

# THE Commercial and Financial CHRONICLE

VOL. 220 NO. 7476

Founded in 1839

MONDAY, JUNE 23, 1975

NEW YORK, N.Y.

\$2.00

## This week

### Tax reform: Break for investors?

Tax reform legislation under consideration in Congress may give investors some breaks. What are the chances for passage? . . . . . 2

### Bulls reaccess their position

Spencer Trask's investment gurus, Edus H. Warren Jr. and Raymond F. Devoe, suggest there's no raving bull market. . . . . 3

### Is the housing recovery for real?

Despite news of an upturn in housing starts last month, analysts now forecast a murky outlook. . . . . 3

### Bonds: 4th of July comes early

This week the bond markets began with a whimper, but finished with a bang. . . . . 5

### Credit control: How it's done

Credit allocation is being used in various forms in Europe. Can it be put to work in the United States? . . . . . 13

### Also Inside

Eliot Janeway . . . . .	5	Markets section . . . . .	19
Financial News Digest . . . . .	9	144 Letter Stock . . . . .	21
Averages and indices . . . . .	15	Market Letters Digest . . . . .	22
Insider trading tables . . . . .	19,28	Securities in registration . . . . .	24

### Insider trading

## Kaiser brass are bearish on the future

By SUSAN ROBBINS

Notwithstanding a lingeringly raffish reputation, conglomerates as a group have appreciably outpaced the healthy rise in the popular market averages since the start of the year. Many serious investors still consider such organizations undercapitalized and overleveraged, and specialists in offbeat accounting.

However, a good number are soundly conceived business enterprises that have survived the recession in far better shape than some blue chips. A case in point is Kaiser Industries Corp., a diversified outfit which derives income from holdings in the natural resources and basic materials fields, like steel, aluminum and chemicals.

In spite of, or perhaps because of, the strong performance of conglomerates and semi-conglomerate issues, a trio of top insiders at the Oakland-based giant unloaded 232,000 shares of common worth close to \$2 million during May when the stock was near its 1975 high. The following transactions were reported to the Securities and Exchange Commission:

— Edgar F. Kaiser, chairman of the board, disposed of 200,000 shares of common stock at prices ranging from \$8.625 to \$9 on May 13. His holdings now total 2,026,014 shares.

— On May 15 and May 23, Steven A. Girard, president and chief operating officer, group operations, as well as a corporate director and member of the executive committee, sold 12,000 shares of common stock at prices ranging from \$10 to \$10.50. The trade left his position at 15,972 shares.

— James F. McCloud, president and chief operating officer, Kaiser Engineers, as well as a corporate director and member of the executive committee, sold 10,000 shares of common stock at prices ranging from \$8.50 to \$9 on May 2 and May 12. His holdings now total 5,700 shares.

Kaiser referred queries about his sale to a financial advisor who refused to discuss  
See INSIDERS, page 19

## Rating agencies meet modern times

By PAMELA ARCHBOLD

The maxim that power exists where others think you have it is conspicuously true of the bond rating agencies. Investment bankers, corporate financial officers, mayors, governors and investors all go in fear or awe of the oracles at Moody's and Standard & Poor's ratings services: because these outfits, though small in themselves affect the issuers' cost of money, to the tune of tens of millions of dollars.

In years past, the rating agencies have been criticized on the grounds that this enormous power was too much in the hands of two personalities, the dominant, often autocratic head of S&P and the head of Moody's. They have also been charged with slapdash work, and inadequate analysis — done by an overworked and underpaid cadre of credit analysts.

Both the sloppy work and the personality cult were part and parcel of the same problem — in that the personalities of the leading raters, H. Russell Fraser and Al Esokait of S&P and Moody's respectively seemed to compensate for the inadequacies of performance.

Now, however, there are signs that the rating agencies are tackling both problems simultaneously — downplaying the big-rating boss, and at the same time improving their quality of management and quality of output.

Rating agencies are a historical anachronism. They were first a selling gimmick for financial publishing houses — the rating was issued free of charge, as an attention-getting device. After the Great Crash, they gained in prestige. And legislators quickly accepted them as powerful arbitrators when drawing up the investment rules for institutional pools of capital.

But their fame far outpaced their resources. For one thing, they were not a profitable function for the publishers. The demands on their staff became steadily more and more onerous, as the numbers of bond issuers grew significantly in the post-war era.

Five years ago, there was a significant change, when Moody's decided to develop an income stream from this source, and announced its first fee schedule. Furthermore, the agency also said it would no longer issue ratings as a quasi-public

service across the whole bond population. The issuer, also the payer, had to request a rating.

Perhaps one reason this step was so long in coming is the result of its obvious conflict of interest problem: in that it may be suspected that the payer can influence the generosity of the rating he is given. The rating agencies claim this is not a problem; that, more than auditors, theirs is a public trust in which the credibility of the whole rating system must never be in doubt. "We don't think of ourselves as working for the company, but for the investor," says Jack Phillips of Moody's.

The fee structure permitted the rating divisions to at last show some steady revenues. With this money they could, and did, expand the analyst staff. For instance, Standard and Poor's had seven analysts in

1967, and now boasts around 26. Moreover, the old rapid staff turnover rates that existed when salaries were meager have now declined, because pay scales have been raised to levels comparable with those of the bank and life insurance credit analysis. "Turnover was very heavy at times. We were a kind of training ground in the industry. The turnover never really crippled us — but it hurt us just the same," says Moody's Phillips.

This change is fairly recent, Phillip's lost an analyst with four years experience, only three years ago, who was earning only \$10,000 (and trying to support a wife and child). This man is now making over \$50,000 at a brokerage house. Phillip's takes a more philosophical view of salary than most people as he says, "If your sole  
See RATINGS, page 6

### Arbitrage

## The going is tough

By ALAN J. WAX

Wall Street's arbitrage business hasn't been the same since its golden age in the Sixties and early Seventies, when millions could be made on a single deal like the ITT-Hartford Fire merger in 1970. Arbitrageurs have long been waiting for those happy days to return, and waiting in vain. "I used to put two or three million bucks into a deal," complains one of the top men in the business, "but now it's hard to find a deal to put a million in."

Arbitrage is a pretty esoteric business (See box) and the arbitrage community, of which there are no more than 20 hardcore participants, is a cliquish one — participants ply their trade in an atmosphere of substantial privacy, since to advertise their transactions is to invite competition, and competition eats hungrily at the size and endurance of the spread — the arbitrageur's source of profit.

Today some of the major forces in the arbitrage business include familiar names like Salomon Brothers; Goldman, Sachs & Co.; White, Weld & Co. and L. F. Rothschild & Co., just to name a few. And, while the number of hardcore participants

fluctuates with the fortunes of the business — there are now about 18-20 participants versus 12-15 last year. The New York Stock Exchange reports that of its 254 members who carried public accounts last year, 47 firms reported arbitrage business with an aggregate profit of \$19,215,000. This compares with 54 out of 276 member firms with public accounts in 1973 reporting arbitrage business with a net total return on \$12,051,000.

These figures may give all the impression that 1974 was a superior year. But veteran arbitrageurs sadly say its not so. The figures may be misleading, since many of the reporting firms do options and convertible arbitrage and are not significantly involved in the big time risk arbitrage, the kind that involves gambling on mergers and tender offers and where the great arbitrage fortunes are made or lost. For one top man who can recall grossing \$20 million in 1968, 1974 was just a sparse year, because low stock prices and high interest rates inhibited the rate of corporate cash tenders. "Seventy-three may have a year with more deals than 1974, but there were then more holocausts, and  
See ARBITRAGE, page 4

# Congress may give investors a break this year

By WILLIAM HOFFER

Tax reform is a subject that, with differing refrains, has been wafting over the Potomac annually since 1970, and without any appreciable effect in the real world outside Washington. This year it is wafting again, only this time new factors and new forces make tax reform seem far more likely, though still far from definite. This year, too, there is a new note in the refrain — the strident, insistent tone of a well-organized and highly verbose public relations effort by stock exchanges and Big Business for preferential shareholder tax legislation.

The tax reform drama is about to be unveiled in committee. The stage is House Ways and Means, which has a new chairman in Representative Al Ullman of Oregon, who replaced the discredited and ailing Wilbur Mills. This committee will begin comprehensive hearings on the subject July 8th.

As far as common stockholders are concerned, they claim a double injury. The money they receive as dividends is based on profits, which are subject to corporate taxes, and on which they must later pay personal taxes. This year they may get some relief, or anyway come very close.

Various members of the Ways and Means Committee have become convinced of the need to integrate corporate and personal income. The only present method of achieving that goal is through the Subchapter S corporation, which is limited to no more than 10 shareholders. During the Committee's current hearings they will undoubtedly hear hundreds of suggestions to the effect that large public companies be given the same benefit, thereby allowing corporations to deduct the cost of dividends prior to figuring tax liability. That, in turn, would undoubtedly allow the companies to increase their dividend payout rates handsomely.

The revenue loss for such a provision could amount to as much as \$15 billion. Even though much of this sum would be pumped into the economy in the form of higher expenditures, the public could view this change as a \$15 billion windfall to those well-known badguys — the big corporations. Thus the negative public relations aspect could be enough to dissuade Congressional votes.

President Ford favors a halfway measure. He has proposed that corporate issuers be allowed a tax deduction for dividends paid on designated new issues of preferred stock. The proposed new type of preferred would be a security with separate and distinct characteristics, with a special appeal to investors interested in high yield. The new preferred would provide an alternative financing option and would not restrict the use of more traditional preferred stocks. Companies could sell either or both types.

But a more likely approach may be that of allowing the individual investor to defer tax payment on reinvested dividends. The original version of the Energy Conservation and Conversion Act of 1975 (H.R. 5005) contained just such a provision for utility stockholders who participate in a qualified reinvestment plan. Upon sale of the stock, those dividend proceeds would be taxed as regular income, not capital gains.

## In haste

But H.R. 5005 did not become the energy conservation act. When it emerged from the House Ways and Means Committee, it was H.R. 6860 and the dividend reinvestment provision was conspicuously absent. This omission, however, may not mean that similar proposals don't stand a chance in the future. Even Chairman Ullman, who had previously supported tax deferral on dividend reinvestment, voted against the provision in H.R. 5005, probably thinking more about quickly expediting the



energy bill than whether it fully created the required investment incentives for utilities.

"One of the points of opposition was that, in H.R. 5005, the deferral applied only to utility company dividends," points out Ways and Means staffer Robert Hill. "The dividend reinvestment provision will quite possibly be reconsidered in the tax reform bill, but probably with respect to the qualified reinvestment plans of all companies, not merely utilities."

Hill feels that the deduction of dividends is not an issue that may be settled quickly. There is considerable public sentiment against any issue that seems to be a handout to big investors. "The committee is aware of the problems of generating new capital," he says. "But they may have to move slowly."

If the Committee's view is cloudy, some action on capital gains taxation is virtually certain. It is merely the direction of that action that remains highly speculative. In mid-June Al Ullman agreed to include a capital gains tax remission as part of the reform package. This was a controversial move, because it could invite a big loss of tax revenues. Some liberals changed that this single element could wreck the whole tax reform effort.

Some of the best clues as to the outcome of the bill aren't to be found in the jostling and jockeying of the pre-hearing phase, but, instead, in the historical record. For many of the issues around tax reform are venerable and enduring.

"Taxation of capital gains is one of the more controversial issues in tax reform. Yet it is also the central one and dwarfs in importance most of the other areas..." said Professor Richard A. Musgrave of Harvard University as he opened his testimony before the Ways and Means Committee during the 1973 hearings on tax reform. "Failure to tax capital gains equitably — their inclusion under the income base — means failure to tax high incomes equitably, and this, in turn, makes it impossible or exceedingly difficult to collect the remaining \$230 billion or \$240 billion in an equitable fashion."

Along with Professor Harvey E. Brazer of the University of Michigan, Professor Musgrave called for a virtual repeal of all favorable tax treatment of capital gains. B. Kenneth Sanden of Price Waterhouse & Company, however, enumerated to the Committee the various reasons why capital gains should be given preferential tax treatment. His position was as follows:

1) Capital losses are limited in deductibility. Since the investor cannot pass the full impact of his financial reversals on to the U. S. Treasury, he must be encouraged in some other way to assume the risks of investment. Without favorable treatment of his gains, he might just as well take his bankroll to the racetrack.

2) Reinvested capital gains are taxed. Existing taxation of capital gains has a locking-in effect, which encourages the investor to allow his stocks to accumulate dust in his safe deposit box rather than selling them, paying taxes on the gains, and reinvesting merely the untaxed portion. Any harsher treatment of capital gains would further increase the locking-in effect and decrease the amount of mobile capital in the country.

3) Taxable gains often reflect price level changes and not real profit gains. A tax system that ignores the decrease in the purchasing power of the dollar is unrealistic and tends to create serious financial hardships.

4) Capital gains, aside from price level changes, often represent accumulation of income of many years which would be bunched in one year, except for the averaging effect of the preferential rate.

## Environment in focus

"We at Price Waterhouse believe there will be a virtually limitless need for capital investment in the foreseeable future," Sanden said. "This need is rapidly expanding, as the social and environmental issues come into greater focus."

"For example, it has been estimated that some \$300 billion might well be needed for pollution control facilities alone in the next decade. To ensure an orderly flow of investment and viability in the capital markets, the tax system applicable to realized capital gains must continue to be founded on equitable and rational rules — preferably simple in application and administration."

While the Committee heard several proponents and opponents of liberalized capital gains, most witnesses generally agreed on one point: an extension of the holding period of six months to one year would perhaps provide a better definition of a long-term capital gain.

After months of deliberation, the Ways and Means Committee agreed on a number of changes in the taxation of capital gains and losses. But those provisions never made it to the floor of the House. However, they will probably be the starting point for the 1975 deliberations. These 1974 provisions called for:

— An increase from \$1,000 to \$3,000 in the amount of ordinary income against which net capital losses can be deducted.

— An option of electing a three-year carryback of capital losses against capital gains (but not against ordinary income) for individuals with losses exceeding \$30,000.

— An extension from 30 to 60 days in the wash sale period.

— A gradual lengthening of the holding period required to qualify for long-term treatment. In the year following passage of the bill, the holding period would increase from six months to eight months. The second year it would increase to 10 months. Thereafter, the holding period for long-term capital gains treatment would be a

full year.

— A sliding scale exclusion for those capital gains which are realized after long periods. In addition to the normal 50 per cent exclusion, the taxpayer would be eligible for a one per cent deduction for each year the asset is held over five years. The additional deduction would be limited to 20 per cent of the gain on each asset (held for 25 years) and to not more than 75 per cent of the taxpayer's overall net capital gain.

— Repeal of the 25 per cent alternative tax rate for the first \$50,000 of capital gains.

Chairman Ullman has in the past favored the deductibility of dividends that are systematically reinvested. Most observers feel that he can be counted on this time to support some dividend deductibility provision. Moreover, since he was one of the architects of the defeated 1974 capital gains provisions, he can also be counted on to fight hard on this score.

## No dictator

Still, the chairman of a congressional committee is no longer a dictatorial force. The 94th Congress is an entity unto itself, with many new and relatively unpredictable members. The committee force was increased this year from 25 to 37 and precisely 54 per cent of the vote is new to the Ways and Means Committee.

These new voices in the taxation scheme include Democrats Otis G. Pike (N.Y.), Richard F. Vander Veen (Mich.), J. J. Pickle (Tex.), Henry Helstoski (N.J.), Charles B. Rangel (N.Y.), William R. Cotter (Conn.), Fortney H. Stark (Calif.), James R. Jones (Okla.), Andy Jacobs, Jr. (Ind.), Abner J. Mikva (Ill.), Martha Keys (Kans.), and Joseph L. Fisher (Va.).

New Republicans include Guy Vander Jagt (Mich.), William A. Steiger (Wis.), Philip M. Crane (Ill.), Bill Frenzel (Minn.), James G. Martin (N.C.), L. A. Bafalis (Fla.), and William M. Ketchum (Calif.).

Virtually all of these votes are unknown on the two key subjects of dividend deductibility and taxation of capital gains. Observers seem convinced that the majority of the Committee is "liberal," but it is hard to say how the liberal viewpoint will crystalize a tax reform.

"It's extremely difficult to guess the outcome of the Committee hearings," said one Capitol Hill source. "There are no easy answers. Sometimes you have no idea of the full implications until the hearings are over, and the committee members begin debating among themselves."

