Pepsi Challenges Coke
Fortune's Cookie
Sexual Harassment
DOLLARS and $ENSE
BARUCH COLLEGE BUSINESS REVIEW

Editor-in-Chief: Prof. Roslyn Bernstein

Staff Writers:
Pierre Bazar        Marjorie Faison
Karl Faulstich     Joseph Galati
Regina Haughney    Clare Hearns
Christine Izzo     Anthony Kathreptis
Linda Lau          Scott Layne
Geraldine Lloyd    Virginia Manion
Kathleen Marks     Dynell McRae
James Orphanides   Lillian Rodriguez
Joseph Santori     Donna Sclafani
Daniel Sheppard    Bonita Taylor
Beverly Terrell    Rosanne Wadsworth
Brian Watman       Nancy Weiss
Sharon Williams

Art Director:       Vernon Pouncey
Technical Assistance: Charles Agius
Photography:        Joseph Galati
Howard Powell, Jr.
Bob Woloshen
Typist:             Margaret Martin
Printed by:         Expedi Printing

Special thanks to:
Provost and Vice President for
Academic Affairs, Philip E. Austin,
Dean Martin Stevens, English Depart-
ment Chairman Andrew Lavender, and
to our many supporters at Baruch.

Dollars and Sense is a publication
of the Baruch College Business
Journalism Program. Our purpose:
to provide the Baruch community
with a business magazine written,
staffed, and edited by Baruch
students. We look forward to a
lively future.

Dollars and Sense is funded by the
Baruch College Alumni Association

TABLE OF CONTENTS

Page

Fortune's Cookie
Christine Izzo

Music Management
Daniel Sheppard

Punk Fifth Avenue
Pierre Bazar

Lisa Krystine
Claire Hearns

Pepsi Challenges Coke
Karl Faulstich

Women and Banking
Kathleen Marks

Sexual Harassment
Nancy Weiss

ABC
Bonita Taylor

No-Nonsense Nukes
Regina Haughney

Hungry for Money
Donna Sclafani

Computer Managers?
Rosanne Wadsworth

Electronic Banking
Lillian Rodriguez

Micro Computers
Geraldine Lloyd

Investing in Your Future
Brian Watman

Books--Santori's Synopses
Joseph Santori

The Hurrah About HUD
Marjorie Faison
Fortune's Cookie

by Christine Izzo

New York City streets are literally overwhelmed with food vendors who peddle hosts of products ranging from shish kabob, falafel, and sausage and peppers, to egg creams and pretzels, dried fruits and nuts, and frozen yogurt. While most vending carts appear identical to the hungry customer whose salivary glands are working overtime, they are differentiated solely by their aroma. There is, however, one exception which, in its short period of circulation, has turned the food vending industry upside down. Cookies are the product, and the shiny red Cookie Coach is their trademark.

Franchise Fees

A fundamental principle of successful retailing is not necessarily the product featured for sale, but rather the marketing effort supporting the product. The J. Anthony Cookie Company has succeeded in creating a viable gimmick for selling cookies. Utilizing a nostalgic theme, authentic 1901 bakery wagons are reproduced for this purpose. According to Harriet Epstein, secretary-treasurer of the firm, this marketing strategy preceded product planning and development.

Each Cookie Coach is a business franchise which is sold for an initial investment fee of $20,000. This fee includes the cost of the franchise rights, one Cookie Coach, uniforms, paper goods and other selling incidentals, and an inventory of 240 cookies to start. Presently, there is a fleet of 45 coaches. Of these 45, 17 are owned by the J. Anthony Cookie Company, and 28 are privately owned by outside investors. Of the privately owned coaches, three are owner-operated and 25 represent absentee owners who purchased the franchise, but allow the J. Anthony Cookie Company to run their businesses for a nominal fee. While this franchised cookie business is
limited to the New York area, these conspicuous little vehicles can be seen as far west as Salt Lake City, Utah and El Paso, Texas. For investors outside of the New York area wishing to own a business of this type, the J. Anthony Cookie Company will sell them a coach and provide them with any assistance needed.

The cookies sold by the Cookie coaches are purchased by the firm from four established bakeries. The J. Anthony Cookie Company has no controlling interest in any of these bakeries. The firm, in turn, sells the cookies to the franchisees, who then market them to the public. The firm prohibits the franchisees from purchasing cookies on their own in order to reduce their own individual expenses. When questioned on the legality of this constraint (one that has the potential to parallel the now pending Carvel litigation), Mrs. Epstein defended the policy and stated that her company maintains a high standard of quality for their cookies, which could not likely be matched by cookies wholesaling for less money.

Each distinctive five-inch Cookie Coach cookie retails for 50¢, and it is sold to the franchisees by the firm for 24¢; thus the gross profit per unit totals 26¢. As in the case of the absentee owner, the vendor who is employed to sell the cookies works on a commission basis of 10¢ per unit sold. This leaves the absentee owner with a gross profit per unit of 16¢. It is estimated that during a peak season an absentee owner can earn (after deducting expenses) approximately $550 to $750 a week. The weekly net profit for the owner operated coaches is significantly higher.

The Cookie Coach Company draws its revenues from three major sources. First, the initial purchase of a franchise (the $20,000 investment) yields the firm a profit upwards of 50 percent. Second, the firm receives a 3 percent royalty fee on the gross cookie sales of every franchise. Third, when the company initially sells the cookies to the franchisees they are marked up above cost. When asked about the percentage of mark-up on cost, Mrs. Epstein refused to comment.

The Cookie Coach certainly appears to be an enterprising and profitable idea. If Cookie Coach withstands the test of time, then its future will not only yield scattered crumbs but may lead the way to some fast rising dough.
"The artist's manager is like a ship's captain..."
by Daniel Sheppard

The entertainment industry is a multi-billion dollar conglomerate that is constantly expanding its horizons each day. Subsequently there is an ongoing demand for trained, competent professionals to fill managerial positions in this very lucrative, highly competitive and exacting business.

Virtually every performing artist in the entertainment business today has or should have a business manager. The highly complex corporate structure of business dictates this need. Managers are coordinators, planners, advisors, negotiators, psychologists, promoters, schemers and, above all else, friends to the artists they represent. The artist's manager is like a ship's captain: knowledgeable, steady, and able to keep the ship on course in all types of rough seas.

The money to be made should a manager connect with a top recording act is amazing. Billboard magazine recently ran an article on the earnings of four leading rock groups for the previous year. Each grossed in excess of $10 million from their record sales and live concert appearances; they are expected to net one-half to one-third of the gross. Managers generally receive a percentage—from 20 to 50 percent of the net profits.

According to Mr. Andre Saunders, Head of Independent Productions for Belwin Mills Publishing Company, one of the oldest and most prestigious music publishing companies in America (Mr. Saunders is presently producing and managing the hot recording personality, Billy Nichols--"Give Your Love to Music"):

"As in any other profession, to be successful and effective the manager must pay his dues. Managers, especially the younger, less experienced ones, have many of the same problems that exist for any new talent trying to break into the business. Finding a promising artist who possesses talent plus a realistic view of the industry and a willingness to work hard and take advice to further his career, is not easy. The task is made even more difficult when a manager does not have the same level of experience or track record, coupled with a glowing reputation that the seasoned veteran manager may possess."

The following are excerpts from an interview I conducted with Mr. Saunders:

---Dan: Mr. Saunders, in terms of guiding and directing the career of a promising new talent, how important is the role and function of the artist's business manager?

---Saunders: The role of a business manager in the career of an artist cannot be over-stated. New artists coming in the business are so eager for a chance to do
their thing and get that initial big break invariably sell themselves far too short of their actual worth. Breaks and chances come when you are good, but it is the attitude that the artist adopts towards the business and his own value in it that makes or breaks him.

--- Dan: Then it is the business manager's job to keep them from selling their talent for a fraction of its worth?

