 60606—paper

Investment Methods: A Bibliographic Guide—a definition of 150 investment strategies and factors applicable to today's market, followed by a listing of books which are relevant sources of information dealing with that method of investing—R. R. Bowker Company, P. O. Box 1807, Ann Arbor, Mich. 48106—cloth—$11.95

Private Placement of Corporate Debt—discussion in September 1973 issue of "The Mortgage Banker"—Mortgage Bankers Association of America, 1125 Fifteenth St., N. W., Washington, D. C. 20005—$1.00 per copy ($8 per year)

Real Estate Investments—in the October 1973 issue of "The Appraisal Journal" articles on Risks, Yields, Capitalization and Management Fees of Mortgage Trusts, and Real Estate Investments and Rates of Return—American Institute of Real Estate Appraisers of the National Association of Real Estate Boards, 155 East Superior St., Chicago, Ill. 60611—$3.00 per copy ($10.00 per year)

Alcan Aluminum — chart analysis — Wills, Bickle & Co., Limited, Box 32, Toronto Dominion Centre, Toronto M5K 1C3, Ont., Canada. Also available are chart analyses of **Cominco, Denison Mines, Falconbridge Nickel Mines, Hudson Bay Mining & Smelting, International Nickel Co. of Canada, Noranda Mines and Sherritt Gordon Mines.**