The final outcome will depend upon the political and economic climate at the time of the Committee debates. If the economy then still shows signs of sluggishness, there may be a strong sentiment to allow tax breaks that could pump more money into the economy. But if the economy seems to be recovering rapidly, there may be resistance to legislation that appears to favor the upper income classes.

Hearings will probably drag on through the end of June and into July, interrupted by an Independence Day recess. In late July, or perhaps early August, the Committee is likely to get down to the shirt-sleeves job of actually writing the tax reform bill. The final proposals should emerge by the end of the summer.

See TAX REFORM, Page 8

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# Bulls reaccess their positions

The current bull market seems infected with ambiguities, which are causing uneasiness both to those who predicted the rally, and to those who were surprised by it. Like many another major, institutionally oriented firm, Spencer Trask last year called the market turn correctly — although it took their customers many months to heed this advice.

Unlike many of the leading brokerage firms, however, Spencer Trask's two chief investment gurus, the scholarly Edus H. Warren Jr., and the articulate Raymond F. DeVoe, Jr. (who is widely regarded as one of the most readable commentators on the Street) feel that we are not in the midst of a raving bull market. They believe this

market hasn't any mighty advances in store.

Judging from the market's sideways movements in recent weeks, Warren's and DeVoe's fence-sitting is becoming an important element in the prevailing market psychology. To understand in depth the whys and wherefores of this emerging psychology, The Chronicle last week sent Editor John Thackray to check out their views.

**CHRONICLE:** What is your diagnosis of where the economy stands at the moment?

**DeVOE:** We are at the end, or getting towards the end of a classic inventory liquidation cycle, after a severe recession.

**CHRONICLE:** That's all? Nothing worse?

**DeVOE:** No. I've argued against those who propose that we are in a descending economy, and who draw parallels between the present and the 1930s. Granted we have had the most severe downturn in 37 years, but it is no more than a recession. I think, also, that it is quite possible that the economy was already pulling out of the recession before the tax cuts — because of built-in stabilizers. To be sure, there was a psychological boost to the economy when there was evidence that the government was going to do something, rather than just talk. We will probably never be able to determine which of these two factors — the

built-in stabilizers, or the tax cuts — had the greatest impact on the recovery.

**CHRONICLE:** But the recession is really over?

**DeVOE:** Sure. The economy was bottoming out according to official figures, before the tax cuts were released in the mail, and fluttering around the country. I maintain that the worst of the liquidation will be over in the first half, though some inventory liquidation will continue into the fourth quarter. July will herald the end of the recession.

**CHRONICLE:** So your view on where See RARE MIXTURE, page 32

## Housing boom: Now you see it, now you don't

By STUART LITTLE

Last week the news burst upon the housing industry like a sudden illumination in the sky — over what had been a grim and defeated wasteland. The news specifically pointed out that in the month of May housing starts showed their first significant monthly upturn since the current slide began, way back in early 1974.

May's housing starts hit an annual rate of 1,126,000 up from 985,000 in April. And April had been the highest month for housing starts since last September. Permits for future starts also rose in May.

This announcement seemed like good news both for home builders, and for the economy in general, which badly needs powerful blast-off factors to get the recovery underway. Yet no sooner was the news unveiled than the dark clouds gathered in the sky again. The president of the National Association of Home Builders, J. F. Norman Jr., who is vainly trying to persuade a reluctant President Ford to sign an emergency housing bill, shook his head and gloomily said there would be "No rapid turnaround in housing activity."

A week earlier the New York Society of Security Analysts looked into its crystal ball on the housing outlook and also found the forecast murky. Whereas only a few weeks earlier perhaps the majority of analysts had believed in a strong and swift recovery, they are now turning bearish. The only bright spot in the analysts' housing jamboree were the glowing promises of boom times by spokesmen for the major building material suppliers: which caused one analyst present to wonder aloud if he and the industry spokesmen were talking about the same industry.

There's been a now-you-see-it-now-you-don't quality to the hoped for housing recovery. One week in late May the New York Times surveys housing and concludes there is no upturn happening. The following week, the Wall Street Journal finds that there are indeed indications of an industry turnaround. The National Association of Homebuilders then announces the results of a poll of its membership, which shows home builders are gearing up for a land office business. But a week later, there rumors in the industry that the research study is worthless. The homebuilders go back to staring at their vacant drawing boards.

Part of the predictive difficulty of this upturn has to do with the severity of the recession. Not since the Great Crash has there been such a traumatic disaster in an industry where collective optimism is essential to maintain real estate values.

Moreover, there are innumerable new elements in this recovery that are having an inhibiting effect. What with the present maturing of the post-World War baby boom, the housing industry should, by rights, be flourishing. But that ain't hap-

pening. One of the chief inhibitors is the current high cost of money, and the persistent fears of economist of even higher money costs to come. Last week Chicago's Harris Bank took a very lugubrious view along these lines. "The data suggest that an upturn in housing is underway. Unfortunately, the size of the federal budget deficit and the accompanying financial needs of the government suggest that the long-awaited upturn in housing will not have smooth sailing," said the bank's economists.

But scarce credit isn't the only culprit. Inflation has added to the cost and probably decreased the relative attractiveness of new homes. The price of a new home has risen 25 per cent from \$30,000 in 1972 to \$38,173 in 1974. Over this same period, the rise in the price of mortgage money has gone from 7.6 per cent to 9 per cent.

Yet another reason for pessimism is the widespread disappointment over the effect of President Ford's tax credit for new home purchases. It has not been wildly popular within the industry. One reason is that the \$2,000 tax incentive only applies to homes that were already in builders' inventories.

But builders who have managed to sell their inventory complain that the Administration is thereby subsidizing the more incompetent firms in their rank. Furthermore, real estate brokers grumble that the law stimulates the sale of new homes at the expense of sales of older homes.

### Inventory muddle

The objective of the tax giveaway was essentially to wipe out the accumulated, unsold inventory of some 650,000 units, of which single family homes were 400,000, the rest apartment dwellings. In reality, however, these inventory figures may be very inflated, says Thomas B. Stiles of Smith Barney, who believes that of the 400,000 figure, some 60,000 have not actually begun construction; about 200,000 are in some state of work in progress; and about 140,000 are actually completed and on the market. Stiles, one of the leading building analysts on the Street, feels that an inventory backlog of 140,000, "is not a significant overhang in relation to sales across the nation."

Be that as it may, the situation in con-

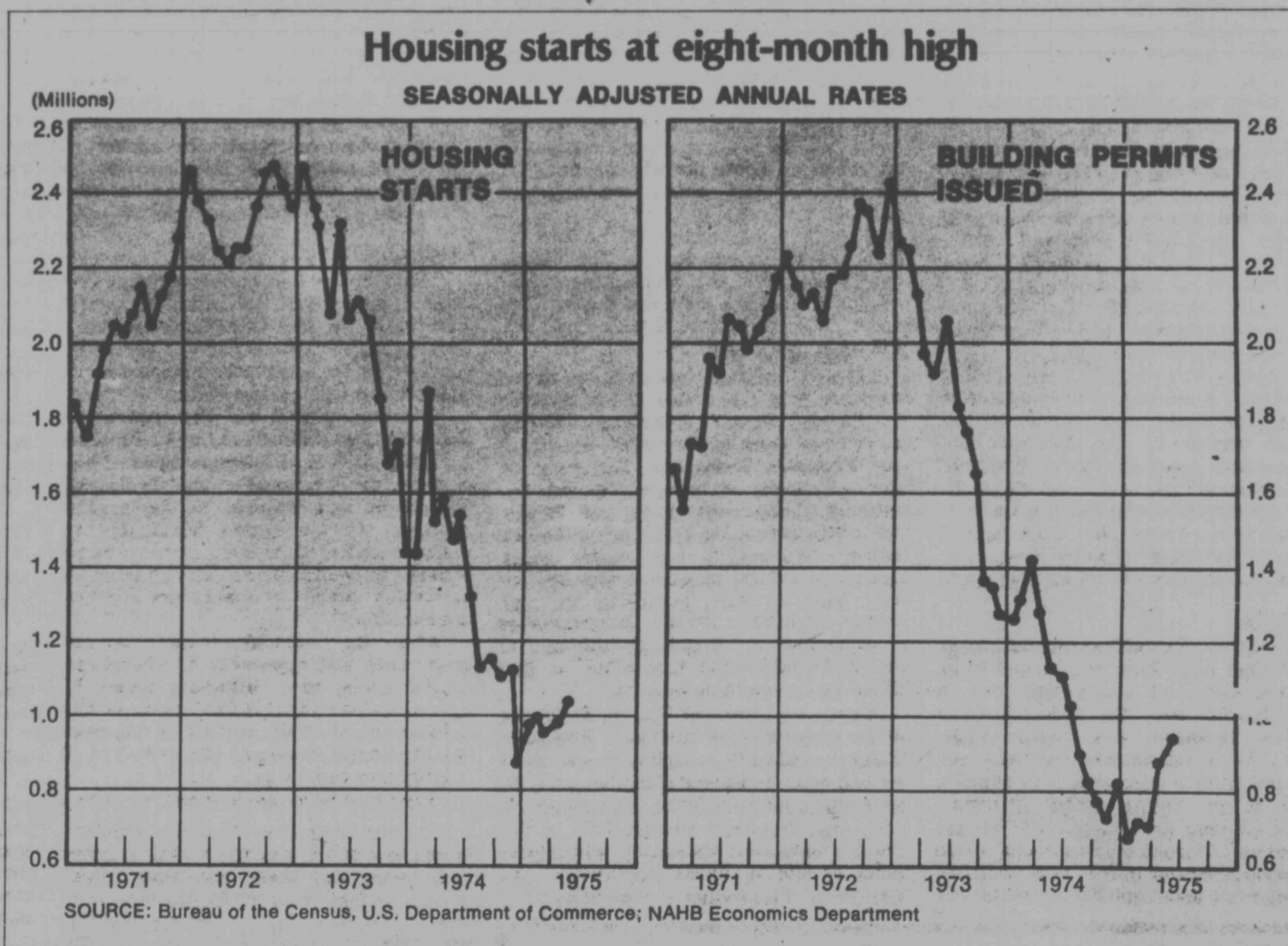
dominiums and apartments is remarkably bleak. At present that the tax break doesn't seem to be having much of an impact in those regions of the country, like Florida and California, where the apartment inventory is the heaviest.

Oddly enough, the President's tax handout to new home and apartment buyers may actually backfire, according to Morgan Guaranty economists. "Perhaps the broadest immediate impact of the housing handout could be to delay housing starts in the next few months — just the opposite of what the economy needs right now. Builders, who usually expect to sell houses four to six months after they are started, may hold back on new construction."

### Fine print

Another drawback of the Ford handout, Morgan Guaranty points out, is the treatment of capital gains taxes on sellers of older homes, who then buy a new home under the Ford provisions. The fine print on this legislation says that capital gains on

See HOUSING, page 4



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# Arbitrageurs bewail many bust ups

Continued from page 1

busted deals," he says.

It is the busted merger or tender offer that arbitrageurs have nightmares over. And lately there have been plenty of these disasters. Says one veteran: "The mortality rate for announced mergers has been unusually high. The ratios of deals going through has deteriorated." He cites two reasons for this: (1) The tremendous price changes in the stock of companies targeted for takeovers. When this happens this puts so much pressure on the deal that it can easily snap. For example, in the recently called-off ITE Imperial-Raytheon deal, Raytheon was at 30 when the deal was first proposed and climbed to the mid-50's by the time it busted up.

(2) Then the deterioration in the earnings of the target companies, can also give the bidding company some pause for thoughts.

Although far from being like the halcyon days of yore, arbitrageurs have been doing a brisk trade in the area of cash tenders and voluntary exchanges of debt for equity. "We had a pretty good amount of tender offers by people taking over — usually raids," says one arbitrageur. The profits on the successful raids were mitigated by the losses on the mergers and tenders that bombed out. The following are some of the recent busted deals that rankle the arbitrage community.

- American Express's bid for Avis.
- Dictaphone's bid for Sterdent.
- British Petroleum's bid for Geon Industries.
- Nalco Chemicals bid for Lawter Chemicals.
- And, Cargill's unsuccessful bid for Missouri Portland Cement.

But, there were also some great deals last year, particularly, the stand up fight between International Nickel and United Aircraft for control of ESB Inc. Says one arbitrageur of the ESB auction, "If you just sat by and did nothing after you had the basic position, you did pretty well. Other good deals last year included the Admiral-Rockwell merger, Loew's bid for CNA and Baskin Robin's acquisition by J. Lyonx, a British company.

Currently the arbitrage club are in a cautiously optimistic frame of mind. Says one venerable member: "There's more

activity this year and the quality of the deals is better. It's difficult to estimate the size of our gains for 1975, but if I had to guess, I'd say we're ahead of last year by 20 to 25 per cent, due to some pick up in mergers and tenders, and in options."

The life of an arbitrageur is catch as catch can. There are rarely very consistent trends. Good news always comes mixed with bad. While tenders like Teledyne and Commonwealth Oil proved lucrative, they been hurt in just the last month by a several busted deals, notably the failed marriages of Pillsbury-Weight Watchers and Hekme Products-General Cigar.

One firm on the Street has apparently gotten upset enough about the recent bust up of the Helme Products deal that it has brought a class action and derivative lawsuit in federal court. L.G. Rothschild, the investment banking and arbitrage firm that brought the suit, is seeking to compel Helme to follow through on its aborted merger with General Cigar. The firm said it had purchased 50,000 Helme common shares subsequent to last Jan. 9. The merger had been agreed to in principle last January. "A lot of guys got killed on that Helme deal," chuckles one arbitrageur.

The one whopper that the entire arbitrage community is hungrily waiting for is the merger of Christiana Securities into duPont. "That's been on the fires for three years, though it may not go through until 1976," says one arbitrageur. Other anticipated deals that might come up include:

- Kirby Petroleum's liquidation. The stock was at 25 when the deal was announced and risen to around 37.
- The merger of Pasco into Standard Oil of Indiana, which involves some \$3 million.
- Empire Financial Corp.'s sellout to Sears' Allstate subsidiary, a deal which has been around for a long time.
- The merger of Exchange Oil & Gas with Georgia Pacific.
- And, the merger of Southern California First National Bank into the Bank of Tokyo-California.

## The different brands of arbitrage

What exactly is arbitrage? Simply put, it's the simultaneous purchase and sale of the same or equivalent things to take advantage of a price discrepancy resulting from either factors of place, of time or kind.

If the factor is one of place, arbitrageurs will trade equivalent amounts in two different markets, simultaneously buying into the weaker market and selling into the stronger.

If the discrepancy is one resulting from a time differential, arbitrageurs will make offsetting transactions in spot or immediate delivery against forward or future delivery. This is seen in certain types of commodity or foreign exchange arbitrage.

Finally, if the discrepancy is one of kind, arbitrageurs will purchase and sell two different items, provided that the item purchased can be exchanged for or made equivalent to the item sold. This type might involve the purchase of convertible bonds or rights hedged by the sale of the stocks for which they might be ex-

changed.

Whatever the cause of the price discrepancy, arbitrageurs attempt to decrease the discrepancy until it is completely eliminated. This discrepancy, after all, is the result of a temporary imbalance in supply and demand forces, and the arbitrageur's transactions are a countermeasure to this imbalance. Thus, arbitrageurs restore stability and enhance the marketability of the items they trade.

In today's domestic securities markets there are three basic types of arbitrage:

- Risk or merger arbitrage.
- Riskless or convertible arbitrage.
- Options.

The area of risk arbitrage, where most of the big money is made, and lost, involves situations such as mergers and acquisitions, stock tender offers, reorganizations and recapitalizations, spin-offs and dissolutions. It requires lots of capital, judgement as to which announced merger or tenders are for real — and a lot of pain when the deals blow up.

Notwithstanding these prospects, oldtimers feel that some of the guilt and glitter has faded from this specialty. One experienced arbitrageur doesn't feel

there's a glowing future ahead. He says: "If I had a son who was graduating from college I wouldn't advise him to go into the arbitrage business."

## Chrysler: Too little, too late

While the early June sales reported by Detroit recently are seen by some as evidence that the auto industry may be emerging from its steep recession, financial analysts say the figures imply very little for Chrysler Corp's 1975 prospects.

Industry sales as a whole were off 6.4 per cent from the comparable 1974 period, but stronger than expected. And Chrysler's sales were regarded as a pleasant surprise, up 6.1 per cent.

But the upturn by Chrysler — much of it attributed to its continuing rebate on small cars — is regarded by some analysts as too little, too late, to change its one-way direction in 1975.