--- Saunders: Absolutely! Artists must be made to realize that they are selling a product—their talent. This is what generates money and it is up to them to make the best deal for themselves that they can. When a new recording artist walks into a large manufacturing and distributing company, like Atlantic Records, RCA, or Motown to name just a few, the artist owns 100 percent of his talent. By the end of the contract negotiating session, he generally has bartered away 96 to 97 percent of the monies that will accrue from his talent. In terms of dollars and sense, what this means is: say his first record is a $1 million grosser, the artist will receive only $30/40,000, and remember, this figure only represents the artist's gross income; he must still pay his expenses, so his net will probably be half of his gross. Think of the most prominent names in the business today, black or white, with record sales in the millions of dollars; it is both appalling and pitiful to think how little of this money these artists actually receive for themselves. So you see, it comes down to the artist's business manager. It is his responsibility to negotiate the best deal for his client that he possibly can. Subsequently, it is up to management to adopt the posture that my client is a star and I am going to get the most for him that the market will bear. This is just straight business. I have a price that I place on my product, and I am holding out for that price.

--- Dan: How do artists' managers come away with more than three or four percent in contract negotiations, especially when their client is not an established name in the business?

--- Saunders: Although there are a number of ways that this can be done, I'll give you the most ideal situation and that is to do an independent production of the artist. Then you take the finished product to the manufacturing and distributing company. Now if a deal can be made, it will be made for the manufacturing and distributing rights which you, the producer, will lease to them. It is just a question of keeping as much of the pie for yourself as possible. Product control is the most essential part of the music industry from the artist's perspective. If you control the quality of the product you can control your destiny in this business. And the real payoff is that when you make the deal with the record company, it is for not only that one product, they make the assumption that you will be in business for X amount of years, and they want to hire you for, say, five of those years with X amount of records being produced by you. Now, if you are a skillful negotiator, you will try
and stay away from those long-term commitments—you try to get them to go for the two or three record package. Then, after you produce that second or third one, you negotiate a new contract. If they want you, they will pay your price; if not, you go to their competitor who, in all probability, has been after you anyway. But I will reiterate, it is all up to the business manager to be far-sighted and an astute negotiator, to work out the particulars that are favorable to his client or company.

Dan: Well, what happens if you set too high a premium on the artist's talent, and no one will buy it?

Saunders: Then you go to another market place. Each year representatives from all the leading distributing companies in Europe meet in Cannes, France for the sole purpose of purchasing music. The business of music is a fantastic industry! Think about it. You get on an elevator, sit in a dentist's chair, or go to a movie. What do they have in common? Music! It is being broadcast over some 2,000 commercial radio stations across America. Just recently Infinity Records signed the Pope to record an album or two for them, so you know it's big when the Numero Uno of the Roman Catholic faith is on your label. Turn on your television set and music accompanies the picture. It is mind-boggling to think about the amount of money that is being made and is yet to be made in this industry.

Punk Fifth Avenue: St. Marks Place
by Pierre Bazar

Business in the East Village has not been the same since the punk rock scene came to town. To many retail clothing stores, as well as other places dealing in "punk" items, it has meant overnight fame and booming profits. "Everybody wears our clothes," says Dave, a week day manager at Natasha Designer Clothing on St. Marks Place. He claims that among Natasha's clientele are Blondie, the Ramones, Patty Smith, the Cars and the Rolling Stones. George W. Harrington, co-owner and manager of Natasha's says, "I want to keep this store on St. Marks Place because all fashion starts here, even Paris salons' miniskirts." Mr. Harrington later added that he hopes to make a million dollars through increased sales.

High Profit Margin

With the profit margin on goods sold at Natasha's ranging from 50 to 100 percent, Mr. Harrington may not be so far from his goal. Another money maker for Mr. Harrington are the fashion shows he conducts, which bring in over $1,000 at the opening of any season. When asked of his expenses in running the store, he gave the following monthly figures: $150 for the telephone bill, $125 for electricity (lighting), $3,000 to $5,000 for purchasing inventory, and varying advertising expenses in such publications as the Soho News, which charges $1,000 per page.
According to Deiter, a sales person at Trash and Vaudeville, which unlike Natasha's manufacture as well as buy's its goods, "There is no such thing as 'punk.' It's just a gimmick to promote sales." And promote sales it has!

At East Village Oldies there are actually two stores in one. In one section of the store records are sold, while in the other clothes, buttons and other punk decorative items can be found. According to Nick, a sales person in the Record Department, there is another branch of the store in the West Village, where T-shirts, bracelets and records are the main items. He claims that the profit margin on sales is 50 percent, and that the store purchases clothing in England as well as in this country. They also hire their own T-shirt designers.

The most unusual business practices were found at Andrew's Gallery, where Mr. Andrew claimed that after all bills are paid, the store brings in a profit of $2--"Yes! Two single dollars. We sell everything too cheap," And he made another amazing disclosure, "I work without pay." He claimed to be a "workhobbyist," saying "I am completely poor; that is why I don't pay attention to the money."

The situation at Andrew's Gallery seemed to be the exception, rather than the rule. For most punk-related businesses, the profits are big--and it appears that they will stay that way--at least until a "newer" wave hits the East Village.

Lisa Krystine—Punk Singer
by Claire Hearns

A few heads turned as she walked down 8th Avenue by 20th Street wearing outrageous black and white psychedelic glasses, a short black and red coat, and black leotards with calf-length high-heeled boots.

Once inside her apartment, she takes off her coat, places it on her antique sofa, and bends over to pick up a purring cat, while the other two felines affectionately rub against her legs.

The small apartment is filled with knick-knacks, Peter Max type drawings, and clothes--everything from a leopard skin jumpsuit to a see-through lace minidress. Poking out of at least three closets are
about 20 pairs of shoes—all spike-heeled and pointy-toed, and the top of a dresser and a night table are covered with all types of accessories, such as gloves, gauntlets, wigs and jewelry. This apartment seems to have everything that a budding punk rock singer would need to get her career off the ground. Lisa Krystine and her band, Future Flashback, are starting to gain some recognition in the punk rock scene. Ms. Krystine, who describes her music as "a cross between high energy, soul and punk," has appeared at Mudd Club, as well as a few other smaller places, and is hoping to appear at more clubs in the near future. As a performer, Ms. Krystine is forceful, dynamic, and quite theatrical. On the stage, she dances as well as sings—utilizing all the skills she learned as a go-go dancer and in her voice lessons. (She is still taking voice lessons because she feels that "no matter how good a singer is, there is always room for improvement."

Future Flashback has been together a little over two months—and as for the money to be made by such a new punk band, it is practically nil. Ms. Krystine said that most of the punk clubs pay as low as $50 for a gig. This is because the club does not know how big a crowd will be drawn in by a relatively unknown band. As far as the band is concerned, the exposure could prove to be quite profitable. Ms. Krystine feels that Mudd Club and Hurrah's are the best to perform at money-wise. When Future Flashback appeared at Mudd on November 26, 1979 they received $300 for the gig. Comparing this to most other clubs, the pay was high, but when you realize that the $300 had to be split among the six members of the band—well, anyone can see that they do not survive by these gigs alone.

Ms. Krystine, who will be 27 years old in March, works as a waitress in the English Pub part-time to earn money to live on. Besides the usual expenses of food and rent, she must pay for a rehearsal studio for the band out of her own pocket. That costs her $10-12 an hour, and two three hour sessions a week takes a big chunk out of her part-time check. As for keeping up her wardrobe, Ms. Krystine finds no problem with that. She's a thrift shop fanatic, and buys most of her punky clothes, shoes, and accessories for $2 or $3 a piece.