The major damage to Chrysler, weakest of Detroit's big three auto makers, occurred in the first quarter when it posted a loss of \$1.96 a share. Some analysts had thought Chrysler had a good chance of substantially reducing that loss during the remainder of the year. But those expectations virtually have vanished. As for the next year, there is uncertainty about Chrysler's strength to stage a strong earnings recovery if 1976 turns out to be a good auto year.

"When General Motors gets a cold, Chrysler catches pneumonia," observed George Ulrich of Shields Model Roland Inc. These calculations would put the company almost at a breakeven situation for the rest of the year.

However, analyst Harry Allen of Merrill Lynch, Pierce, Fenner & Smith had been more optimistic earlier this year about the size of Chrysler's deficit. Allen had thought the company could reduce its loss for the full year to about 50 cents a share from 92 cents a share last year. Now, Allen expects a deficit as high as \$2 a share.

"The continued sluggishness of demand for cars and trucks in the United States, problems overseas, and the difficulties inherent in paring the company's operations to produce a profit on lower volume caused us to change our estimate," Allen explained.

Allen and other analysts estimate Chrysler will stay heavily in the red for the second and third quarters. Then they look

for a fourth quarter profit — apparently a big one — to mitigate the losses.

Robert Williams of Argus Research Corp. is another analyst who has grown increasingly pessimistic about Chrysler's 1975 prospects. A few months ago Williams thought the company could come close to breaking even for the year. Now he feels it won't come close to that and goes along with the \$2 a share deficit projections.

Ulrich, expressing a general belief, said the loss may not be as high as \$2 if the anticipated economic recovery is underway by year end.

As for 1976, Williams is by far the most confident about Chrysler's chances. He believes next year will be a very good one for auto sales and that Chrysler could swing a \$3 to \$5 a share profit. "And I don't think that profit potential has been im-

paired by this year's losses," Williams added.

Analyst Allen is not so sure. Rating Chrysler stock as "high risk," Allen said investors should not expect an early return to the 1973 profit level of \$4 a share. "That could take at least three years, although the major step in that direction should come in the next 18 months," Allen said. He has no specific profit estimate for 1976.

Analyst Ulrich expects only about \$1 a share profit for Chrysler next year and he ties that prediction to "a lot of 'ifs,'" mainly a strong economic recovery. Ulrich said there no longer is much institutional interest in Chrysler stock. "At this point, it's a trading account situation," Ulrich said.

## Tax rebates don't help recovery for housing

Continued from page 3

the sale of an old home — and 55 per cent of all new home buyers sell an existing house before purchasing a new one — must be subtracted from the purchase price of the new house in figuring out the housing credit.

Thus if an individual who bought a house, ten years ago for \$20,000, which he now sells for \$40,000, and who then buys a new \$40,000 home, gets half the credit he would receive if he never before owned a home and bought the \$40,000 home. "The housing industry is complex and beset with deep-seated problems," Morgan Guaranty says snappishly. "Gimmickry, based on hasty and ill-considered handouts, should have no place in a proper and equitable federal housing policy."

But if the tax credit is a pretty limp and lifeless stimulant to the housing industry, there are, none the less, a few actually positive signs on the horizon. As the national rate of inflation shows, the relative price of homes declines. "I think that

material prices at this point in time are already down 10 per cent; and may in fact go down as much as 15 per cent, to even 20 per cent," says Smith Barney's Stiles.

What's more, the cost of mortgages has been creeping downwards. Last week the Federal Home Loan Bank Board reported that the average interest rates on conventional mortgages fell fractionally in May, for the fifth month in succession.

What is lacking is a climate of optimism — some kernel of hope and confidence that real estate salesmen can get their teeth into. Yet even if this happened and there was clear evidence of a pick up, the industry would still have one major headache: because if the overall economy takes off too fast, the resulting high cost of money could be punitive to housing. "If the pace of the recovery is moderate, housing has a good chance of getting through this period with only minor bruises," says H. Jackson Pontius, of the National Association of Realtors, speaking like a man who expects to be wearing an icepack for many months to come.

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# Bonds

Week that began with a whimper finished with an upbeat bang

BY PAMELA ARCHBOLD

The bond market couldn't seem to make up its mind what to do last week, what its character was, and where it might be heading. At the beginning of the week the signals were clear enough. The rally of the week before was over, consolidating or maybe out to lunch.

What's more, there was no shortage of dealers who were tut-tuting and clucking about that old bugaboo of the market — to wit, the federal government's plans to finance the budget deficit. The total amount that will be refunded in the next few weeks totals about \$9 billion; and predictably the effect of this was already being discounted.

As the week began, moreover, there was depressing news that the Federal Reserve was taking steps to increase the cost of Fed Funds, that is the interest rate at which commercial banks in the Federal Reserve system borrow from one another. After the falling rates on bonds of the week before, and the euphoria caused by a heavy and rapidly sold calendar, this price hike in the

rate of money was a kill joy. "The Fed snuggled up on the fed funds rate," one dealer bemoaned.

The increase was not drastic. In effect they moved from the lower end of the fed funds range to the upper end. The older range was 5 1/8 to 5 1/4, and the new one 5 1/8 to 5 1/2. Despite the slimness of the jump, it was enough to make some dealers apprehensive about future rising costs of short term money. Whether justified or not, there was a lot of tension among principal market players. "The suspense of the Fed's move is what is making the market nervous," said one dealer.

The suspense didn't have anyone sweating bullets, but it was enough to upset the market and spoil the reception for a number of deals. Then suddenly, seemingly out of nowhere on Thursday, the market turned and recovered much of its fire and drive.

The week's issues totalled \$1.2 billion in corporates. Most of these were well

See BONDS, page 20



Eliot Janeway

Burns points in right direction

Special to the Chronicle

The wheels of progress grind slowly, but they do grind. Federal Reserve Board Chairman Arthur Burns has just taken a stand that at last points American foreign financial policy in the right direction.

Ever since he took over, Burns has been operating in the midst of domestic financial cross-fire. The conservatives among his critics have faulted him for being irresponsible in strewing dollars all over the financial landscape. The liberals have belabored him for being heartless in denying credit relief to the financially underprivileged.

It has been a "can't-win" argument for Burns. But as matters stand in the American scheme of things today, any simple domestic argument over economic and financial policy-making is bound to be a "can't-win" proposition. The fundamental difficulties besetting the

American economic apparatus and its structure of credit are foreign, not domestic.

Hard kicks from America's foreign competitors have failed to focus the attention of America's policy-makers on the source of the trouble. There are no conventional, domestic solutions to the unprecedented foreign problems facing America today. Whether the Burns' management of the Federal Reserve aims at making money somewhat tighter or a bit easier will not determine the direction of the American economy or its pace. Only America's strategy in dealing with the foreign dollar powers will.

In the world as it is today, the most troublesome of the foreign dollar powers are the petropowers. To regard them as

See JANEWAY, page 8

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June 19, 1975



# Modern times come to the rating agencies

Continued from page 6  
gravitates to the quality end of the market. This means that the lower level ratings cease to have any meaning, or public validity. "The BBB rating is now out of favor with investors—so we review these ratings carefully," says S&P's Weinberger, hinting that these ratings are upgraded wherever possible. "This isn't what we meant to happen on a BBB rated issue," he laments.

The question of marketability and credit values should be kept distinct, says the team at Moody's. Which partly explains why one agency, S&P, dropped the rating on New York City bonds, and Moody's gave the city an A tag. "On a strictly credit basis, New York City is an A. And credit is what a rating is supposed to measure," Phillips explains.

Despite the end of the personality cult, and the homogenization of the analytic teams, there are some significant differences in outlook and operations of the two groups.

One difference lies in how each assigns its analysts. Moody's uses the system of having an analyst specialize in an industry. At S&P, each analyst is more of a generalist. There are differences in how they handle the issuing client. S&P will, upon request, establish what the rating will be before a company or city goes to the expense of filing a registration statement or printing a prospectus. This may occasionally save the issuer the embarrassment of having to cancel an issue,



JACKSON PHILLIPS

because of a low rating and correspondingly high interest cost. Moody's won't rate the issue before the prospectus is printed.

The men who run today's bond rating agencies are a very different breed from their authoritarian predecessors. They tend to be more faceless organization types, but still the responsibilities and business power they carry are awesome.

Moody's rating boss, Jackson Phillips, can prove to be a tough customer in dealings with corporations. Once a rating is decided upon by Moody's, and the issuer notified, Phillips won't budge. "We tell the issuer that our rating is not given as a bargaining tool. It isn't negotiable, and we won't change it."

Standard & Poor's Weinberger is younger than Phillips, and more obviously the young, aggressive district attorney type. To remind his customers of how tough he can be, Weinberger has a rock on his desk, on which the following grim words are engraved: "Has your heart turned to stone? The answer is simple — when it comes to ratings, there is no such thing as heart."



RAY WEINBERGER

In sum then, modern management has come to the once pesty world of rating services. They seem today far better attuned to the needs of the times. Still, it is an incredible power they yield. If there was a

federal agency with so much clout over ratings it would be perpetually attacked by the business community — as capricious, interfering, and heartless.

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June 18, 1975.

# Analyzing the outlook for tax reform legislation

Continued from page 2

If the prevailing climate for tax reform is still strong, the bill that is reported out by the Ways and Means Committee will stand a good chance of passage by the House. Only then will the Senate constitutionally be able to begin consideration of the bill. It will then be referred to the Senate Finance Committee under the chairmanship of Senator Russell Long (La.).

Knowledgeable observers are aware that Senator Long is an avid supporter of Employee Stock Ownership Plans. He is likely to go along with most of the House proposals if they include tax incentives for corporations providing ESOPs.

However, final action by the Senate Finance Committee is even more difficult to predict than it is for Ways and Means. The reason, as explained by one source close to the Senate Finance Committee: "The tax reform bill has never gone over to the Senate before. Year after year it has languished and died in the House. So the Senate has never seriously considered it."

Tax reform goes to the heart of the whole society — to the fundamental issue of who are privileged and who aren't. Which is why it is such a slippery issue. Put another way, it's a great pot of honey

around which all the interest groups in the nation come buzzing. How the issues will pan out is hard to say at this point in time. However, the following is a plausible scenario of what will happen to tax reform in upcoming months.

July 4 Chairman A. Ullman, in an Independence Day speech to his Oregon constituents, pledges that a tax reform bill will be enacted in 1975.

July 8 The Ways and Means Committee begins hearings. Various witnesses testify upon the advisability of allowing tax deferral of corporate dividends. The witnesses are evenly divided as to whether corporations should be allowed to deduct the cost of dividends from their pre-tax income, or whether individuals should be allowed to defer payment of tax on dividends that are systematically reinvested. Secretary of the Treasury William Simon presents the President's proposal for a new sub-classification of preferred stock.

A succession of witnesses alternately scourge and praise the current system of capital gains taxation. Those opposed to favorable treatment suggest that, at the very least, the holding period be extended to one year. Proponents of favorable

treatment support the sliding scale concept that would allow increased deductions for longer investments.

July 22 The House Ways and Means Committee begins closed door sessions to debate, write, and rewrite the tax bill.

August 21 The committee reports the Tax Reform Act of 1975. Key provisions affecting common stockholders include: — Tax deferral of dividends that are automatically placed in qualified reinvestment plans.

— An increase from \$1,000 to \$3,000 in the amount of ordinary income against which net capital losses can be deducted.

— A lengthening of the holding period required to qualify for long term capital gains treatment. Stocks purchased after January 1, 1976 must be held eight months. Stocks purchased after January 1, 1977 must be held 10 months. Stocks purchased after January 1, 1978 must be held one full year.

— A sliding scale addition to capital gains exclusion for stocks sold after January 1, 1976. In addition to the normal 50 per cent exclusion, a one per cent deduction for each year the asset is held over five years will be granted. The additional deduction will be limited to 20 per cent of

the gain on each asset (held for 25 years) and to not more than 75 percent of the overall net gain.

September 1 Chairman A. Ullman, in a Labor Day speech to his constituents, praises the tax reform bill and predicts House passage by the end of the month.

October 7 The Senate Finance Committee opens public hearings on tax reform legislation. A succession of witnesses virtually duplicates the testimony presented earlier to the Ways and Means Committee. Secretary of the Treasury William Simon once again presents the Administration's plan for a sub-classification of preferred stock.

October 29 The Committee begins to mark-up the bill.

November 14 The Committee reports a bill essentially similar to the House version; but calling for an increase of 2 per cent in the corporate tax investment credit, if the entire proceeds of the credit are used to provide Employee Stock Ownership Plans. The bill also scraps the repeal of the 25 per cent alternative tax rate.

November 27 Senator Long, in a Thanksgiving Day speech to his constituents, praises the tax reform bill, noting that the Employee Stock Ownership Plan provisions will allow the American public greater participation in the business of the country. He predicts quick Senate passage.

December 11 The Senate passes the tax reform bill. That same night, House and Senate conferees meet to hammer out a compromise between the two slightly differing versions of the bill.

December 19 After working frantically for more than a week under the intense prodding of Representative Ullman, the conferees agree on a compromise tax reform package that includes all the House proposals on dividends and capital gains (including the return of the repeal of the 25 per cent alternative tax rate) and reduces the addition to the investment tax credit of 1 per cent for Employee Stock Ownership

See TAX REFORM, page 14

## Rating Ways and Means on tax reform

One of the factors that makes the tax reform debate different in 1975 from previous years, is the presence of a flock of "liberal" new Congressmen on the House Ways and Means Committee. They are an enormous, if largely unknown swing factor.

To find out more about their propensities on this subject, the public interest Tax Analysts and Advocates group analyzed the different Congressmen's records over 16 roll-call votes during the legislative jockeying of the tax cut and of the recent energy bill. Their conclusions were that 1975 may not be their idea of a banner tax reform year. "Tax reform has less than a 50 per cent chance, if the past voting pattern continues," said Tax Analysts and Advocates.

This public interest group created a rating scale on the topic of reform. Out of a possible top score for a rabid reformer of 100 points, the committee averaged only 43. Only one reformer got a score of 100. The lowest score was a paltry six. There was some different, according to party affiliations. The Democrats scored 49, and the Republicans 32.

The 16 roll-call votes ranged over a wide variety of topics: from the depletion allowance for oil and natural gas, to preferential legislation for Chrysler Corp., and depreciation provisions on coal conversion equipment. Here are the 16 sample issues, and how they were disposed of by the committee.

Vote No. 1 — Motion by William A. Steiger, R-Wis., to strike the refundable 5 per cent tax credit for the working poor from the Tax Reduction Act was defeated on February 3 by a 15-20 vote. A vote against the Steiger motion is considered a pro-reform vote.

Vote No. 2 — A motion by Joe D. Waggoner, D-Texas, to phase out the 5 per cent refundable credit for the working poor at \$6,000 instead of \$8,000 was approved 19-16 on February 3. A vote against the motion was considered a pro-reform vote. Congress eventually approved a credit equal to 5 per cent of earned income up to a maximum of \$200 to be fully phased out at \$6,000.

Vote No. 3 — A motion by Sam Gibbons, D-Fla., to repeal the 22 per cent depletion allowance for oil and natural gas retroactive to January 1, 1975, was defeated 14-22. A vote for Gibbons' amendment to the Tax Reduction Act is considered a pro-reform vote. Congress eventually phased out the allowance for most oil and gas producers.

Vote No. 4 — A motion by Richard F. Vander Veen, D-Mich., to ease the loss carryback provisions of the tax law to aid the Chrysler Corp. and other major companies was defeated 16-17 on February 6. A vote against the motion is considered a pro-reform vote. A move to aid corporations with several years of losses was dropped from the Tax Reduction Act by the House-Senate conferees.

Vote No. 5 — A motion by Herman T. Schneebeli, R-Pa., ranking minority member of the committee, to double the corporate surtax exemption to \$50,000 was passed 23-13 on February 6. A vote against

the amendment is considered a pro-reform vote. The Tax Reduction Act ultimately changed the tax rate to 20 per cent on the first \$25,000 of income, 22 per cent on the second \$25,000 and 48 per cent on the amount above that.

Vote No. 6 — A motion by William J. Green, D-Pa., to direct the committee to ask the Rules Committee for a rule permitting a floor vote on his amendment to repeal the 22 per cent depletion allowance for oil and natural gas and also on the substitute motion by Barber B. Conable, R-N.Y., to increase the total amount of 1974 rebates to \$12.4 billion was defeated 12-23 on February 19. A vote for the Green motion is considered a pro-reform vote. Congress eventually repealed percentage depletion for most oil and gas producers and \$8.1 billion in rebates.