Although she sometimes finds it hard to get by money-wise, Ms. Krystine would never give up the band. She feels that she's just beginning to get a chance to fulfill her dream of reaching people through her music, and with Future Flashback's hard-hitting, energy-packed sound, Lisa Krystine ought to be turning a few heads in the near future—without the aid of her psychedelic glasses!
Pepsi Challenges Coke

For the past 60 years, the Coca-Cola Company and PepsiCo have fought each other for industrial superiority. Coca-Cola, generally regarded as the champion of the soda industry, has repeatedly had to defend itself against its worthy challenger. The numerous rounds have seen many different arenas of competition. The two heavyweights have fought in advertising campaigns and international affairs, in addition to their traditional rivalry in the soda industry, with each company witnessing its share of impressive victories and costly defeats. For the most part, the war has been confined to the soda industry, but in recent years the two have met on other grounds.

Since the early 60's, it has become a common practice to diversify whenever a company wishes to expand its presence in the market and increase its assets, and certainly Coke and Pepsi have not ignored this avenue of growth. While Coke is by far and away the soda industry leader, their revenues are only slightly larger than Pepsi's. Pepsi, realizing that such a disparity in soda revenues was too hard to overcome, decided to make up the difference in diversification. They have continually diversified in areas which they could exploit to the fullest, while Coke, on the other hand, has diversified to protect their position in the soda industry.

"Liquid" Industries

Coke's diversifications have been primarily based in "liquid" industries. Coke, besides owning the trademarks and formulas for Coke and Fanta (the two largest selling beverages in the world) owns such brand names as Minute Maid, Hi-C, Taylor Wines, Maryland Club, Butternut Coffees, and Presto Products. These diversified products account for 24 percent of Coke's total revenues, which amounted to $4.33 billion in 1978 (according to Moody's). Coke's revenues from their "liquid" operations were 95 percent of the total, helping Coke to roll up $300 million in cash and marketable securities.

Since the 1930's, Pepsi has tried to slowly wear down Coke's resistance to challenge with various counter-
punches. With advertising campaigns, such as "twice as much for a nickel," they have been able to succeed in part, yet it has been through diversification that they have succeeded in slowly catching up. Pepsi's total revenues for 1978 were $4.3 million, but of this only 39 percent were from "liquid" sales, including wines and their namesake, Pepsi Cola. Pepsi has diversified in a wide variety of areas which include: Frito Lay (29 percent of total revenues), Pizza Hut (14 percent), North American Van Lines (12 percent) and Wilson (nine percent). Pepsi's cash and marketable securities, however, are far outdistanced by Coke's. While Coke seems to have Pepsi continually down for the count in the soda industry, Pepsi has won on points in their diversification competition.

Wine Wars

Pepsico has been the front runner in the wine industry over the years but in January 1977 Coke started to take action. Pepsi owns Monsieur Henri and International Wines and Spirits Division, in addition to the U.S. distribution rights to Franz Weber wines of Germany, Pierre Cartier of France, and a host of other alcoholic beverages around the world. They had been unchallenged by their arch-rival until early 1977 when Coke purchased Taylor Wine Company, a medium-size winery with distribution limited to the Eastern half of the United States. Things began to heat up, however, when Coke purchased two other small wineries and began its controversial nationwide campaign of Taylor California Cellars. Their wine was compared to others in a national taste test. Although none of Pepsico's wines were tested, the rest of the industry is in an uproar, and their taste tests could bring Pepsico into the festivities.

Powdered Drinks

Pepsi and Coke have also competed in other areas involving different kinds of drinks. The two contestants could not resist the growth potential of the powdered drink industry, which grew over 100 percent from 1974 to 1977, and in 1978 saw the intrusion of Coke and Pepsi. Coke introduced Hi-C and Minute Maid (and six different varieties) into the market, with their Minute Maid lemonade crystals having the unique quality of being the only powder on the market made from natural ingredients, with no artificial colors, flavoring, or preservatives. Pepsico introduced Frito-Lay into the market (in five different flavors) hoping that even though Frito-Lay wasn't known for soft drinks, it would soon catch on. After six months of intensive fighting, Coke knocked Pepsico out of the powdered drink competition in what was clearly labeled a case of product identification problems on Pepsico's part.

Coke and Pepsi are also competing in the nutritional drink field. Since the early 60's and the publicizing of the world's hunger problems, Coke and Pepsi have been prompted to act. Their response has been to try and create a high vitamin and mineral drink that would provide the nutrition that the world's hungry lacked. Coke seems to have gotten a head start with Hi-C, their non-carbonated drink with vitamins added. Worldwide, Coke is now testing a product called Samson, which will provide one-third of the daily vitamin and mineral re-
requirements, and one-tenth of the daily protein requirements in one serving. Pepsico, on the other hand, seems to be in the development stage.

Pepsi and Coke have even taken their battle to the world. Today their competition is very strong in the Middle East with the two companies spending millions of dollars in investments there. With the lifting of an Arab ban on Coke, competition has intensified. In the East, Pepsi and Coke have taken sides in the Russia-China quest for superiority. Pepsi has aligned itself (through distribution rights) with Russia, while Coke has entered the Chinese market.

The match for supremacy between these two heavyweights has truly been the main event throughout the world. In the 30's, Coke's supremacy in the soda industry seemed to be enough to knock Pepsi out, but Pepsi mustered enough strength to continue. Through their flurry of diversifications, Pepsi has staged a comeback and is in a position to inflict punishment on Coke's place as all-around leader. Coke, however, seems secure enough to withstand Pepsi's challenge. While neither will go down for the count, the competition is one to be closely watched and enjoyed for its strategies and tactics.

Give Credit where Credit is Due
by Kathleen Marks

Ms. Marie Manion is the former owner of a display company. She began her business with $10,000 of her own because the banks would not loan her money. After two and a half years in business, she reapplied for a loan, because of her need for extra cash. For four months she tried to obtain the extra capital needed to sustain her business enterprise but couldn't and she had to close her business' doors.

Ms. Manion is just one of a growing number of woman entrepreneurs. Since 1972 when women owned 402,025 businesses, the number has doubled and today women own over 800 thousand with the majority of them being small businesses. Despite this expansion of economic authority, woman entrepreneurs and would-be entrepreneurs are finding it very hard to obtain expansion and start-up loans. Most, like Ms. Manion, feel that it's a case of discrimination, while others cite women's ignorance of the ways of the banking world as the reason.

Despite lower failure rates in business ventures, women are a very small minority in the loan applications' line. With small businesses failing at a rate of 90 percent, women can boast that their average is lower. Yet this fact does not alter the statistics of the Small Business Administra-
tion which shows some depressing figures. Although 79 percent of women applicants were approved for loans in 1978 (as compared to 65 percent of the men) women constitute only 18 percent of all who applied. Even more disturbing than this is the fact that the Federal Reserve and the State Banking Department do not reveal statistics on the number of men and women who apply and are accepted for loans.

Women, like Ms. Manion, are up against incredible odds in the banking community. With today's high interest rates it is hard for anyone to get a bank loan, but women, particularly single women, find it more difficult. Banks look at how much a person earns and their collateral. Women, even today, are earning an average salary that is 61 percent of the average male's. Therefore, when women, such as Ms. Manion, approach the banks for loans they are placed under very stringent credit tests which make success that much harder. Ms. Manion was reviewed by Citibank for four months before they told her to come back in six months. When she applied at Chemical she was turned down, and when she went to Bankers Trust, they would not give her an application.

Possible Discrimination

Ms. Manion claims that she was discriminated against. She knew two men who were also in the display business in bad financial shape (nearly bankrupt) yet they received business loans from Chemical. She felt that the banks did not take her seriously. Her major complaint, however, is that Citibank was willing to grant her a personal loan of $2,000 but not a corporate loan. If she had a good enough credit rating for a personal loan, why not for a business loan for the same amount? The bank felt that if she went bankrupt they would lose everything with a corporate loan, but she would still have to pay the personal loan. This kind of attitude has driven women to alternative sources for loans.