Vote No. 7 — A motion by Andy Jacobs, D-Ind., to strike from the Energy Conservation and Conversion Act (H.R. 6860 - H. Rept. 94-221) a tax credit equal to 30 per cent of home insulation expenses up to a maximum credit of \$150 was defeated 14-20 on April 24. A vote for the Jacobs motion is considered a pro-reform vote.

Vote No. 8 — A motion by James C. Corman, D-Calif., to exempt taxicabs from 75 per cent of any part of the additional 20-cent per gallon gasoline tax that is triggered in 1977 was adopted 20-12 on April 29. A vote against the Corman motion is considered a pro-reform vote.

Vote No. 9 — A motion by William A. Steiger, R-Wis., to strike the trust fund was defeated 15-19 on May 6. A vote for the Steiger motion was considered a pro-reform vote.

Vote No. 10 — A motion by Fortney H. (Pete) Stark, D-Calif., to strike five-year amortization for coal conversion equipment was defeated 12-21 on May 7. A vote for the Stark motion is considered a pro-reform vote.

Vote No. 11 — A motion by Charles A. Vanik, D-Ohio, to reconsider an earlier vote to strike a business tax credit for insulation and solar energy equipment was approved 18-11 on May 7. A vote against the Vanik motion is considered a pro-reform vote. The credit had been defeated on a voice vote but, after reconsideration, was passed by a voice vote.

Vote No. 12 — A motion by James C. Corman, D-Calif., to strike the recycling tax credit was defeated 12-18 on May 7. A vote for the Corman motion is considered a pro-reform vote.

Vote No. 13 — A motion by Sam Gibbons, D-Fla., to strike the extension for three years of the 10 per cent investment tax credit for coal mining equipment was approved 20-13 on May 7. A vote for the Gibbons motion is considered a pro-reform vote.

Vote No. 14 — A motion by Charles B. Rangel, D-N.Y., to permit Consolidated Edison Co. to use tax-exempt bonds was defeated 13-20 on May 7. A vote against the Rangel motion is considered a pro-reform vote.

Vote No. 15 — A motion by Chairman Al Ullman to provide for exemption of taxes on dividends reinvested in electric utilities was defeated on an 18-18 tie vote on May 7.

A vote against the Ullman motion is considered a pro-reform vote.

Vote No. 16 — A motion by William J. Green, D-Pa., to strike the recycling tax credit was defeated 15-21 on May 12. A vote in favor of the Green motion is considered a pro-reform vote.

On this evidence, Tax Analysts and Advocates concluded that, "The committee votes showed that liberals and conservatives alike cannot resist the attraction of seeming to do something to solve problems by use of the tax code, rather than favoring direct subsidies. Even some of the liberals supported proposals that were obviously designed for special interests, such as a bail-out for Chrysler, and an exemption for taxicabs from the gasoline tax."

The public interest group then unveiled its ranking of each Congressman on its "tax reform scale."

TAX REFORM SCALE	
Sam Gibbons, D-Fla.	100
William Green, D-Pa.	88
Fortney H. (Pete) Stark, D-Calif.	88
Andy Jacobs, D-Ind.	88
Abner J. Mikva, D-Ill.	88
Martha Keys, D-Kan.	81
William M. Ketchum, R-Calif.	70
Charles A. Vanik, D-Ohio	69
James C. Corman, D-Calif.	69
Joseph E. Karth, D-Minn.	69
Bill Frenzel, R-Minn.	56
Charles B. Rangel, D-N.Y.	50
Joseph L. Fisher, D-Va.	50
L.A. (Skip) Bafalis, R-Fla.	50
Barber B. Conable, R-N.Y.	44
Henry Helstoski, D-N.J.	99
William R. Cotter, D-Conn.	38
William A. Steiger, R-Wis.	38
Merman T. Schneebeli, R-Pa.	31
Al Ullman, D-Oreg.	25
James A. Burke, D-Mass.	25
Herman T. Schneebeli, R-Pa.	31
Al Ullman, D-Oreg.	25
James A. Burke, D-Mass.	25
Phil Landrum, D-Ga.	25
Otis G. Pike, D-N.Y.	25
Richard F. VanderVeen, D-Mich.	15
James Jones, D-Okla.	25
John J. Duncan, R-Tenn.	25
Donald D. Clancy, R-Ohio	25
Dan Rostenkowski, D-Ill.	19
Richard H. Fulton, D-Tenn.	19
Omar Bureson, D-Texas	19
Joe D. Waggoner, D-La.	19
Bill Archer, R-Texas	19
Philip M. Crane, R-Ill.	19
James G. Martin, R-N.C.	19
Guy VanderJagt, R-Mich.	13
J. J. Pickle, D-Texas	6
Wilbur D. Mills, D-Ark.	Absent

The higher the score the greater the member's support of tax reform. Absences lower the scores. William Ketchum was a member of the committee for only 10 of the votes. If only these votes are counted, his score is 70. However, if it is assumed he would have joined the majority of other Republicans on the other six votes, his score would be 44.

## Janeway

Continued from page 5

powerful just because they happen to be rich at the moment is to take them at face value. Chairman Burns knows better. Two facts of life call this easy assumption into question.

The first is a special circumstance of the oil war. The major, foreign oil-consuming powers are dollar powers, too, and they are guaranteed to follow any American lead aimed at dividing the petropowers preparatory to knocking the price of oil down. The second is applicable to any relations between debtor and creditor governments. A government that plays the wise guy in accumulating the currency of a country deemed to be at a disadvantage — as America is thought to be, vis-a-vis the petropowers — is putting itself in the hands of the debtor power.

Chairman Burns has known all along that America is anything but the pitiful, helpless giant that her official negotiators have made her out to be. Nevertheless; he waited until his latest trip to Europe the week before last to announce his readiness to mop up and dry out the Niagara of dollars swirling around in the Eurodollar market. His tactical reason for having delayed so long has been the hope that the executive branch, which does the negotiating with foreign governments, would get its house in order in time to permit him to deal with the dollar powers from strength.

Instead, he has felt obliged to sound a note of alarm — but not just for America. All the foreign dollar-holding powers — the oil-producers and the consumers alike — have a vested interest in America doing well enough for the dollar market to do well, too.

Burns' announcement puts them on notice that America is getting ready to redeel the dollar cards. No power in the history of the world has tolerated loose and limitless trafficking in an equivalent currency not subject to its sovereignty as America has on the \$100 to \$200 billion scale enjoyed by the Eurodollar market. Burns has just branded this as the menace it is.

The double play waiting to be made calls for recycling the idle dollars now inflating the Eurodollar market into U. S. Treasury securities. Exporting part of the budget deficit and saving on oil costs would retrieve this troubled situation from the still avoidable depression threatening it.

# Financial News Digest

IN MINUTES — What other financial publications are covering that you should know.

## What the Digest is . . .

The Financial News Digest is a weekly feature edited by J. Robert Sherman. Each week important articles in business and finance appearing in other selected publications are condensed for you. All publicly-traded companies' names appear in bold. The name of the publication and the number of the page on which the story appears follows each condensed story.

The Financial News Digest condenses:

**Weekly:**

- Barron's
- Business Week
- The Economist
- The Financial Post
- Newsweek
- Time
- U.S. News & World Report

**Semi-Monthly:**

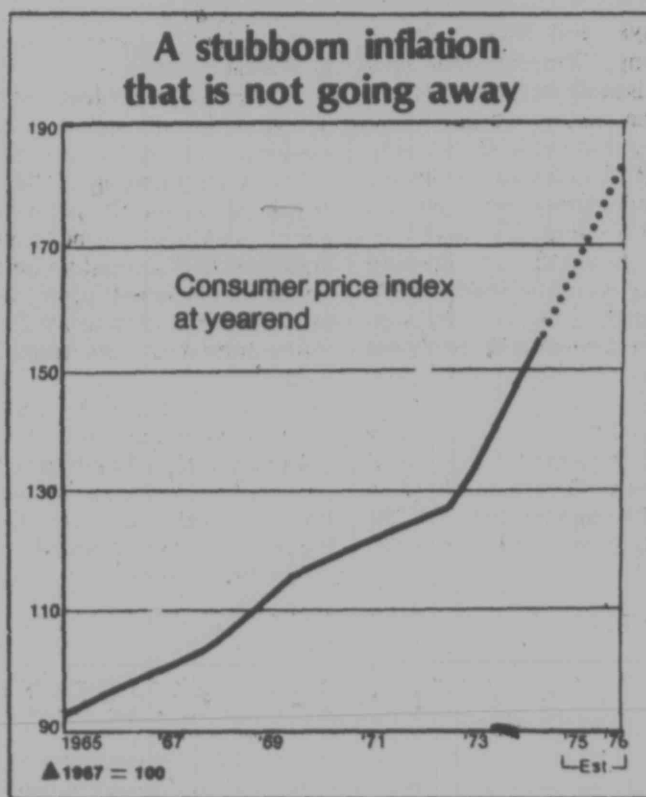
- Forbes

**Monthly:**

- Fortune
- Institutional Investor

**Every two months:**

- Harvard Business Review



inflation will have considerably more easing, getting down to about 4 per cent by yearend and remain there through 1976.

[Business Week, p. 44]

provide F-16 lightweight fighters to four European nations, may cause the Europeans to get moving toward the development of a united aerospace industry. Immediately, the award to GDC instead of France's Dassault and its Mirage F-1, could mean some offset agreements that might result in the U.S. buying some of its other defense needs from foreign countries. For instance, Belgian-made machine guns are being considered by the Defense Dept to replace guns mounted now on Chrysler M-60 tanks. This could result in a loss of business to Maremont Corp., of Chicago, which is the sole supplier of those tank guns for 13 years. Defense contractors are in fear that othersuch fighter plane deals might include some sort of sweetener like this one.

[Business Week, p. 51]

## Seven up dry

Leases in the Gulf of Florida bought over a year ago by oil companies that wildcatted them, came up as seven dry holes, and have been given up. The six leases cost a record \$632-million and there are no further plans to drill anymore of the 5760 acres on the Destin Anticline. Named: Exxon, Mobil, Champlin Petroleum.

[Business Week p. 53]

## Business tax reform

That they need to put together a package containing tax breaks for business is well known by Administration officials, but how to do it so that they can sell it is another matter. For one thing, they and Treasury Sec. Simon are blaming the slowness of capital investment on the tax structure. So they may ease up on corporate earnings and capital gains to tilt the balance back again in favor of investment. Some proposals have been rejected, so others with options are being studied.

[Business Week, p. 54]

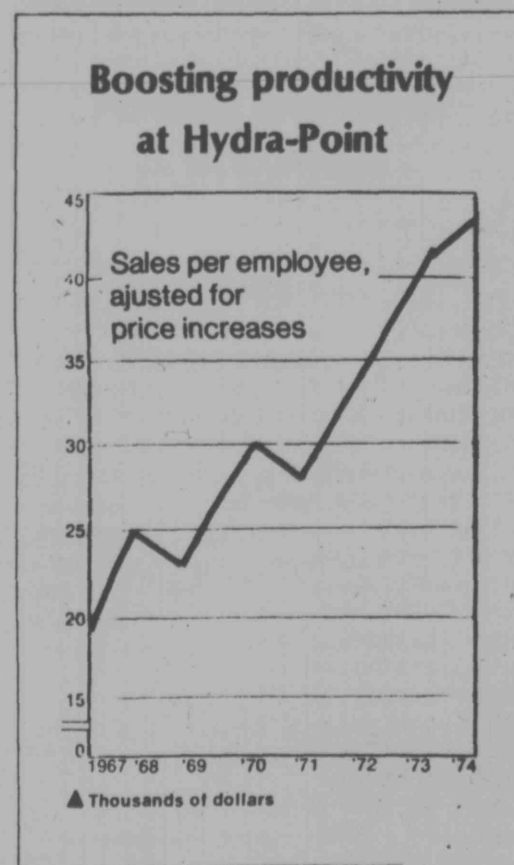
## A glut of tankers

A slackening of demand did what everyone thought it would do. It put a lot of tankers in mothballs and for some owners it is a case of riches to rags. Tankers lying at anchor are swallowing up millions of dollars, and orders for new tankers are being canceled which costs millions more in compensation. Named: Reksten of Norway; Akers group of Norway, Britain's Hambros, Ltd., H. P. Drewry, Ltd., Gulf Oil Corp., Mitsubishi Heavy Industries, Ltd.

[Business Week, p. 56]

## Boosting productivity

A Cheektowaga, N.Y. firm, Hydra Point Div., of Moog, Inc., which makes machine tools, has found that by cutting costs, redesigns



and better marketing, its productivity is improved. Their operations had sales of \$20,000

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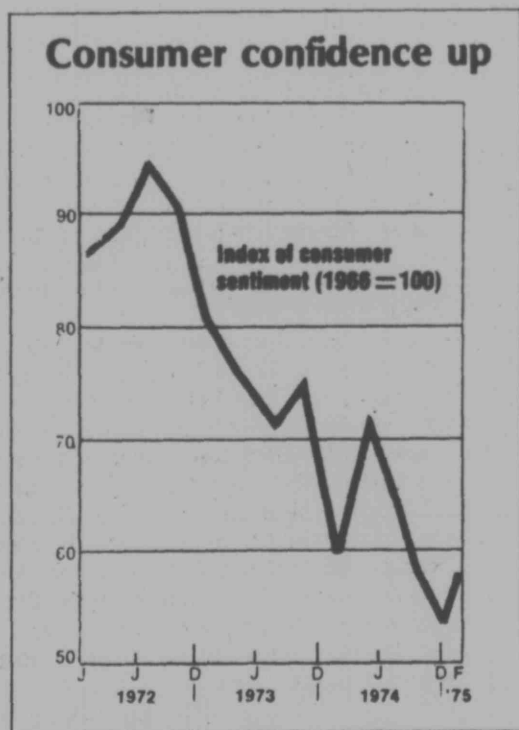
## Digest briefs

### Business Week

Issue of June 23

#### Consumer spending

People are beginning to spend but cautiously, apparently wary of inflation. But they are more optimistic than they were eight



months ago, according to a BW survey. The tax rebate is giving a boost to retail sales, but many consumers are holding on to it for other than retail purchases.

[Business Week, p. 43]

#### Looking at inflation

The current consensus of economists is that price increases will level out at 6 per cent through 1976, a high track, which is the view held by Fed Chairman Arthur Burns, who said the high rate of inflation was a long time abuilding and came about largely through mismanagement. As a result, he expects it to take a little longer to "wring" out of the economy. Not everyone agrees with the consensus for inflation's path. A minority is led by economists of First National City Bank and including economists from Harris Trust & Savings Bank, Chicago, and C. J. Lawrence, a New York brokerage house. They think that

#### Treasury's embarrassment

The U.S. Treasury Department's finance managers planning for the deficit period in the summer, have \$9 billion in the till, but this may give them a false sense of security about their needs for financing, otherwise might set up unsophisticated investors buying Treasury bills, for instance to suffer later if and when bill rates decline. Others say the Treasury should declare what its requirements for specific funds will be at any given time. It is a tricky business for the managers.

[Business Week, p. 47]

#### Strip-mining encore

The strip mining fight is not over, although the House sustained President Ford's veto of it by a mere three votes. The coal industry plans to continue its efforts to implement ambitious plans to develop Western coal. Environmentalists are aware of that and are prepared to use alternative strategies, one of which would be to get a bill to develop the U.S. Navy's Elk Hills petroleum reserve in California. And if that doesn't make it, they plan an effort to limit the authority of the Interior Dept. to lease federally-owned coal land in the West while awaiting a stronger strip-mining bill. Until something definite comes along, Western coal operators will continue to be unsure about what to do.

[Business Week, p. 48]

#### One if by sea. . .

Oil for the lamps of New England, or at least oil from their offshore territories, may become a reality at long last. Environmental resistance has been cracked in Maine, where the Board of Environmental Protection approved a request of Pittston Co. of New York to build a \$500-million refinery in the deepwater harbor of far-off Eastport. Then Boston business leaders revealed that they have been talking to New Hampshire's Gov. Thomson about building a refinery in the Granite State.

[Business Week, p. 48]

#### Defenders sue

There are broad implications in a suit brought against Lloyds of London by Flintkote Co., which tried to recover through its D&O liability insurance, for fines it paid for its executives in a criminal price-fixing case. Lloyds declines to comment, but its refusal to pay could affect the scope and cost of such insurance in the future. About 75 per cent of major U.S. corporations use it.

[Business Week, p. 50]

#### Startled Europeans

It is now believed that the big award to General Dynamics Corp. of the contract to

# Digest briefs

Continued from previous page

per employee in 1968, but by last year it had come up to \$43,000. Good management brought it from the edge of disaster to profitability. Named: **Bridgeport Machines, Inc., Textron, Inc., Maehr Mfg. Corp., Seaboard Machinery Co., Kearney & Trecker Corp., Surfran Co.**

[Business Week, p. 58 H]

## A hopeful result

Britain's yes vote in favor of remaining in the European Economic Community (EEC) may not affect the short term plans of business, but it has some gloomy portents for the future. Mr. Harold Wilson shook up his cabinet, but it still is no answer to the runaway inflation that is plaguing Britain. Its international debt will probably eat up much of the nation's future North Sea oil revenues, and wage demands continue to be met. The pound continues to sink and can go deeper down, maybe as low as \$2.20 by the end of the year. To prevent massive outflows of funds, the Bank of England has pushed interest rates three points higher than they are in New York. Britain's economic slide threatens to continue.

[Business Week, p. 58]

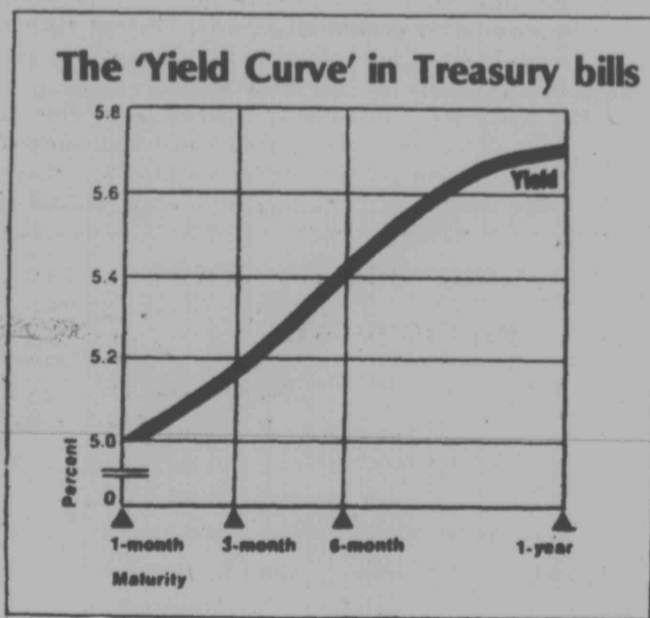
## Explosive cleaning

Shipowners have come upon a new way to clean their hulls—by blasting. They are doing it at a saving of \$250,000 every two years, and without putting the vessels in dry dock. Plastic-coated explosive cord is detonated underwater near the hull, and that does the cleaning. Named: **Exxon Corp., Butterworth Systems, Inc.,** whose SCAMP system does the job with submersible vehicles and brushes; **Sea Mesh Corp.,** which has the unique explosive system; **Todd Shipyards Corp., American President Lines, Ltd., Shell, Lykes, Salen Shipping Co.**

[Business Week, p. 66 I]

## Redemption outpace sales

Funds lately have had to redeem more shares than they have been selling. One is going out of business while another is growing at a faster rate than ever. The difference is in how they operate. Going out is California's **Liquid Daily Resources** and Palo Alto's **Capital Preservation Fund** is pushing ahead selling Treasury bills. At first blush that may sound Houdini-like, but its doing it by "riding the yield

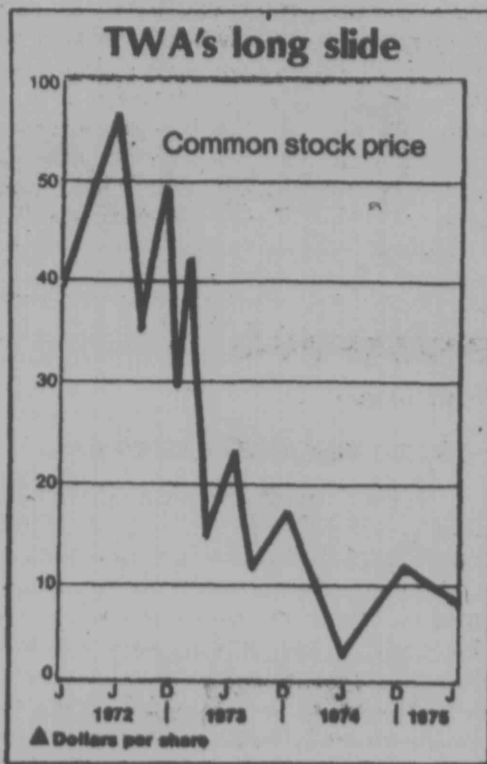


curve," buying one-year bills and selling them just before maturity. At the right moment, of course. There is a danger that the yield curve can swing against you, in that short maturities return more than longer ones if the market turns. That happened last summer. However, investors who think there is a hint that the yield curve is going to turn, can sell out quickly due to the quality and liquidity of Treasury bills.

[Business Week, p. 76]

## Sustained dive

**Trans World Airways** is in a sort of stall and the question is whether it can safely pull out and get on a level flight path again. That path being a return of profits, maybe by late 1976. Its shares were driven up earlier this year by hedge funds from 5.25 to 12.5, but went back to 8 recently as the fear of increased fuel costs arose as a traffic decline developed. The cost of jet fuel is yet a factor to come, which will deter-



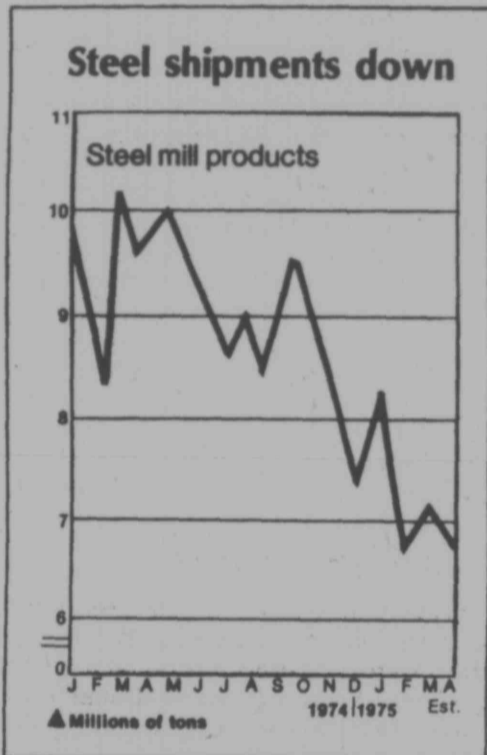
Data: BW

mine the fate of TWA, which is a speculation anyway. There are plenty of ins and outs and a fair share of ifs for the TWA play.

[Business Week, p. 80]

## The gathering storm

**Bethlehem Steel** is getting ready for what is already developing as stormy competition among steelmakers only ten months after they thought the heavy demand for their product



Data: American Iron & Steel Institute

would continue on into the eighties. At that time they were rationing steel among their customers. Now Bethlehem, second only to U.S. Steel is reported to be offering discounts to its customers. The last two months have seen a heavy decline, about 30 to 40 per cent, and the next few months will be very difficult. The slump in auto sales are hurting too. Named: **Armco Steel Corp., Republic Steel, National Steel, Inland Steel, Jones & Laughlin, Lykes-Youngstown, Wheeling-Pittsburgh.**

[Business Week, p. 91]

## Barron's

Issue of June 16

### Getting into the act

The photocopier industry is getting crowded, and as a result the bullishness of Xerox of five years ago is not the same today. Growth prospects for earnings of about 12 per cent a year are expected. Other companies have entered the industry certain that they can get a good piece of the market. Named: **Eastman Kodak, Pitney-Bowes, SCM, IBM.**

[Barron's, p. 3]

### Hospital companies

For those firms doing business in, at, around and about hospitals, the prognosis is good. Wall Street likes them. Chain-owned hospitals are doing well, not due so much to investment as to expertise of operations. They are expected to grow to ten times current size and probably generate some \$10-billion annually. The larger chains although amid many problems that have hurt smaller hospitals more, have been consistent money-makers. The trend up continues that way due to easing of inflation, outpatient facilities growth, more services and management contracts. Named: **American Medical Int'l., American Medicorp,**

**Befery Enterprises, Charter Medical, Hospital Affiliates, Hospital Corp. of America, Humana Inc., Huntington Health Services, Medenco Inc., Nat'l Medical Enterprises, R. M. Medical.** [Barron's, p. 5]

### Put'n calls going

The rush to the Chicago Board Options Exchange is clearly evident to the old put and call dealers, who have been shuttin up shop in increasing numbers lately. They have been in business for some 40 years, and the end is almost entirely at hand. There are only five or so remaining, the others having been done in by the modern, two-year-old CBOE. And oddly enough, few if any of them have taken advantage for their businesses through the CBOE. One of the only things they have left is hope, but then, doesn't everyone!

[Barron's, p. 9]

### Renting guards flourishes

Some communities, notably New York City, are cutting back their police forces. Many of the out-of-work constabulary may easily find jobs as security guards, for the industry is doing a plus business. The industry has enjoyed a 10 per cent annual rise in sales and profits over the past decade. The recession has bothered them not at all, and they expect the trend of growth to continue. Named: **A-T-O Inc., Baker Industries, Burns Int'l Security Services, Guard-smark, Walter Kidde, Pinkerton's, Wackenhut.**

[Barron's, p. 11]

### Bringin' home the bacon

If you are a futures trading investor, it may be of interest to you that pork bellies are getting more expensive. Bacon at \$2-a-pound may be in the offing, but the June 23 "Hogs and Pigs Report" of the USDA will really tell the story. Hog bellies are of course, uncured, unsliced bacon—in the rough, so to speak. Hog and pig inventories will be down 17 per cent in the first half, so are breeding herds. In other words, there's a bacon shortage ahead, and what there is of it will certainly be more expensive. So, of course, will be pork bellies futures.

[Barron's, p. 38]

## The Economist

Issue of June 14

### Still in the EEC

Britain's manner of counting its votes demonstrated perfectly a national consensus for Europe, with 66.7 per cent in favor of remaining in the EEC and 33.3 voting no. The total turnout was 60.8 per cent, and the results announced by counties left no chance for hiding the sentiments of the voters in certain areas.

[The Economist, p. 18]

### Bribes for contracts

Officials of California's arms-making **Northrop** revealed that the company paid out more than \$1m in bribes to get foreigners to purchase their fighter aircraft. It paid \$450,000 to two Saudi Arabian generals; paid an official in Indonesia and a tax assessor in Iran. Such payments are apparently not illegal in the U.S., and are a way of life in the third world. It appears that Northrop is not alone in such practices, as other companies are going to come under the scrutiny of Sen. Church's investigating subcommittee. Such activities have caused considerable embarrassment to the U.S. abroad. Much more may yet be revealed by Sen. Church's committee and the Securities and Exchange Commission, which is investigating a number of companies about such activities. Named: **General Dynamics, United Brands, Gulf Oil, Lockheed.**

[The Economist, p. 44]

### No Eurobulls

While now is no time to plunge into the London stock market just because Britain is to remain in the EEC, there are some arguments for buying. For one thing, Britain is expected to be dragged out of its dumps when the world boom starts, which is imminent. There's plenty of cash in the institutions, shares are still bargains with low p-e ratios, and dividends are historically high. But the market should forget about dividends for awhile, for it is wiser, and the investors should realise it, for companies to invest their cash in real assets than to pay out dividends.

[The Economist, p. 62]

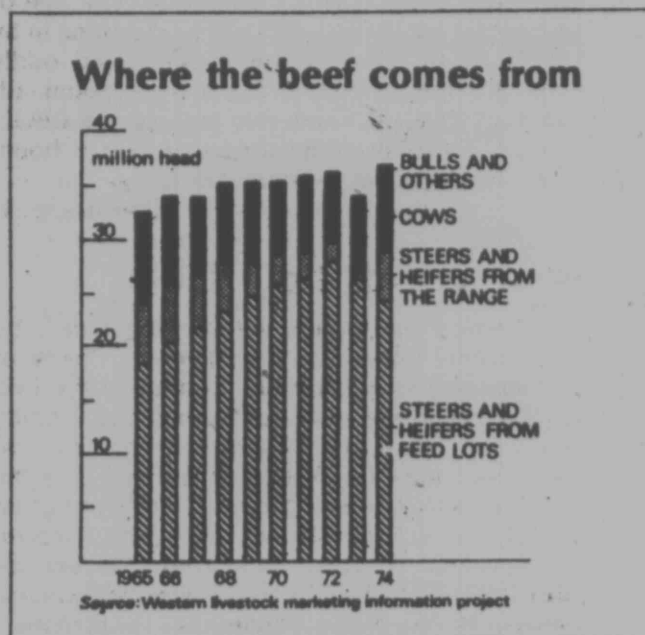
### From range to range

A Greeley, Colorado, feedlot operator  
Continued on the Next Page

# Digest briefs

## Continued from previous page

claims to be the only completely integrated beef-producing operator in the U.S., preparing cattle for the kitchen range all the way from the mountain range. The firm, **Monfort**, has eliminated seasonal factors in raising cattle for



market with ideal climatic conditions and a feeding system developed during the past 20 years. A computer console is used to keep everything on an automatic basis to bring the cattle to the right weight at the right time. They feed steers on fresh alfalfa in summer and maize silage in winter. The company uses 25m bushels of maize a year. The completely computerised plant handles up to 13,000 carcasses a week. Monfort has its own cuts and styles of meat products and its management thinks profitability will return to cattle feeding when cattle are made to convert more grass and silage into protein rather than expensive maize. [The Economist, p. 46]

## Financial Post

Issue of June 14

### Quickie recession

The plastics industry, basing its beliefs on what has been happening to business during March and April, expects its recession to be the shortest in history. As far as its executives are concerned, the bottom has been reached. Orders have increased in their market, which had a record \$407 million top last year. Named: **Shell Canada Ltd.**, **Rohm & Haas Canada Ltd.**, **Bayer [Canada] Inc.**, **Petrosar Ltd.**

[Financial Post, p. 1]

### Budget deficit questions

Canada's taxpayers may come through the upcoming \$4-\$5 billion budget deficit unscathed, but the energy investment situation may not be unscathed. There are some questions about price and wage controls, taxes, either up or down, and government spending plans. A big question involves policy about energy prices in Canada and abroad and whether oil's price will be increased \$1 per barrel on July 1 when the current price agreement ends. It would be inflationary and might hurt business expansion. However, an increase in oil prices would help Ottawa's outlays for oil subsidies.

[Financial Post, p. 1]

### Canadians traveling again

If you can demonstrate to people that you will give them a fair shake for their money, or perhaps even a little more, and if they are of a mind to believe you, you can increase your business if you are in the travel business. Canadians are on the move again, getting back to their normal 'patterns' of travel. Price is not so much an issue as 'value' received for the amount of money laid out. So for airlines, agents, and others, it may be smooth flying ahead. Named: **Horizon Holidays of Canada**, **CTAL**, **Ontario Motor League**, **British Airways**, **CP Air**, **Wardair**, **Suntours Ltd.**, **French National Railroads**, **German National Railroads**.