First Women's Bank

Despite its name, the First Women's Bank, located at 111 East 57 Street, New York City, does not make it easier for a woman to get a loan. It seems that people have been misled by this bank's name. The First Women's Bank is governed by the Federal Reserve, just like any other commercial bank. The meaning behind its name is that it is the first bank to be founded by women. As Ms. Marion Marin, a loan officer at the bank, said "It makes no difference whether you are a man or a woman. If you qualify for the loan you get it--that's the law."

NYFFCU

Unlike the First Women's Bank, the New York Feminist Federal Credit Union (NYFFCU), at 44 Carmine Street, also in New York City, is very supportive of women. They claim they are the only credit union in the metropolitan area organized to meet the needs of women. At this time, they are only capable of advancing sig-
nature loans to $1,000, collateral loans to $3,000 and automobile loans to $5,000.

Ms. Fran Berkel, an employee of the NYFFCU says, "The majority of women who have come to us for loans have been turned down by other organizations. I feel credit for women has improved a great deal, but that it is still harder for women than for men. A large number of women even have a hard time getting Master Charge or Visa."

Ms. Sally Berger of the Credit Union believes women feel intimidated when they go for a bank loan. As a result, they don't present themselves as well as they could. She feels fewer women would be denied loans if they showed more savvy and confidence. The business women who started the NYFFCU had no trouble getting loans and Ms. Berger believes it was because they had savvy.

Loan officers have to recognize the fact that women came into the business world later than men. As a result, their credit history is not as established. Banks should hold seminars to advise women how to get a better credit rating. Also, there should be a law that requires loan organizations to give a detailed explanation in writing why the person was denied a loan. Hopefully, in time, with the increased number of women entering the business world, we will see just as many women entrepreneurs as men. $

An Occupational Hazard: Sexual Harassment

by Nancy Weiss

Chris, 24, earning $7,500 as a bookkeeper for a small New York City based textile firm, found herself unsuccessful in warding off the constant sexual advances made by her 45 year old, married boss. "I needed the job," said Chris. "I couldn't chance insulting him," she added, regarding her acceptance of a dinner date with him that evening.

The evening was an uncomfortable one for Chris, as her boss exhibited a constant desire to touch her. After two hours, during the course of which her boss got progressively drunker, and more physical, Chris attempted to leave. Her boss had other ideas, and offered her the next day off if she would accompany him to a hotel. Chris proceeded to leave the restaurant, and hail a cab for home. Her boss was left alone--with nothing to do, and no one to do it with.

When asked how the situation was treated in the office the following day, Chris replied, "He gave me the cold shoulder. When he finally spoke, he said he was only kidding and couldn't I take a joke." Chris did not find the incident amusing. "I was insulted," said Chris, "he went to all odds to take advantage of me."

Working Women's Institute

Chris, like many of today's working women, fell victim to a
frighteningly common, yet rarely acknowledged occupational hazard--sexual harassment on the job. According to the Working Women's Institute, 593 Park Avenue, an organization specifically designed to counsel women who have been sexually harassed on the job, the definition of sexual harassment is "any repeated and unwanted sexual advances, looks, jokes, innuendos, etc. from someone in the work place which makes you uncomfortable, and/or causes you problems on your job."

In accordance with the preceding definition, the Working Women's Institute conducted a survey in May 1975, which yielded the first statistics ever gathered in relation to this issue. The respondents to the survey totaled 155 women whose ages ranged from 19 to 61. The participants involved in the survey were comprised of two groups--women who had attended a Speak-Out sponsored by WWI, held in Ithaca, New York, and members of a civil service employees union in Binghamton, New York. WWI made the following observations from the survey's results:

- Of the women surveyed, 70 percent had experienced sexual harassment on the job at least once.
- The victims of sexual harassment include teachers, factory workers, professors, waitresses, clerical workers, etc., but there is an indication that waitresses and clerical workers are more likely to be harassed on the job than other categories.
- Women with lower salaries are more likely to experience physical harassment.

- Most women do not formally complain about sexual harassment on the job. The most common reasons given for this were (a) nothing would be done, (b) it would be treated lightly or they would be ridiculed, and (c) they would be blamed or there would be repercussions.

- Sexual harassment on the job is considered a serious problem by 92 percent of the respondents.

"Sexual harassment on the job is so common, so much a part of popular humor and folklore, that it has been accepted as an inevitable condition of women's employment," states the WWI's, as part of a project statement regarding this topic. Because the condition is believed as being inevitable, and because women have not spoken out against the situation, sexual harassment on the job has gone virtually unnoticed by our courts. Tomkins vs PG&E

But by 1975, the issue had surfaced in what will be remembered as a precedent setting court case: Adrienne Tomkins vs. the Public Service Electric and Gas Company of Newark, New Jersey, as reported in Newsweek magazine, April 1979.

Tomkins, 34, a pool stenographer, at the PS&G Company, was offered a position as private secretary to Herbert D. Reppin, a company executive. Her period of probation for the job was three months. When the time came for her final evaluation, Tomkins reluctantly accepted a lunch invitation from her boss. She maintained it would be unwise to spoil
her chances for a promotion by not accepting. They dined in a restaurant in a hotel, where Reppin proceeded to tell her that they could not have a "working relationship" unless she went to bed with him. Tomkins declined the invitation, and left the restaurant. The following day, Tomkins complained to the personnel department, and was told it was all a "misunderstanding." She was fired not long afterwards.

Tomkins hired a lawyer, Nadine Taub of Rutgers University, and together they plunged head on into legal proceedings. They worked under the charge that the company and Reppin had violated Title VII of the 1964 Civil Rights Act, which forbids sexual discrimination in employment. The U.S. District Judge said Reppin could not be sued, but the company could. The case was appealed to the U.S. Court of Appeals, where it was decided that sexual harassment is a form of sexual discrimination.

PSE&G offered to settle with Tomkins and agreed to pay her $20,000, plus legal costs, and to set up a panel to hear sexual harassment complaints.

According to Michael R. Tuosto, General Manager of Personnel for PSE&G, "The procedure called for the creation of a panel. It is indeed in existence, and has been operational since July 1978. Cases brought before the panel are kept confidential."

Recently demands have been made urging state legislation which would grant unemployment insurance to anyone forced out of work due to improper conduct on the part of a boss, co-worker, or client, directed toward an employee. The legislation, aimed specifically at sexual harassment, has been amended to include verbal advances, stares, jokes, innuendos, etc. When asked how she felt when men in her office discussed various parts of women's bodies or told jokes derogatory toward women, in her presence, Stephanie, a 24 year old office manager earning $11,500 per year, replied, "It's annoying. It means they look at me that way, too."

Since the issue of sexual harassment on the job has come out of the closet and taken on a controversial light in the public eye, another side of the story has arisen: do women ask for it?

"Yes," says Bob, a computer programmer in a managerial capacity. "They use their sexuality to avoid doing work, and they try to get the men to do it for them. Men think they are helpless and figure why not take advantage." When asked if he felt this held true for all women, Bob replied, "No. But such women create a bad situation for others who ought not be treated that way. It's a vicious cycle."

The WWI, in answer to the same question, calls it "A myth, similar to the myth that women want to be raped." They believe the blame should be placed where it belongs--"on the man who is willing to abuse his power on the job to force a woman into sexual intimacies in order to keep her job."

Note: Some names in this article have been changed in order to avoid employment problems. $
When WABC-TV program chief Fred Silverman left the network in June 1978 to become NBC President and chief executive officer at a $1 million salary, the ABC affiliates thought they were headed for disaster. They were wrong. For the first quarter of that year the net income of the American Broadcasting Company rose 21 percent to $22.9 million — a 16 percent gain in revenues to $437.3 million.