[Financial Post, p. 1]

### Cars at U.S. mercy

When the economy south of the Canadian border is going well, the Canadian auto industry does well too, for 70 per cent of its production goes to the U.S. But when the U.S. is not faring so well economically, its consumers have Canada at their mercy. For instance, the

demand for cars by Canadians this year is down only 5 per cent, but because the auto industry is so dependent upon what it sells to the U.S. market, which is down, so is production here—down by 20 per cent. Maybe it will result in some changes in the free-trade enjoyed by Canada and the U.S., to remove Canada's remaining immunity from future U.S. problems. [Financial Post, p. 8]

## Newsweek

Issue of June 23

### Checking rebate checks

People found more varied ways to spend their rebate checks than there are fleas on hound dog, and a survey reveals that all in all, spending of the tax windfalls by consumers had a tonic effect on retail sales, which showed a 2.2 per cent rise in May, which is an unusually big gain for a single month, according to the Department of Commerce. People seemed to be buying such things as color TVs and apparel; major appliances demand grew by 15 per cent and merchants were reordering. **Mellon Bank** reported that in the clearing of 2300 rebate checks, only 15 per cent had been deposited to savings accounts. At least enough money is being spent once again to give the economy a gentle upward nudge. [Newsweek, p. 67]

### Eviscerated energy bill

Congress, perceiving voices back home, chose to do virtually nothing about an energy bill, but instead gutted it, removing anything that might remotely establish an effective policy. Proposals to raise the price of gasoline by 3 cents and then 20 cents were thrown out, oil-import quota provisions were softened as were penalties for gas-guzzling cars. At the same time, the Organization of Petroleum Exporting Countries (Opec), was warning the U.S. and others that it plans to raise the price of oil in October after the current freeze thaws. Not only that, but they will not base prices on the dollar, but upon the new currency, Special Drawing Rights of the International Monetary Fund. That alone will kick up the price about 25 cents a barrel due to the weakened dollar. The Opec increases may go as much as \$1 a barrel. For the week, energy developments were disappointing for America. [Newsweek, p. 69]

### Auto sales: —UPI?

Well, auto sales were up, but not for your general run of manufacturers. In fact, while they were suffering heavy, almost disastrous declines, West Germany's **Daimler-Benz AG**, was enjoying a 9 per cent increase of sales of its elegant Mercedes-Benz. Among other things it did recently to warm its financial heart, was the sale of 14 per cent of its stock last year to Kuwait for \$400 million. And if imitation is the sincerest form of flattery, **General Motors** did it with its Cadillac Seville, said to have lines suspiciously reminiscent of the Mercedes. Many manufacturers hold up the Mercedes by which to measure their own products. Named: **Volkswagen**, **Ford**, **Volvo**. [Newsweek, p. 79]

## Time

Issue of June 23

### Under the table

No matter how you look at it, money given out for favorable treatment of a project, product or persons, is still bribery, and there's been plenty of that lately. It goes by different names, but it exists everywhere. The latest U.S. case involved some payments admittedly made by **Northrop Corp.** The firm claims that the \$30 million spent overseas was legitimate. Other recent cases involved **United Brands** in Honduras, and **Gulf Oil** in South Korea. Northrop's Chairman Thomas V. Jones foresees a global market for 2500 Cobra II fighters, with a price tag of 4 to \$5 million each. [Time, p. 52]

### Breaking the barrier

**General Dynamics Corp.** of St. Louis, had good reason for an all-night celebration and an ocean of champagne last week in Paris after it sewed up the "arms deal of the century." Belgium which had been holding out, finally agreed to become part of the NATO consortium including Norway, Denmark and the Netherlands to buy GDC's F-16 fighter plane. This means 348 planes for the four countries for \$2.1 billion, added to the 650 F-16s already ordered by the U.S. Air Force. In all, the 998-

plane sale will create some 40,000 jobs in the U.S., plus thousands more overseas for NATO countries that have a piece of the production action (parts, etc.), and eventually a 1500-plane goal could bring in \$9.1 billion which would add a whopping \$4.3 billion to the U.S. trade balance. The French lost out with their Dassault Mirage, but at least the feelings of French-speaking Belgians may have been assuaged when the U.S. said it might buy \$30 million worth of Belgian machine guns from their part of Belgium. [Time, p. 53]

### The cost to buy

Ask anyone who has ever bought a house and they will tell you that it is costly to close the deal, right down to the last tense moment. There's a new federal law in effect this week that will at least forewarn buyer and seller what to expect in the nature of the cost of the closing settlement, and at least 12 days prior to the completion of the sale, requiring an itemized list of the cost to close under the Real Estate Settlement Procedures Act. [Time, p. 58]

### Combined no-choice

Auto rental companies have been found by the Federal Trade Commission to have been conspiring among themselves to see to it that consumers renting automobiles at airports chose one of the Big Three or none at all. They are **Hertz**, **Avis** and **National** who are said to have frozen competitors out of airport business. That translates to about 70 per cent of the \$700-million car rental annual business. It also meant, according to the FTC, that they kept car rental prices artificially high. They are also charged by FTC with submitting identical bids for airport concessions. They tried harder, but if you could have rented a competitive car, it would have cost you less—from 10 to 40 per cent less. Named: **Ford**, **Chrysler**, **General Motors**. [Time, p. 58]

# Digest major stories

## Business Week

### Conglomerates moving

For investors the affair with the conglomerates has been a love-hate relationship. They loved 'em in the sixties, the bull market time when the big ones seemed unlimited in potential growth. Then it turned into hate when growth stopped when accounting changes came along.

But the conglomerates have been able to find some new lovers on Wall Street because of good management and successful diversification that is not subject to economic

### Conglomerate stocks on the move

	Recent price	Dec. 31, 1974	Current p/e ratio*
Gulf & Western	38%	25%	5
ITT	23%	14%	7
Ogden	18%	13%	4
Textron	24	12%	9
TRW	23%	14	8

\* Based on latest 12-month earnings

cycles. Certainly, there are still some reservations about troubled examples as **Bangor Punta Corp.**, **U. S. Industries, Inc.**, and former high flyers like **LTV Corp.**, and **Litton Industries**. On the other hand, take a look at what happened to **Textron, Inc.**

It has doubled its share price since Jan. 1, it has huge diversification and highly regarded management. Others that have advanced include **Transamerica**, **ITT**, **TRW**.

Don't go away. The analysts still like some of the things they see. There are still some bargains down in the basement, cheap relative to the market, with high current dividends and the potential to outperform all corporate profits in 1975. These include, according to analyst Harris S. Colt of Auerbach, Pollak & Richardson, **ITT**, **Textron**, and **TRW**. The philosophy of conglomerates can work and is shown in the

Continued on the next page

# Digest major stories

## Continued from previous page

example of **Gulf & Western Industries**, according to analyst J. Loring Swasey, Jr., of Kidder, Peabody & Co. G&W is expected to have an \$8-per-share profit this year, nearly 3.5 times its earnings of 1970. Swasey said that if one area is weak, there is always another to take up the slack at G&W.

**Ogden Corp.** is the choice of another analyst, N. Leonard Jarvis of Shearson Hayden Stone, Inc. Ogden's earnings in transportation operations will be up, enough to offset failings in its metals division.

Insatiable appetites for some conglomerates got them into serious trouble from which they never surfaced. But you can't say the same of them all, some of which are considered "multi-industry" companies of the type of General Electric or RCA.

Doing well with some acquisitions while not so well with others is **Rockwell International Corp.**, experiencing some difficulty with its **Admiral** property, but succeeding with its **Collins Radio** acquisition.

[Business Week, 6-23, p. 80]

## The Economist

### Commodities questions

Will the boom-bust in commodities revisit us in 1976-77? Maybe the price boom of 1972-73 will be repeated. There is some indication that this is already happening, at least in the wool market, which led the current downturn in the fall and may now be leading the way back up.

Right now, output is 10 per cent less than capacity in the big industrial countries and they are using up their raw materials stocks and will have to return to the market for more when they hit the bottom.

World demand has a considerable amount to do with it, and much depends on whether governments push themselves into deflation. At the moment the big three, America, Japan and Germany, are headed toward recovery, but their base is low.

Meanwhile, what has happened to the cartel craze and indexation of commodities? Nothing, really, except that the cartel craze has subsided. For one thing, strongarm tactics didn't work nor even begin to approach the clout of the oil producers of Opec. Second, the rich countries have come to the belief that keeping prices more stable is to their own best interest. And as for indexation (pegging price hikes of commodities to inflation of manufactured imports from the West), Mr. Wilson of Britain is studying it, and the Americans are opposed to it, although Mr. Kissinger is not so vehemently opposed as he once was.

He had another idea at a meeting of OECD in April for relations with developing countries for "reliable, long-term stability and growth in export earnings." But that's not indexation but might include some of the following:

A Fund for International Development of Agriculture for \$1 billion a year; large stockpiles of grain reserves stored at American expense; agreements between producers and consumers and settlement of disagreements on a case-by-case basis.

Also financing of natural resources investment with more involvement of the World Bank; creation of a \$2 billion trust fund in the International Monetary Fund by 1976 for loans to the poorest of the poor countries. The foregoing represents a change in American policy, and with its wealth behind it, Mr. Kissinger's ideas could come to fruition. There is always the danger, however, that larger commodities surpluses could be piled up and weaken prices further in the long run.

There are other, more ambitious and complicated schemes, but they are not too encouraging.

[The Economist, 6-14, p. 50]

## Financial Post

### Shades of forty-nine

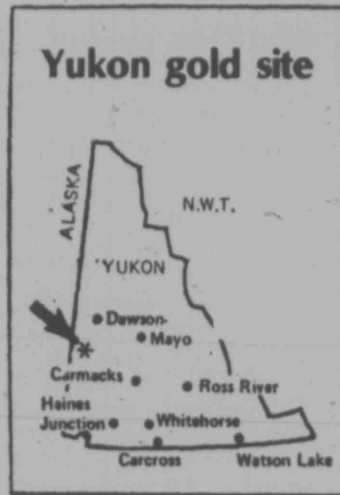
Remember the days of '49?—but of course

you don't!—when the gold rush was on? There's a new one, this time in the Gold Range area of the Yukon-Alaska border. Rumors, anyway, if not an actual big strike. But the rumors have been enough to send a rush of the year's best trading volume on the Vancouver Stock Exchange. Some 4.2 million shares were traded June 4.

The promoters are talking up the Yukon discovery and if the truth is in them, the exchange will continue to have a lot of trading in speculative mining issues.

Those include lead-zinc prospects, for in the eastern **Barrier Reef Resources Ltd.** is resuming drilling, along with other companies. Shares of Barrier Reef went up to \$2.75, an increase of 30 cents, last week with a volume of 132,000 shares.

**Claymore Resources Ltd.**, is the center of the gold play and had a secondary offering of 150,000 shares at \$1 per share in the works last week. A pair of geologists from Edmonton are at



the forefront in this one. They are John Greig and Anthony Rich.

Their statement claims "two quartz veins exhibiting visible gold. The dimensions of these veins have not yet been determined. A third quartz vein, exhibiting visible gold, has been revealed nearby."

Needless to say, Claymore's shares have increased—from 65 cents a month ago to \$1.50 last week, closing at \$1.30 for a net gain of a nickel. Low for the year was 23 cents. Volume last week was around a quarter million shares.

Some veterans of the mining wars say that evidence of a rainbow, in this case veins of yellow, do not necessarily mean there's a pot of gold at the end of it. There may not be enough evidence of ore here to support a mine. Promoters have been hustling to buy ground around the find. Meanwhile, independent assessments are being made, notably in one case by consultant Louis Manning.

Among the companies in the area of the discovery are the following: **Golden Standard Mines Ltd.**, **Betlina Resources Inc.**, **Sonesta Resources Ltd.**, **Cutlass Explorations Ltd.**, **Amber Resources Ltd.**, **Geo-Dyne Resources Ltd.**, **Envoy Resources Ltd.**, and **Nighthawk Mines Ltd.**

Offerings were made last week at the time the Claymore financing was going through, by **Great Bear Mining Ltd.**, and by **Sproatt Silver Mines Ltd.**

[Financial Post, 6-14, p. 1]

## Newsweek

### Automobile turnaround

The automobile as you have known it will be no more. Detroit is preparing for a wide turn, a swing to be completed by 1978 by which time you will be driving a smaller, lighter, more economical car. Or, at least, it will give you more miles per gallon than it does now. But perhaps not much else. For one thing, it'll cost more.

The strip-down to a leaner-lighter look is now on in earnest, characterized by James McDonald, a **General Motors Corp.**, executive vice president, as "the greatest turnaround ever in the history of the auto industry."

This spring has been the worst in the industry's sales history since the thirties and probably requires nothing short of a revolution. Modern-day automaking came about when the Model-T died. This can be considered Step Two in the evolution of the industry, dictated, if you remember just a short way back, by the crisis of energy visited upon the world by the Arabs et al.

You can expect that there will be far fewer than the current 300 models to choose from by the time 1978 rolls around. Many familiar names issued by **Ford Motor**, **Chrysler**, **General Motors**, and **American Motors Corp.** will be phased out. Chrysler may not have any standard-size cars by 1977. GM is going to do away

with the Chevie Bel Air, and it'll be goodbye Chrysler Imperial. More cars will look alike, and parts will be standardized.

The cost in retooling and more research, engineering and development will be in the billions, but Detroit has no choice.

Detroit is not alone in its woeful situation. It is pretty much the same, or worse, due to the higher costs of gasoline and the recession. Some companies will go out of business, others will cut back. No major car operator in Britain is operating at a profit now, according to the experts. In West Germany, **Volkswagen**, once a seemingly unstoppable champion, lost \$347 million in 1974.

The turnaround is necessarily slow, for it takes 35 months from the first commitment to a new vehicle to the final assembly in the plant of a new engine or transmission system. Major styling changes alone require 18 months. Many innovations that came in the fifties and added expensive weight to cars will have to go down the drain. They were late coming on the road with the compacts, having failed to take a lesson from the foreign competition.

However, they can no longer wait to take wide turns. It has to be tight and quick. Delays are too costly and they can't afford it. Over the next four years it will cost GM \$4 billion, Ford \$2 billion for retooling. Chrysler has a \$400 million line of credit it can use, even though it is deeply in the red ink, and AMC seems relatively driving along at a steady clip with its solid place in the specialty car market. Its new Pacer is a hot seller and may be a trend setter. There's optimism for the years ahead for the industry.

There's optimism in the industry for the years ahead, after the turnaround has been completed. It is based upon the belief that the industry will have learned well the valuable lessons of the last two years.

[Newsweek, 6-23, p. 67]

## Time

### Needed: energy policy

The U.S. is deadlocked in a no-energy policy, and until the Administration and Congress come up with one, the country will remain at the not-so-tender mercies of the oil producers, the Organization of Petroleum Exporting Countries. They have already announced that the price of oil will rise again, after the current freeze ends in September. It may be \$2 to \$4 a barrel more loaded on top of the already high \$10.46 a barrel.

Furthermore, Opec will set its prices not in dollars as in the past, but in a new "currency" created by the International Monetary Fund and have Special Drawing Rights. It means prices in inflated dollars. The SDR value comes from an average of 16 currencies and of late the value of the dollar has been sliding in relation to the SDR, hence it will result in more dollars to equal the SDR, meaning more dollars per barrel of oil.

While Mr. Ford contends that there is no economic justification for any oil price rise by the producers, they claim that Western inflation and the fall of the dollar are eating away the purchasing power of the money they receive for the sale of their oil.

All of which might be expected to nudge the U.S. to move swiftly toward a definite energy bill, but the House instead devastated an energy bill, one that had already been watered down. The House voted down a 20 cent per gallon increase for gasoline contained in the bill, then rejected a 3 cent federal tax increase by next year. The effect was to leave the bill with no additional gasoline taxes at all. And instead of levying a higher tax on gas-guzzling cars, Congress instead required automakers to improve fuel economy of such cars.

Obviously, the onus for action shifted to Mr. Ford, who had already doubled the tariff on imported oil to \$2 per barrel. Commerce Sec. Rogers Morton had suggested that he might urge the tariff be scaled down or dumped, but was immediately shut up by Ford and Energy Administrator Frank Zarb. But it is a fact that the increased tariff may act as a drag on broad areas of the economy.

Mr. Ford now is going to decontrol slowly the price of oil and gas produced in the U.S., allowing them to rise and at the same time encouraging new development. But even that idea ran into trouble, as charges came forth that the gas industry was faking the gas reserves figures in order to get higher prices.

At least, more coal can be mined as a result of the failure by the House to override the Administration's veto of the strip mining bill by a mere three votes. But that coal will come out of the ground apparently at the expense of the environment. A coordinated energy policy could have prevented this. Instead, the lack of one is strongly emphasized.

[Time, 6-23, p. 54]

## Credit control: How it's done

By JAMES M. O'BRIEN

Fed watchers are continuously active and full of proposals. Some want to harness the System's responsibilities in monetary matters. Yet, others want it to assume greater responsibilities. A movement is currently underway in Congress and elsewhere to get the Fed to imitate some of its foreign counterparts by directing credit flows at low interest costs to "social priorities."

Scrutinizing the practices of West European central banks does evidence a concern for credit costs and allocation. Toward this end, these foreign central bankers have adopted a variety of tools that are largely outside the experience of Uncle Sam's financial policymakers.