A major contributor to this substantial rise in earnings was the company's broadcasting operation. Eyewitness News is rated the number one news program in the New York metropolitan area, recognized for news selection and accuracy, not to mention presentation. "We're number one because of our formula," states Chee Chee Williams, anchorwoman and news correspondent for Channel 7 Eyewitness News. Ms. Williams, who joined WABC-TV's Eyewitness News team in July 1977, is quite comfortable with her job and her co-workers. "Most of the people here are very nice to know," she says. The team, consisting of 27 on-the-air reporters, maintain unity and display harmony on every broadcast. Chee Chee explains, "I guess most of us like each other."

Currently, ABC has prepared itself for the new year in advance. The 1978 plans for refurnishing have been reactivated. At the ABC-TV news studio at 30 West 67 Street in Manhattan, construction and alterations are nearly completed on a new $13 million headquarters and engineering division. The project is under the New York State Commerce Department multi-million dollar tax benefit program. The program has helped keep 900 jobs in New York City and it will ultimately create 100 new ones as well. In addition $14.5 million has been spent on building and housing studios, control and screening rooms, along with the other related production facilities. The total cost, amounting to $27.5 million, is actually a bargain for ABC. The company saved an estimated $15 million in State business tax credits the first year alone on a ten year tax reduction program.

According to ABC corporate executives, Leonard H. Goldenson, Chairman, and Elton H. Rule, President, the tremendous results earned by their company reflect the continuing strength of their broadcasting and publishing operations. In February 1979, the fourth quarter net income was recorded as $45.5 million—up 30 percent from the 1977 and 1978 net income. While the ABC news team continues to be profitable financially, their primary concern is presenting the news. Displaying absolute confidence, Chee Chee Williams says "We're not that concerned about the ratings. Our job is to report the news. We know we're number one."
No-Nonsense Nukes

Music has always been powerful enough to create tremendous mass reactions, with or without a cause behind it. It brings large crowds of people together in anticipation of its sound and message. Some gatherings cause unnecessary deaths, as was the case in the Who concert stampede last December in Cincinnati; other events are extraordinarily effective in delivering a message, as was the situation in the MUSE Concerts last Fall at Battery Park in New York.

"They were extremely successful--both the concerts and the rally" said Sussam Kellam, co-director of the MUSE Foundation. "There was a mixture of music and politics at the concerts, but politics really came in at the rally." MUSE Inc. (Musicians United for Safe Energy) took a chance, but produced five successful concerts during MUSE week, September 19-23, 1979, in Madison Square Garden. Whether the audience came to the concerts for the anti-nuke cause or just to hear the music, it didn't affect the estimated amount of over $1 million brought in for the anti-nuclear movement.

The Contract

There is a binding contract between MUSE Inc. and the MUSE Foundation. MUSE Inc. signs all contracts and turns over the proceeds less expenses from all fund raising efforts to the MUSE Foundation, Inc., a non-profit, Federal tax exempt public charity under Section 501(c)(3) of the IRS code.

Of the money raised from MUSE week, the Foundation granted a total of $233,350 for their first funding cycle, which was in November. The predicted estimate was presumably larger, but "The estimate was based on miscalculations," according to Pam Lippe, also co-director of the Foundation. "The funding was less than expected, but that's nothing to complain about; a quarter of a million dollars for our first funding cycle is still a very large chunk of money." Fifteen hundred applications were sent out for the first funding cycle, and out of the 550 groups that applied for grants (which totalled around $5 million) 210 groups received awards. Since the money available was less for the first cycle, the Foundation used a system of "solidarity granting--a meaningful, but smaller amount--to many small groups," said Pam Lippe.

Organizational Grants

The 16 Foundation board members were decisive in expending the grants to the 210 anti-nuclear/pro-solar groups and organizations. Reason for receiving a grant was primarily for organization support. "The Board would look at the group's project, but also look at which group needed more money. Hopefully, for the next cycle larger grants will be made toward the projects," said Ms. Kellam. National groups received $2,000 each, and smaller groups received between $750 and $1,000 on the average. Of the total funding ($233,350), $74,000 represented national grants and $159,350
were regional grants. From this money, $177,350 went towards the no-nuclear issue, $34,000 toward the solar issue, and $22,000 towards the weapons issue.

Some organizations interviewed, whose central offices are located in the Metropolitan area, received money from MUSE and some did not. SHAD Alliance (Sound-Hudson Against Atomic Development) is a grass roots coalition of anti-nuclear/pro-safe energy organizations in New York State. This Alliance is not a tax-exempt organization—a valid reason being that it sponsors demonstrations and non-violent civil disobedience actions to produce its effect. SHAD is young, which is evidenced by its asking for $23,000 from MUSE for grant materials, educational campaigns, ongoing teaching, and general support. It did receive $3,000, which was above average for smaller regional groups. Bruce Birnberg, a full-time worker at SHAD, (who receives a salary of $75 per week) was quite happy with this seedling grant.

Friends of the Earth, Inc. and Friends of the Earth Foundation, Inc. (FOE) received a national grant to "Analyze technical options and economic implications of nuclear shutdown," according to the MUSE Foundation's Grants List. Lorna Salzman, a national representative for FOE, is also on the MUSE Foundation Board. The FOE Foundation's fund balance at the end of its fiscal year, June 30, 1978, was $96,762 and FOE, Inc., which is not tax-exempt, had an end-of-year deficit on June 30, 1978 of $38,447.

The Natural Resources Defense Council (NRDC) was not given a MUSE grant. NRDC was founded in 1970 and its purpose is to enforce Federal environmental laws; it is not solely an anti-nuclear/pro-solar organization. Carol Hine, an administrative staff worker, was not optimistic that NRDC would get a grant; their operation is large and very organized, with a membership of 46,000. NRDC's pre-audited figures of their Consolidated Statement of Income and Expenses for the year ended December 31, 1978 were $2,933,755 and $2,900,885 respectively. The War Resisters League, a national lobbying organization with 66 alliances was not granted funding, but some of its branches received grants. WIN Magazine (Workshop in Non-violence) was granted $1,000 for WIN anti-nuclear anthology.

Regional Funding

The regional grants were broken down into sections: the Northeast received the largest, $45,100, and New York was the highest funded state in the country, $21,850. When broken down by issue though, there seems, from the facts given, to be a discrepancy of $1,000: $31,350 went to the nuclear issues, $11,750 was solar and weapons was $1,000. The Mid-Atlantic region was granted $19,000 ($15,000 nuclear, $3,000 solar, $1,000 weapons); Pennsylvania was the most funded in this region, with $12,000. California received the most money in the Western region, $8,250; the entire region received $24,250 ($16,250 nuclear, $3,250 solar, and $4,750 weapons). The Southeast region received $19,000 ($15,000 nuclear, $3,000 solar and $1,000 weapons); the Southwest received $18,500 ($11,000 nuclear, $4,000 solar, and $3,500 weapons);
and the Midwest received $15,000
($11,750 nuclear, $1,500 solar,
and $1,750 weapons).

Of total funding, 16.3 percent
went to low income/minority groups
($37,250), 1.5 percent to agrarian
groups ($3,500), 2.5 percent to
feminist groups ($5,750), 2.2 per-
cent to labor groups ($5,000), and
5 percent to religious groups
($11,500). This outreach was se-
lected "to provide a balance as well
as a cross-section of expertise in
safe energy issues," according to
a MUSE report release of September

MUSE week cost about a million
dollars to produce. It cost $90,000
per night in Madison Square Garden,
which included union fees, but
omitted backstage and overtime
costs. The Garden received about
$500,000 for the five nights. Over-
head and expenses cost around a half-
million dollars. The Garden event
covered the Foundation's six-month
budget of $65,000. "Ten to fifteen
percent of what you grant out in
overhead is administration costs," said
Ms. Kellam. The concerts
didn't bring in as much as was ex-
pected. Friday night, September 21,
was the only sell-out night. They
only received $33,000 in high-priced
tickets, which were for $100 con-
tributors; they aimed for $200,000.
MUSE Album

"We're operating on a cash-flow
situation," said Ms. Kellam. This
is a result of the production of
the MUSE album and film. A three
record live album of the MUSE con-
certs with a booklet was cut by
Elektra/Asylum; $3/4 million was
advanced to produce the album.

Elektra/Asylum spent $200,000 on
publicity alone; 22 percent of each
album cut goes to the MUSE Founda-
tion, the largest cut ever given
by a record company. The MUSE Album
hit the big department stores De-
crease 5 and its suggested retail
price was $16.95, although it will
probably discount for $13 or $14.
The cash flow will vary through 1980.
The February funding cycle amount is
not estimated but will depend on
the money from the album. Afterwards,
there will be regular quarterly fund-
ing cycles; these amounts have not
been estimated, but will depend on
the album and the film's proceeds.
The film is expected to premiere
this Spring and a large amount of
money is predicted to come in during
the summer, since the funding comes
right before the election.

No matter how successful ini-
tially, the MUSE efforts will not
be in vain. Music creates mass
emotional appeal and, more impor-
tantly, money. The energy of music
has the power to produce a thousand
different chain reactions; in this
case---non-nuclear!
Hungry For Money

The Hunger Project, a non-profit organization whose goal is to end world-wide hunger, has an objective that would move the hearts of many. The words "non-profit organization" bring to mind a group of individuals whose only motive is philanthropic, dedicated to remove the injustices in the world. For many of these organizations, including the Hunger Project, the only source of revenue is donations. However, the Hunger Project does not use its donations to end hunger directly, but rather to communicate the idea that hunger can be ended. It is up to the individual to make this dream a reality.

Mary Hughes attributes her new awareness about hunger to her Hunger Project membership. "I was surprised to see so many people who were starving in this country. It's a shame that so affluent a nation cannot feed itself. It's time we did something about it."

The Fiscal Picture

To join the Hunger Project one is not obligated to give a donation, yet many do. In 1978 the Hunger Project received $999,676 from donations. Out of this and donated materials and services ($59,593), donations for its publication, An Idea Whose Time Has Come ($26,817), fund-raising activities ($160,940), and other income ($1,986) totaling $249,336, the expenses of $1,013,340 were paid. Thus, the project had an excess of revenue over expenses (if it were a business, the term would be profit) of $235,672 that remained in the organization.

General and administrative expenses, which include salaries of the 16 people at the head of the organization in San Francisco, accounted for $229,241, or 22.6 percent of total expenses. On the other hand, the National Organization of Cerebral Palsy, another non-profit organization whose ultimate goal is the prevention of the disease, although it received 3.22 times the donations ($3,221 million) and had 3.48 times the expenses ($3,533 million) as the Hunger Project, had management and general expenses of $750 thousand accounting for 21 percent of its total expenses in 1977-78. These expenses include the salaries of 750 staff members in its New York Branch alone. This amount may not seem like a noticeable difference, but if it were equal to the percentage spent by the Hunger Project, it would mean an additional $56,528 going toward management and general expenses, and thus less going toward program services. The National Organization of Cerebral Palsy had an excess of expenses over revenue (a business man's loss) of $246 thousand.

Cerebral Palsy spent $2,520 million on program services (78¢ of every dollar donated by the public) whereas the Hunger Project spent $657,662 on program services (66¢ of every dollar donated, or 53 percent of total donations, including donated materials and services, donations for its publication and
fund raising activities). Yet the Hunger Project, in an article in its Shift of the wind publication entitled "Financing the Transformation: Where Your Money Goes," stated "Eighty-seven cents out of every dollar donated goes directly to the primary activities of the project, communication and enrollment. The remaining 13¢ goes for administrative costs such as salaries and office expenses." This, however, was not the case last year. Even if fund raising activities were included as a primary activity, it would be 78¢ out of every dollar donated (63¢ of total donations).

The est Connection

One of the founders of the project is Werner Erhard, who is also the founder of est, an educational corporation. When Joanna Ryder, chairman of the Hunger Project's committee in New York, was asked what connection the Hunger Project has with est, she replied, "The only connection with est that the Hunger Project has is that they were both founded by the same person." Yet, it is interesting to note that on the Hunger Project's balance sheet for 1978 there is a liability of accounts payable due est. An accompanying note states that this is due to the advancement of $13,789 by est during the year for telephone and other administrative activities. Also, est donated the use of office facilities and personnel services which were not reflected, since a value could not be assigned. Under the assets of the same balance sheet, accounts receivable include a $10,000 grant held by est that was received from a donor for the use of the Hunger Project. Therefore, it appears that there is more of a connection than merely having the same founder, since money and services have been so easily exchanged between the two.

It is hard to conceive that a man so dedicated to est would pull some of his resources away from it to start a new organization. Yet, this is exactly what Werner Erhard did. On February 14, 1977, Buckminster Fuller, Dick Gregory and Erhard discussed the idea of starting a non-profit organization that would strive to end hunger in the world. In September of that same year, the Hunger Project began its crusade.

Some people feel that it would be better if the money donated went to end hunger directly. Ms. Ryder disagrees. "We have received feedback from other organizations stating that there has never been so much interest in helping the hungry." Thus, the results of the project can only be seen indirectly through the work of other hunger organizations.

The question that remains is whether the Hunger Project could do more good if some of the money spent on general and administrative expense were used for program services. After all, donations should go where they were meant to. Sixty-six cents out of every dollar is hardly enough to fulfill its goal.
The most productive man in this corporation cannot lift a brick or mix cement, yet he does the work of 12 men," reports George H. Sparling, President of the Barwood Development Corporation in Florida. This new man helps save somewhere between 720 and 960 hours on each work project. Who is this talented employee? Why, IBM 5110.

IBM 5110 performs lower-paying white-collar tasks such as copying, tabulating, and bookkeeping, while eliminating the need for key punch operators. As a result of IBM 5110 and other "high I.Q." computers, white collar workers in the 1980's may find themselves competing with computers for jobs.

The Employment Projections Program conducted by the Bureau of Labor Statistics predicts there will be a 22.49 percent decline in the number of office machine operators in the real estate industry by 1985. Also expected is a total of 894 real estate personnel performing bookkeeping, calculating, and key punching duties, a 55.49 decline from 1976. Computer specialists, programmers, and systems analysts will simultaneously increase 74.05 percent. The demand for brokers, contractors, marketing personnel, and managers will shift due to other aspects of the economy. These economic factors may or may not be dependent upon the fast pace of the computer industry.

Nineteen years ago, Chase Manhattan Bank N.A. employed 16,043 persons on its staff. That year was the beginning of computer use at Chase. One year later in 1962 the bank had processed 400 million checks, 758,000 domestic money transfers, 20 million stock certificates etc. At year end there were 15,700 employees left.

The Projections Program also expects the number of key punch and tabulating machine operators to decline by 82.58 percent, while computer specialists, analysts, programmers and even repair men will increase by 239.98 percent. However, managers and credit managers are expected to increase 52.86 percent to a total of 453,125. To date, computers cannot think and make decisions. Since human beings are still necessary for these functions, we probably will not be facing "computer managers"--at least not in the near future.
Electronic Banking:  
Citibank Centers

Citibank, one of New York's leading banks, has invested in an electronic system which is Citibank's and Citibank's alone. The system was put together for Citibank by Diebold, Inc.

Citibank's automated system has been in existence since 1977, making it only a few years old. According to Forbes magazine (March 6, 1978), approximately 182 out of Citibank's 271 branches have installed the automatic teller machines, $175 million has been spent in creating the "Citicard Banking Center." Of the $175 million, $100 million has gone into research and development, $35 million into hardware and equipment, and $40 million into software. The Citicard Banking Center machines come in sets of two and cost approximately $50,000.

Problems

Citibank faces problems as well as advantages with the new automated system. Among its problems are those of breakdown, complaints from customers, and losses. "The machines break down about once a week," explained the manager of one of the branches in the Bronx, "but since we have our own service people, the machines can be repaired in a small amount of time."