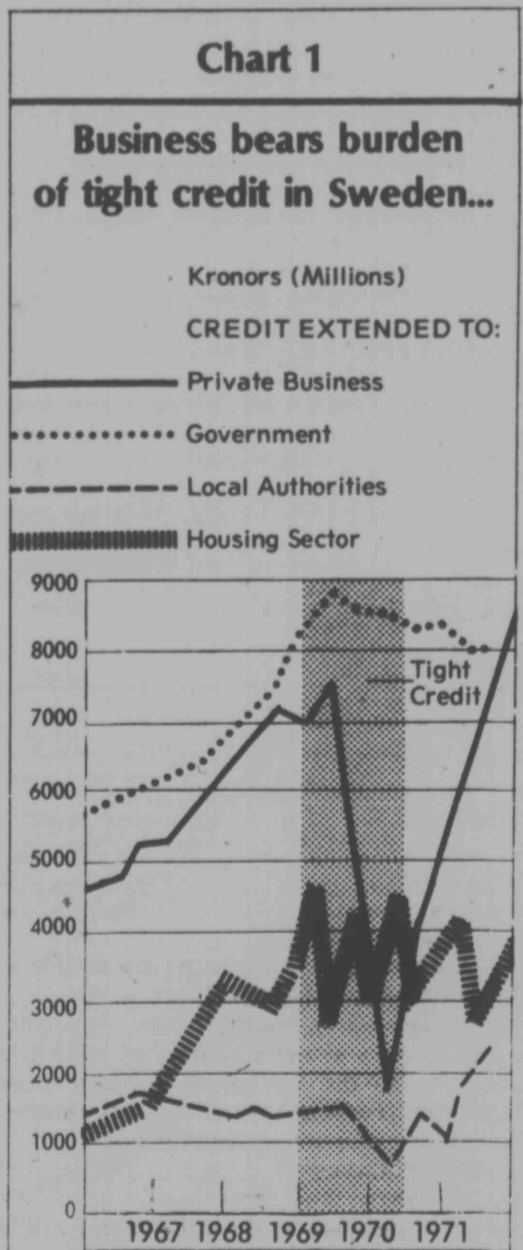
But rerouting credit to favored activities may be easier said than done. The West European experiences appear to raise more questions than they answer especially those dealing with the costs of credit controls, their effectiveness, and their adaptability to the home economy.

### Credit allocation

Inflation, unemployment, balance of payments — these are the "traditional" concerns of central bankers. At the Federal Reserve they are part and parcel of its policy actions. But for many central banks in Western Europe attempts to funnel credit to government-set priorities at relatively low interest costs represent still another important policy dimension. Favored activities have generally been those industries believed important for economic growth and modernization, including the export industries and housing.

Credit allocation constitutes a measurable part of the policy goals of the central banks in the United Kingdom, France, Italy, Sweden, and Belgium. The Bank of England, for example, makes some attempt to keep credit flowing to priorities such as shipbuilding, exports, "productive" investment and, more generally, to activities undertaken by the government. Across the Channel, the

James O'Brien is a senior economist with the Federal Reserve Bank of Philadelphia. These remarks are adapted from an article that appeared in the May issue of the Federal Reserve Bank of Philadelphia Business Review.



SOURCE: Lund Lars Jonung, "Swedish Central Bank Policy in the Postwar Period: Some Comments," *Kredit und Kapital* 3 (1973): 323-43.

### Allocating credit through controls

Countries allocating credit through controls do not generally outperform other countries in terms of economic growth, inflation, or interest rates (1961-70)

Countries substantially using credit controls for allocative purposes	Growth in output	Inflation rate	Long-term government interest rate
Belgium .....	4.9	3.2	6.38
France .....	5.9	4.2	5.80
Italy .....	5.3	4.2	6.71
Sweden .....	6.3	4.1	6.03
United Kingdom .....	2.7	4.1	6.97
<b>Other countries</b>			
The Netherlands .....	5.3	4.5	5.57
West Germany .....	4.8	2.8	6.78
United States .....	4.2	2.9	4.77

Federal Reserve Bank of St. Louis, rates of Change in Economic Data for Ten Industrial Countries, October 1974; and Organization for Economic Cooperation and Development, Main Economic Indicators, 1955-71. Figures presented are annual average rates of change.

International Monetary Fund, International Financial Statistics, February 1974.

Banque de France has broadly aimed its financial policies toward modernization of the French economy. In doing so, it has sought to reroute credit flows as mandated by the government's five-year plans.

Italy's monetary authority, the Banca d'Italia, also undertakes policies designed to influence the allocation of credit among different uses. It backs investment projects that boost economic development and growth — particularly government or government-related investment. Sweden's Riksbank, too, has traditionally supported government financing needs and, especially, homebuilding. Belgium, like France, Italy, and Sweden, is deeply committed to controlling the use of credit, and the Banque Nationale de Belgique plays a sizable role in the government's credit allocation programs.

Central banks' support for investment in "social priorities" has not been limited to direct attempts at rerouting credit flows. Endeavors to regulate interest rates are also made. For example, the Bank of England and the Banca d'Italia have sought to keep interest rates on government debt lower and more stable than free markets would permit. At least in part, this policy is designed to aid the respective governments in financing relatively large deficits resulting from sizable government spending programs. Moreover, these central banks and those in France, Sweden, and Belgium have attempted to control market rates on various types of private credit as well.

All central banks in Western Europe pursue some credit allocation policies. However, those of The Netherlands and West Germany differ from their West European cousins in maintaining only a minimal amount of selective credit policies aimed at resource allocation. On this point, they are more like the Federal Reserve System. Both the Nederlandsche Bank and Bundesbank have primarily aimed their policies at inflation and balance of payments objectives.

### Influencing credit flows

Long-term credit markets. Among the countries striving to route credit flows, only Great Britain has refrained from interfering with the long-term credit markets (and only since 1959). Countries concerned with the placement of long-term funds — France, Italy, Belgium, and Sweden — have relied on two main devices.

One is direct control over the floating of securities on the capital market. Those wishing to issue marketable securities must get permission for both the issue and its terms from a capital issues committee. The committee's job is to provide a favorable market for securities issued by the government or by private firms to finance high-priority investments.

In Sweden, for example, the business sector has been limited to about 20 per cent of capital-market bond issues since 1960, while housing issues have accounted for about half the funds raised in the capital market. Italy goes even further. Besides controlling issues of capital market securities, private firms have had to pay a

38 per cent tax on the interest cost of bond issues. Government and government-related bond issuers are both exempted from the tax and receive priority access to the capital market. Some central banks — for example, the Riksbank and the Banca d'Italia — serve as capital issues committees.

In France, Italy, Sweden, and Belgium, substantial control over credit institutions also helps to determine the direction of long-term credit. Control is exercised in various ways. Important in each of these countries are public savings institutions — often including the post office. And in France, Italy, and Belgium there are nationalized savings banks. Also in France, both public and private savings banks have had to turn all funds over to a government institution.

In all of these countries, and especially in Italy, there exist public or semi-public credit institutions that obtain funds from the (controlled) capital markets. These specialized institutions then provide various high-priority industries with medium- and long-term credit. National commissions, committees, or "agreements" coordinate the control of this institutional lending. It's at this level that governors of the central banks often play important roles as supervisors, chairmen, or executive agents.

Shorter-term credit markets. Monetary policies of central banks impinge most immediately on short-term credit or money markets, including commercial bank behavior. Because of this, credit allocation policies of West European central banks have been mainly directed at the short-term credit markets and the financial policies of commercial banks. To a large degree, the objective has been to coordinate the central bank's stabilization policies with the government's credit allocation goals.

For instance, at least until most recently, central bank loans to commercial banks have been an important tool for controlling money supplies in West European countries. In some of these countries — France, Belgium, Italy, and even West Germany — loan requests are honored partly on a basis of whether the commercial banks' intended use of the funds satisfied a social priority.

Bank lending ceilings have also been a major stabilization tool for most central banks in Western Europe (only West Germany has abstained from this form of policy). The ceilings are invoked during periods when the central banks try to slow the overall pace of economic activity. However, except for The Netherlands, they are imposed in a selective manner, allowing loans for favored activities to be either exempted or to exceed the ceilings.

Special "reserve requirements" are another tool for stabilization and allocation purposes. These requirements specify that bankers must hold a "reserve" in the form of certain types of assets. Often expressed as a per cent of the bankers' deposit liabilities, the requirement has been used in France, Italy, the U.K., Belgium, and Sweden.

The objective has not only been to restrict deposit and loan growth generally, but also to spur the demand for assets which finance investment in social priorities. For example, government securities in Great Britain and housing credit in Italy and Sweden have been assets which can help satisfy banks' "reserve requirements."

An even more direct control on credit is central bank review of individual loans by commercial banks. This practice has been quite important in France. Commercial banks report to the Banque de France all business loans and obtain from business clients dossiers on their financial status and use of funds. The Banque then uses this information in rationing its loans to commercial banks.

Attempts to control short-term interest rates — especially those on government debt — have been an integral part of these selective credit policies. Several methods are important for controlling short-term rates.

Supplying cash reserves to the banking system and discount houses in amounts sufficient to provide a strong and steady demand for government securities is one procedure. This has been practiced in England, Italy, and Belgium.

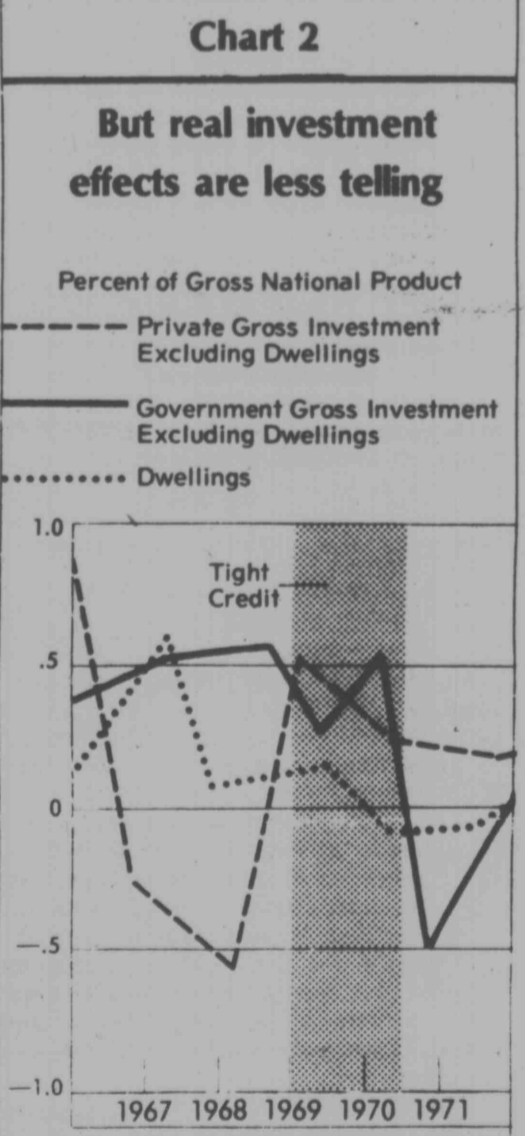
Another method is the formal or informal tying of bank loan and deposit rates to the central bank's discount rate. This has been used in Great Britain, France, Sweden, Belgium, and (more informally) in Italy.

### Is the Fed with it?

Because of a concern for domestic credit allocation and, specifically, the "uneven" incidence of tight-money policies, U. S. law makers have been considering the possible use of selective credit controls. Ideally, these controls would help offset market-determined patterns of credit allocation and result in more funds flowing to government-set priorities. In attempting to make the Fed incorporate selective credit policies into its monetary policy procedures, advocates have touted their importance in the policy repertoires of foreign central banks.

However, before making these foreign experiences the guiding light, inquiry should go beyond merely establishing that

See CREDIT CONTROL, page 14



SOURCE: Assar Linbeck, "Some Fiscal and Monetary Policy Experiments in Sweden," *Credit Allocation Techniques and Monetary Policy* (Federal Reserve Bank of Boston, 1973), p. 191. Numbers expressed as yearly changes as percent of GNP are constant (1959) prices.

# Letters

## NASD replies to OTC Special Report

### To the Editor:

The Special Report on the OTC Market appearing in the June 9 edition of The Chronicle contains several statements which, in our opinion, lack the objectivity and perspective which we have come to expect of your publication. In the interest of setting the record straight, we would like to respond to some of the points made in the article's treatment of the over-the-counter market.

First of all, in his article titled "Slow, stunted growth of the OTC," Bob Calloway writes that "the OTC market suffers from many of the same liquidity problems, price inconsistencies and trading 'shenanigans' that have always stunted its growth and maturity." His article also alleges "that NASDAQ...hasn't had an overwhelming impact in cleaning up the 'shenanigans' that it was designed to."

We take strong exception to Mr. Calloway's characterizing the OTC-NASDAQ market as one particularly suffering from "shenanigans." There is a sound basis for confidence in the fact that a significant improvement was achieved as a result of the visibility that NASDAQ brought to the OTC market. While it is true that surveillance must be a continuing process, the implication left by the article that "shenanigans" are unique or prevalent in the OTC market is grossly misleading. Prior to NASDAQ, the OTC market was a difficult market to regulate. However, with the advent of NASDAQ in 1971, the most active segment of the OTC market came under regulatory scrutiny similar to an exchange surveillance program. The NASD now monitors the trading patterns of NASDAQ securities to assure the integrity of the OTC marketplace. Each day, NASDAQ computers

analyze all quotation changes and volume entries, and measure them against preset price and volume parameters. Every security exceeding these parameters appears on a printout in the Association's Washington office before the opening of the next trading day. Such reports may trigger an immediate investigation of the circumstances contributing to the extraordinary trading activity.

As to the aspersions regarding NASDAQ trading volume, it is true that since 1972 (the period reflected in the Special Report's series of pie charts) volume on NASDAQ has declined, as has volume on the Amex and the NYSE. Even a casual inspection of these charts shows clearly, however, that the Amex's share of the volume has decreased far more than that of NASDAQ. In this two-year period, while NASDAQ's share of the pie declined from 27.8 per cent to 20.6 per cent, the Amex's share dropped from 14.0 per cent to 8.4 per cent. This decline does not mean that there are "shenanigans" on the Amex. The point is that the major participants over the years in both the OTC and Amex markets have been individual investors, who for the most part are still wary about getting back into the market. Their reluctance has little to do with purported liquidity problems mentioned in the article but is very much influenced by the availability of alternative investment opportunities offering high yields. Thus, for the most part, the NYSE's increase in market share is attributable to the high degree of institutional interest in large, heavily-capitalized issues listed upon the NYSE. Many of these institutions are prohibited not by their own investment policies but rather by archaic laws from investing in the OTC market. Other institutions investing funds in this period of troubled conditions in the nation's economy

simply feel that they are safer in sticking with the biggest corporations in the nation.

Another reason for the decline in NASDAQ volume is that in the depressed capital markets of the last two years, there simply have not been enough new issues entering the NASDAQ System to offset deletions from the system. These are problems attributable to the prevailing economic situation, not the operation of the NASDAQ-OTC market.

With respect to Mr. Calloway's comments on the "shortening of the list of OTC middlemen," it is true that economic conditions have also been responsible for shrinkage in the number of market makers. It is equally true, however, that today's OTC dealer ranks contain many strong, well-capitalized firms ready and willing to trade in over-the-counter securities. Salomon Brothers, incidentally, far from ceasing to be a major force in the OTC market, continues to make markets in close to 100 NASDAQ issues.

Perhaps the best measure of dealer interest in the NASDAQ market is the average number of market makers per security. This figure declined from an all-time high of 5.8 in May 1972 to a low of 4.7 in August 1973. Since then, however, that average has been climbing slowly but steadily, and at the end of May 1975 was up to 5.5.

One final point: In the last analysis, the depth, breadth and liquidity of a particular security's market is a function of the security itself — capitalization, public float, investor interest and trading volume. This is true whether or not that issue is traded in the NASDAQ market or on an exchange. There are large companies with strong investor interest enjoying highly liquid markets in the NASDAQ System; conversely, there are small companies

listed on the New York Stock Exchange which command little investor interest and which suffer from illiquid markets.

Gordon S. Macklin  
President  
National Association of Securities Dealers  
Inc.  
Washington, D.C.

**Editor's note:** Macklin's reply is interesting and thoughtful. Some of his interpretations are interesting. However, there is one factual point he raises where we disagree. We did not say that Salomon Brothers has stopped making OTC markets altogether. We did say, echoing many traders, that it is a diminishing force in the OTC market. All the available evidence suggests this is the case.

### Chronicle's digest of financial news proves its value

#### To the editor:

I have been a subscriber to The Chronicle for many years. It has always been a valuable point of reference for me in making investment decisions. In the last couple of years, under new ownership, the weekly has improved steadily. I cannot do without it; if it is among the missing for any reason or other in my office, there is a void that nags until my Chronicle has been restored to its proper place for quick and frequent reference.