Many people have complained about having their cards "sucked in" by the machine, not having received the money they requested, and not getting back deposit slips. The main reason for these problems is that erroneous codes are punched, causing the cards to be "sucked in" before money "rolls" out.

Advantages

Of course, Citibank's electronic banking system has several major advantages. Many of the banks are open 24 hours a day, seven days a week. The lines in the bank tend to be shorter; thereby making the teller's job a little easier. If you have a problem at the time you are making the transaction, there are telephones that can be used requesting assistance.

The tellers at Citibank think that the electronic system is "fantastic." They feel that it is a great asset to the bank. When asked if they feared being replaced by machines, they replied "Absolutely not." "Tellers are always going to be needed," stated Miss Hernandez, a teller at one of Citibank's Manhattan branches. "A bank has to be personal and tellers are needed to assist the clients and to keep up that necessary personal relationship."

So far, Citibank's electronic banking system has proven to be an asset to the bank as well as to the many customers who use it.

The system definitely has an exciting future. Quite obviously, the Citicard Banking Center is only the beginning of electronic banking.
Micro Computers

Since its inception, the micro-computer has had many applications, ranging from TV games and calculators, to auto emission control and engine regulators. In fact, micro-computers seem likely to play a major role in cars of the 1980's, eventually becoming a piece of standard equipment. This trend will undoubtedly be accelerated by the simple 'black box' model computer, which can be installed by the purchaser himself and which is now available at a more affordable price.

Car manufacturers are counting on these micro-computers to increase their sales. For example, General Motors, which has 48 percent of the automobile market, plans to lead with the micro-computer. E.M. Ester, President of GM, said "By 1981, we expect virtually all GM gasoline powered passenger cars sold in this country to be equipped with an on-board computer as standard equipment." Already developed computer functions include digital read-out displays, climate regulation, and the keyless door lock, an appealing feature to anyone who ever locked his keys in his car. The lock consists of a series of buttons; punch your private code and you open the door. In addition, when the car is in motion, the system locks all doors automatically.

The rush toward computerization stems from Federal emission regulations for new cars, and from guidelines for a manufacturer's total line of cars. These goals are met easily with the use of mini-computers, such as the air/fuel regulator system combined with a three way catalytic converter.

Although initially thought of as "high end" options, many of these computers seem destined to become standard equipment. A salesman at a Ford Lincoln Mercury dealer said that the customers seem very enthusiastic about the computers. Apparently, car buyers don't mind spending the extra $600 to $700 for something they really want.

Less costly and less sophisticated are the add-on trip information systems which are available in many stores at discounted prices. They can determine how many miles you have to go, how long it will take, and how much fuel is left. The answers are based on electronic sensors placed under the car's hood which monitor speed, gas consumption and mileage. Reasonably priced at $150-$350, these add-on computer boxes are available now and can be easily installed.

The computer read-out is clear. It is apparent that the micro-computer will be an important part of the car of the future. Future auto mechanics will probably have to hold degrees in computer technology just to do their jobs.
Investing in Your Future

by Brian Watman

The accumulation of assets through intelligent investing is rewarding emotionally and monetarily. Several people have made fortunes overnight on Wall Street; these are the exceptions rather than the rule. For the rest of us, the process is a matter of slow growth through investments. Young people who take the initiative in financial planning for their future stand a better chance of building up significant amounts of capital in later years.

The college age investor should pool his or her available resources. Today, $1,500 is a good beginning. Since we are starting with such little capital, our primary objective is to increase it and constantly reinvest our returns. Once larger growth has been established, we can then invest more conservatively. If conservatism is desired, a good investment is a six-month or one year Federal farm credit bank certificate, currently yielding 14.61 and 13.89 percent respectively.

The tools with which we will evaluate our investment opportunities are hindsight and foresight. When utilizing hindsight, we must keep in mind that in the stock market the past does not repeat itself exactly. Especially in this era of uncertainty, the market has been defying most previously defined patterns established by the method of traditional analysis. We must also constantly realize the limitations of formula methods established by fundamental analysis. The intelligent investor must be able to analyze the economic indicators, including changes in liquid assets, housing permits, the money supply, inventories, plant and equipment orders, and consumer goods orders, and determine to what extent this will affect the corporations being analyzed.

The present state of the economy is a major factor in determining the proper investments. The United States economy is in a recession. Rising prime, gold, and inflation rates, along with decreasing production indicators due to their high costs, are causing this recessionary phase. As a result of the recession, many economists agree that a slight bear market (a declining market) is currently under way. However, this phase is not expected to last long. Mr. Archer Scherl, senior economist for Oppenheimer and Company, states, "There will be another dip and then the stock market will prosper."

The Economic Picture

Presently, stocks are fighting downward pressures, such as the devaluation of the dollar abroad, and so far have held up remarkably. The reason why the Dow Jones averages have not revealed this bear market is because there is a two-tier market consisting of solid corporations, most of which compose the Standard & Poor's 500, and the smaller, listed corporations which make up the approximately 1,000 other stocks on the New York Stock
Exchange. These blue chips are fighting downward economic pressures and so far have held up, and even risen. These smaller corporations, however, are being battered by the recession. They do not have the capital to pay for rising raw materials, especially oil, nor do they have money for expansion.

We should take advantage by using this bear market to build up an inventory of discounted stocks. It is best to buy in industries that will probably surge upwards after the present economic woes have passed. To choose an investment, we must first analyze the various industries.

Where to To look

It is very likely that the computer and technological industries will flourish. Data General, International Business Machines and National Semiconductor are three excellent choices in this area. IBM is expected to maintain its dominance. However, National Semiconductor increased earnings 121 percent per share in 1978. Data General is perhaps the best bargain. Its market price is currently in a cyclical low. In addition to the discount, the company is a pioneer in mini-computers and is expected to profit enormously in the 1980's.

Cable Television and similar communications systems also are growing areas. Teleprompter is the largest corporation in this field, with 1.2 million subscribers and revenues of $147 million in 1978. Another company in cable television is Multimedia, which is trading over-the-counter. Their earnings per share have shot up over 50 percent in the past two years and a bright outlook is forecast for their future.

Perhaps the largest growth area is in energy alternatives, including propane and coal. Almost every major coal producer has seen its stock prices soar more than 50 percent in the past years. Examples of such are Amax, Inc., Occidental Petroleum and Pittston Company. On the propane side, Suburban Propane is the best looking company. The corporation reported record earnings of $4.61 a share for fiscal 1979, a 53 percent rise over 1978.

In addition, natural resources, the paper industry, cyclical food industries, the medical industry and synthetic products should be considered. After choosing two or three industries, seek out individual companies within these categories. At this point you will notice that there usually are one or two leaders in each industry, followed by intermediate sized and smaller companies. A perfect example is the computer industry, where middle and smaller sized companies will concern us. Generally, industry leaders' stock follows the general direction of the economy. If a company is too small, it might not grow in a dominated industry. Small corporations listed on the New York Stock Exchange are good investments because they are usually larger than the middle sized companies on the American Exchange. A good example is the smaller regional airlines such as Braniff. Flight Safety International and Teleflex are two excellent small corporations that are growing. FSI trains small craft and oil tanker pilots. Teleflex is a manufacturer of coatings for the aircraft and
marine industry. Recently they developed a new coating process for jet aircraft engine components.

Now we analyze the companies in our chosen range and scrutinize the relevant technical information. It is wise to collect data from the past several years and watch for growth trends. Then we can best determine the company's future. Look for companies whose stock prices fall sharply, say 25 percent, as in the case of Data General. As long as the company is in a good long range financial position (check the balance sheet and the income statement), the company should rebound when the economy picks up. It is safe to say that as long as you have not invested in a company that sells see-through window shades, there is little need to worry. Even if you lose some money, it shouldn't be greater than 50 percent and you probably will be collecting dividends in addition.

Keep in mind that stock prices fluctuate mainly due to psychological attitudes rather than intrinsic value. Remember, the vast majority of data has already been discounted in the stock's current price. Realize that you won't buy a stock at its lowest offering price. You don't have to be a genius to come out ahead. What is needed is patience, common sense, the proper tools and information.

Business Books: Santori's Synopses

by Joseph Santori

The decade of the 70's saw the United States and her people beset with crippling economic problems. As it drew to a close, many braced themselves for hard times reminiscent of those in 1929, as the American economy and currency commanded less respect at home and abroad.

Two authors have tried to help restore a little brilliance to America's tarnished image in their recent best sellers. Howard Ruff's How to Prosper During the Coming Bad Years focuses upon the steps that the public can take to protect themselves, while George Jackson Eder's What's Behind Inflation and How to Beat It provides steps for the United States Government to take to immediately stop inflation.

Howard Ruff's forecast for America is a recession in the near future, which will present America with her toughest test since the Civil War. This recession will climax with the collapse of the currency due to the over-working of the monetary printing press. Experiencing this economic trauma will cause the people (especially in the big cities) to react similarly to those involved in New York's second blackout, Ruff claims. He foresees shortages, creating food and gas lines, and leading to black market trading. He also predicts an increase in the crime rate with riot-
ing and looting in the inner cities where frustrations are the highest. Despite this grim picture, there are ways to protect yourself.

How To Survive

Ruff lists in detail the steps you should take to protect yourself and survive the chaos. His first step is to move at least 30 to 40 miles away from the cities, because they will be hardest hit in both disturbances and shortages. Since black market dealing will be so prevalent, step two is stocking up on goods for bartering purposes. Step three is purchasing those items which will help you cope like a Diesel-engine car, Moped, and an electric generator. The most important step, however, storing a year's supply of food, magnifies the gravity of Ruff's claims.

As you can see, Ruff is very alarmed by the possibilities and this is evidenced by his food storage plan. His qualifications as an adviser are his experience in the food supplement business, and his work in nutritional counseling. He explains how to go about purchasing one year's supply of food, which is primarily freeze-dried for about $2500 (for a family of three). Along with his extensive and interesting descriptions about food storage and nutrition, Ruff's investment advice seems both logical and safe.

In his final chapter, Ruff describes sample portfolios for families in both times of rising and falling inflation for beginning capital of $10-50-100,000. In both periods, he advocates investing in food storage, silver coins, "liquid" instruments, gold coins, and speculative funds. In times of rising inflation he urges investment in antiques, gold, diamonds, coins, stamps, and real estate, while during falling inflation he urges bond investment instead. While this seems to be sound investment advice, his overall negative outlook detracts from its appeal.

Despite a sincere belief in his predictions, Ruff's persuasive impact is limited by his pessimistic outlook and his constant references to outside sources for patronage purposes. Although he claims otherwise ("I am not forecasting the end of the world") his words make him sound like an alarmist. Still another drawback is his reference to outside sources, although he claims he is not linked financially with them. ("I will make commercial recommendations, but I receive no financial rewards from these recommendations"). These recommendations involve every step of his safety plans from real estate counsellors to brokers to good supplementers. Together with his alarmist attitude these recommendations detract from the book's effectiveness, causing the reader to question Ruff's foresight and economic ties.

Government Policies

While Howard Ruff's advice is geared towards personal survival, George Jackson Eder's is for our government to eliminate the perils of inflation. His expertise comes from the fact that he was responsible for ending rampant inflation in Brazil, and the means he favors...
have stopped inflation in eight other countries. Eder is a devout anti-Keynesian economist and states that one purpose of his book is to reveal "the fallacies of Keynesian economics" which he feels have greatly contributed to the problem. Eder says that Keynesian-sponsored excessive government spending has brought on inflation and devaluation of the dollar, and feels that our economy cannot withstand two more years of "national bankruptcy and continuing debasement of the dollar."

Because of the government's questionable accounting techniques, the figures on the United States' economic trouble don't tell the whole story. Accordingly, Eder calls this "bikini accounting" because "it seems to reveal everything while concealing the essential." For instance, the 1979-80 proposed budget deficit of $29 billion failed to include the deficits of the Postal System, of Amtrack, and of seven "off track" agencies, as well as 560 "government sponsored enterprises." Also, foreign aid in the budget for 1980 was listed at $6 billion, but the total has the stretching ability (budget authority) of nearly $22 billion. In all, the United States has amassed a grand total of liabilities of over $9 trillion, yet the national debt is passed off as $650 million.

Balanced Budget

Eder's remedy involves a drastic reduction in government spending towards a balanced budget. The targets of Eder's cuts are the government's domestic and foreign welfare expenditures, the major cause of excessive government spending, which he claims are double the defense budget. Realizing that asking a politician to eliminate welfare pay-ments would be like asking him to commit political suicide, Eder's solution is to use the Constitution. He claims that no place in the Constitution does it give government the authority to take money from one group of people and give it to another. He urges the establishment of a board which will sift out the illegal and the legal expenditures. These decisions will be binding, pending any appeals to the Supreme Court.

Eder proposes other things to further reduce government payoffs. He favors trimming of the many unnecessary people on government payrolls, and a revamping of the Social Security System to make it more efficient. As part of his plan, Eder is calling for the revamping of the income tax structure. He urges abolishing the corporate income tax to stimulate investment. He advocates reform of the personal income tax system eliminating all deductions (except for charitable donations) with a maximum rate of 25 percent on total income. This would be fairer and more efficient, and would create incentives for charitable contributions needed because of the cessation of welfare payments. Eder's final step is a reevaluation of the dollar as hard money to stabilize the nation's and the world's economies.

In general, Eder's tone is cautiously optimistic and this aids his message. He makes an excellent case for his theories, citing past historical applications, and says that if it worked there it would surely work here. Eder has great faith in the strength of the American economy and its ability to bounce back.
The Hurrahs about HUD

by Marjorie Faison

Patricia Roberts Harris, former Secretary of the United States Department of Housing and Urban development, spoke of housing as a "fundamental, essential and basic human right." HUD administers programs designed to meet the need of people for decent housing. HUD's Section 312 provides long term (up to 20 years) low-interest (three percent) loans to fix up homes, apartment buildings, business and other buildings. While there is no income limitation to qualify for a loan, the program is intended to benefit lower income people. The amount of the loans vary, depending on the extent of the repairs. However, loans for a single-family house cannot exceed $27,000. For multi-family buildings, the loan cannot exceed $27,000 for each apartment, and $100,000 for a business.

Three Percent Rate

According to Citicorp Real Estate, Inc., long term mortgage money is now above 11 percent, and it is getting tighter. Section 312's three percent interest rate makes it an attractive source of financing for individuals and investors with limited capital.

Robert Hernandez, a Postal employee, filed an application for a loan in July (along with his brother). Mr. Hernandez explained that prior to being considered for the loan, the property must be purchased, plans meeting HUD rehabilitation guidelines must be drawn up by a certi-fied architect, and cost estimates made. HUD also requires that property of four families or less be owner occupied. Loans for residential property are limited to seven family units under the 312 program. However, other HUD programs cover larger buildings, as well as blocks of buildings. The owner must display financial ability to repay the loan and to maintain the property. Repairs costing more than $10,000 must be bid on by licensed construction companies. There are numerous in-depth forms to be completed in addition to cash outlays for clearing title, and retaining an architect.

The Hernandezes remain optimistic about their project, which has thus far cost them approximately $20,000 ($15,000 property purchase price and approximately $5,000 for packaging). After all, in the words of Robert Hernandez, "It is the cheapest loan ever for home owners."

In the 1980 budget, HUD is asking Congress for $130 million for their program. This, added to $55 million that will be available through repayment of existing loans will be enough money to help make repairs on 17,300 dwelling units -- 12,800 single family and 4,500 multi-family units will be rehabilitated.