In the latter regard, I have made the delightful discovery that the Chronicle helps me immeasurably with my weekly  
See LETTERS, page 31

# Credit control: Can it work?

### Continued from page 13

"every one (or at least almost everyone) is doing it." There are important issues still to be unraveled.

Few things in life are free, and critics of the West European experiences have argued that concern for credit allocation has been at the expense of other objectives.

For one thing, it is suggested that credit allocation goals may have an inflationary bias. The argument is that efforts by a central bank to see that favored activities have "adequate" or low-cost financing could militate against those policies aimed at combating inflation.

Tight-money policies designed to dampen excessive spending will tend to have "loopholes" in the form of priority-borrowing classifications. The flow of funds through these "escape hatches" can be expected to increase as financing elsewhere becomes more difficult. The authorities must be willing to tighten up on nonpriority credit categories, and even allow for some restriction on priority items when total spending is excessive. Otherwise, excessive monetary expansion and more inflation may result.

Hard evidence concerning an inflation-social priorities tradeoff is difficult to come by. However, it has been argued that the relatively high rates of inflation in France, England, and Italy can be partly traced to difficulties in coordinating policies aimed at supporting high-priority borrowers with those employed to reduce inflation.

For example, to guarantee ample financing for a gamut of favored activities, the Banque de France has at times had difficulty restricting the growth of its own liabilities to a level consistent with low inflation. In the U.K. and Italy, the continual obligation to support government debt markets is also suggested to have produced excessive monetary growth and inflation.

An even more general criticism leveled at the West European experiences is the adverse effect of credit controls on the functioning of financial markets. One argument notes that controls tend to expand. An example sometimes cited is that of Great Britain.

Initially, in the early '60s, clearing (commercial) banks were the only institutions subject to credit controls. As time wore on, the clearing banks began losing

business to other uncontrolled and more competitive financial institutions. Moreover, the banks themselves began evading the controls by acquiring other unregulated lenders as subsidiaries. In response to these growing leakages, unregulated lending sources came under restriction in the late '60s.

However, this growth in the scope and complexity of regulation cuts down on the efficiency with which financial markets are able to channel savings into investment. For example, it is argued that where comprehensive systems of controls have evolved, lenders have found it difficult to cut the costs of financing or to attract customers in other ways.

Moreover, the central banks have traditionally found it advantageous to support programs designed to minimize bank competition in order to maintain an environment conducive to credit control. Officially sanctioned banking cartels or cartel-like agreements have, at least until most recently, characterized the banking systems of Italy, France, Belgium, Sweden, and the U.K. It is through these cartel arrangements that the respective central banks have sought to make their controls effective. In fact, these defects have caused concern even among users of selective credit policies. In France, for instance, a high level government commission has recommended significantly reducing the government's control over credit flows in order to make for a more competitive and efficient financial structure and to give the Banque de France more control of the money supply.

### Credit policies' effect

How effective are credit policies? A second issue is the ability of the West European experiments to achieve their goals. How much resource reallocation toward priorities has actually been effected through selective credit policies? Or how low and stable have interest rates been kept? Up to now, few persons have bothered to ask these questions seriously.

Moreover, a casual look at the numbers does not obviously indicate that those countries allocating credit through controls perform better than other countries in terms of economic growth, low interest rates, or inflation (see Table).

For example, the effects of these controls on the mix of real investment appear

less clear (Chart 2). Even over the longer haul, the proportion of investment devoted to housing in Sweden appears to be no greater than that in the U. S. This is despite the much greater emphasis that Swedish credit allocation programs are supposed to give to housing than the freer credit markets in the U. S.

All of this is not to say that credit control programs have had no effect on the reallocation of credit toward national priorities and at relatively low interest costs. Rather, that how much effect they have had on resource allocation is largely unknown and deserving of more study.

How appropriate are the West European experiences? Several characteristics of the West European economic and political systems are apt to make effective credit controls more feasible than they would be in the U. S. One is the concentrated and cartelized banking structures of Western Europe.

Given the currently more competitive environment of American banking, the spirit of cooperation which has existed between West European bankers and their respective central banks is not likely to be seen here. American bankers are likely to be under more competitive pressure to evade the regulations.

Also important is the much greater degree of government economic planning in Western Europe than in the U. S. The credit allocation responsibilities of West European central banks are as much a part of this story as a story in themselves. And if the central banks achieve some degree of success in influencing the allocation of credit, it could depend significantly on the existence of these other controls.

Thus, in attempting to shape credit allocation through controls on the banking system as has been proposed for the Federal Reserve, West European central banks have generally had the support of controls on other financial institutions and the capital markets.

### Summing up

Unlike the Federal Reserve System, many central banks of Western Europe try to influence directly the allocation of credit and its relative cost, especially bank lending. The objective has been to support investment in "productive" activities and others deemed to be of high priority by their respective governments.

Various devices have been employed such as direct control of bank lending and interest rates, and special forms of reserve requirements. The tools have generally been used for both credit allocation and economic stabilization purposes.

Now, some U. S. officials want the Fed to copy its foreign counterparts and become actively involved in credit allocation. But there are important issues still outstanding. For one thing, the foreign experiences have not been without costs — particularly the stunting of competition and the further expansion of controls. Also, very little is known concerning the effectiveness of the foreign credit allocation programs.

Finally, experiments with credit controls in the United States are apt to have even tougher sledding than have those in Western Europe. American financial markets are currently more highly developed, less restricted, and more competitive than their foreign counterparts. It may be wise to take a more searching look before we leap.

## Tax reform

### Continued from page 8

Plans.  
At 7:30 p. m. the House of Representatives approves the compromise bill and adjourns for the Holidays. At 10:45 the weary Senate approves the bill and adjourns.

...December 24 President Ford signs the tax reform bill live and in color on nationwide television. Calling the new law a Christmas present to the taxpayers of the nation, he details such popular features of the law as the reduction of tax percentages in the \$10,000 to \$20,000 income brackets, the increase in the personal exemption to \$1,000, and the new political contribution checkoff of \$2 per taxpayer. The President makes no mention of the effects of the law upon stockholders.

...January 20, 1976 President Ford presents his State of the Union message to a packed joint session of Congress. He details plans for a sweeping program in energy conservation, federal jobs. One of the minor points made in the speech is the President's call for a new sub-classification of preferred stock.

# The Stock & Bond Market Chronicle

## Transactions, Daily, Weekly, Yearly New York Stock Exchange

	Stocks	Warrants	Bonds
Mon. June 16	16,666,990	132,900	21,593,000
Tues. June 17	19,440,400	127,900	23,244,000
Wed. June 18	15,593,130	83,200	22,110,000
Thurs. June 19	21,450,490	109,200	22,110,000
Fri. June 20	26,265,130	101,500	21,388,000
<b>Total</b>	<b>99,410,130</b>	<b>554,700</b>	<b>\$110,941,000</b>

Week ending June 20		Jan. 1 to June 20	
1975	1974	1975	1974
Stocks	99,410,130	54,164,170	2,530,084,320
Warrants	554,700	284,100	1,646,546,625
Total All Bonds	\$110,941,000	\$68,487,100	\$2,499,208,000
			\$1,829,995,200

## Transactions, Daily, Weekly, Yearly American Stock Exchange

	Stocks	Bonds
Mon. June 16	2,080,835	1,040,000
Tues. June 17	2,198,265	1,121,000
Wed. June 18	1,808,845	748,000
Thurs. June 19	2,259,880	1,104,000
Fri. June 20	2,409,460	1,046,000
<b>Total</b>	<b>10,957,285</b>	<b>\$ 5,059,000</b>

Week ending June 20		Jan. 1 to June 20	
1975	1974	1975	1974
Stocks	10,957,285	6,972,705	291,696,915
Bonds	\$ 5,059,000	\$ 3,154,000	\$151,110,000
			\$244,854,427
			\$131,983,000

## Standard & Poor's Stock Price Index

	Industrials 425 Issues	Rails 15	Utilities 60	Total 500
June 16	102.63	39.07	43.09	91.46
June 17	101.58	39.07	43.09	91.46
June 18	101.30	38.30	43.45	90.39
June 19	103.04	38.43	44.86	92.61
June 20	103.70	38.61	45.14	92.61

## American Stock Exchange Index System

	High	Low	Last	Net change
June 16	89.45	89.39	89.56	Up 0.13
June 17	89.89	89.07	89.10	Dn 0.46
June 18	89.47	88.88	89.47	Dn 0.37
June 19	90.63	89.46	90.63	Up 1.16
June 20	91.63	90.63	91.08	Up 0.45

## Over The Counter Stock Averages, NQB

	Industrials 35 Stocks	Insurance 15 Stocks
June 16	445.61	83.72
June 17	446.62	84.93
June 18	441.65	83.92
June 19	443.93	84.55
June 20	447.23	85.22

## New York Stock Exchange Common Stock Indices

	June 16	June 17	June 18	June 19	June 20
<b>Composite</b>					
High	48.69	48.86	48.28	49.05	49.62
Low	48.31	48.27	48.07	48.27	49.35
Close	48.69	48.27	48.17	49.05	49.39
<b>Industrial</b>					
High	54.00	54.14	53.36	54.17	54.81
Low	53.58	53.42	53.16	53.42	54.55
Close	54.00	53.42	53.24	54.17	54.55
<b>Transportation</b>					
High	32.15	32.14	31.61	31.95	32.34
Low	32.08	31.67	31.46	31.54	32.09
Close	32.14	31.67	31.51	31.95	32.09
<b>Utility</b>					
High	32.37	32.54	32.57	33.36	33.78
Low	32.20	32.44	32.43	32.81	33.61
Close	32.37	32.44	32.60	33.36	33.61
<b>Finance</b>					
High	51.97	52.26	52.03	53.00	53.46
Low	51.41	51.96	51.70	52.15	53.28
Close	51.97	51.96	51.98	53.00	53.28

## NASDAQ Daily Closing OTC Indices

	Composite 2384	Industrial 1732	Bank 92	Insurance 141	Other Finance 379	Transportation 66	Utility 104
June 16	84.01	87.49	78.23	89.73	86.02	84.09	66.92
June 17	83.43	86.60	78.69	88.54	85.84	83.42	66.82
June 18	83.47	86.63	78.70	88.72	85.83	83.89	66.82
June 19	84.55	87.94	78.67	89.35	87.06	84.99	67.75
June 20	85.24	88.92	79.90	89.84	87.52	84.02	69.04

## Dow Jones Closing Stock Averages

	Industrials 30	Transportation 20	Utilities 15	Composite 65
	Close	Chg.	Close	Chg.
June 16	834.56	Up 10.09	167.16	Dn 0.37
June 17	828.61	Dn 5.95	165.19	Dn 1.97
June 18	827.83	Dn 0.78	164.58	Up 0.61
June 19	845.35	Up 17.52	166.38	Up 1.80
June 20	855.44	Up 10.09	166.75	Dn 0.37

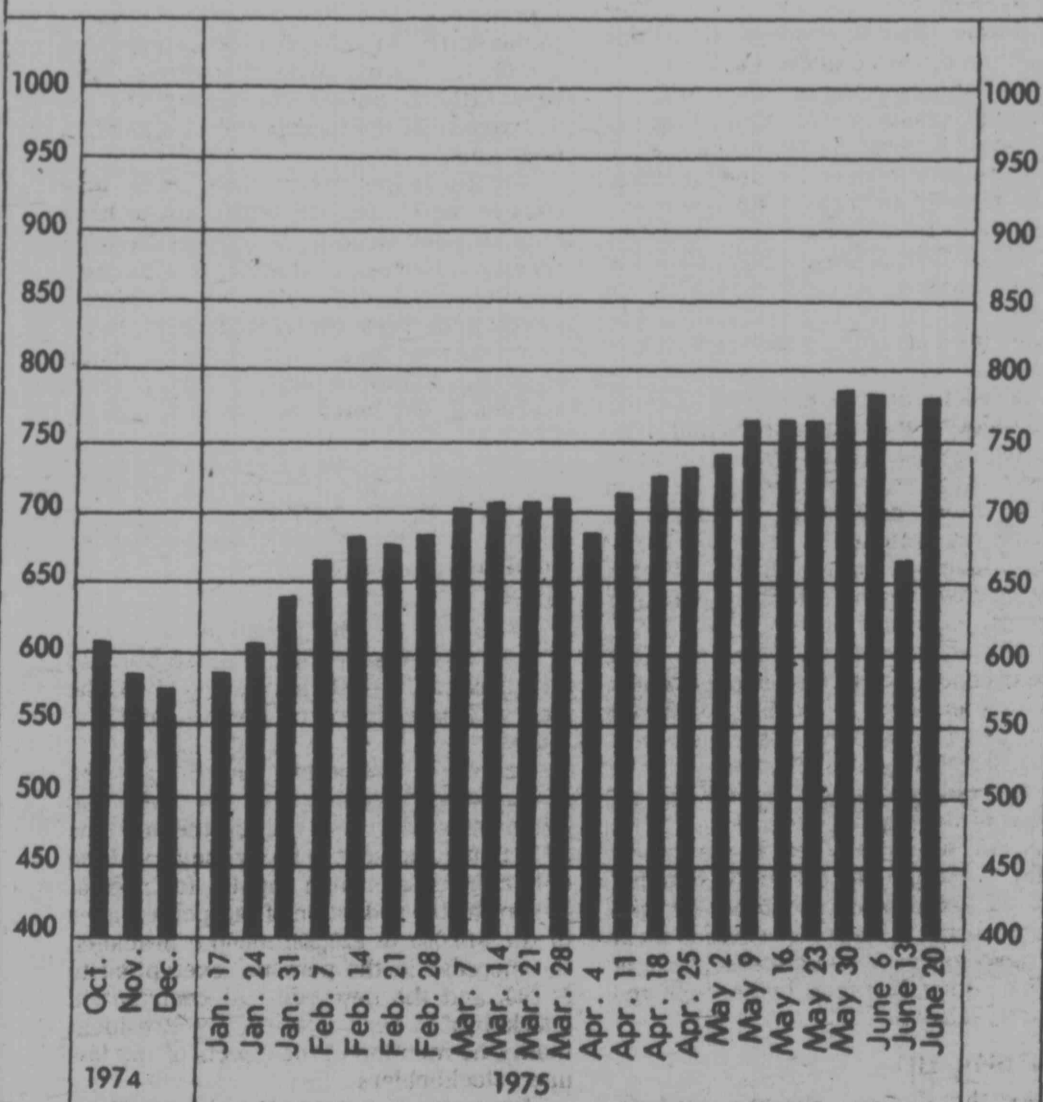
## Dow Jones Monthly and Yearly Closing Stock Averages

Month	High and Date	Low and Date
June 1975	855.44 June 20	819.31 June 12
Industrials	170.52 June 4	164.58 June 18
Transportation	86.37 June 19	80.71 June 2
Utilities	261.35 June 20	252.73 June 12
Composite		
Year 1975	858.73 May 14	632.04 Jan. 2
Industrials	174.12 May 5	146.47 Jan. 2
Transportation	86.37 June 19	72.02 Jan. 2
Utilities	261.35 June 20	205.32 Jan. 2
Composite		

## Dow Jones Closing Bond Averages

	10 Indus.	10 First Grade Rails	10 Second Grade Rails	10 Utilities	Total 40 Bonds
June 16	77.88	49.73	61.76	86.47	68.96
June 17	77.33	49.82	61.92	86.66	68.93
June 18	77.27	49.31	61.92	86.40	68.72
June 19	77.86	49.33	61.00	86.07	68.06
June 20	78.01	49.61	61.90	87.51	69.26

## Weekly O'Brien Index



## The Market Chronicle Index

New York Stock Exchange Prices	1A
American Stock Exchange Prices	12A
Chicago Board of Options	19A
New York Stock Exchange—Bond Prices	20A
Pacific Stock Exchange	28A
American Stock Exchange—Bond Prices	29A
Toronto Stock Exchange	30A
Midwest Stock Exchange	35A
O-T-C (NASDAQ) Prices	36A
O-T-C Public Utility Preferred	38A
Insurance Companies	39A
Mutual Funds	40A
Banks and Trusts	40A
American Exchange Options	40A

This index applies to the full edition of the Chronicle only; not the condensed edition. For information, phone our subscription department, (212) 394-4900.

The Weekly O'Brien Index is an all equity-capitalization, weighted index comprising all New York and American Stock Exchange stocks and approximately 2,500 over-the-counter stocks. The index is provided by O'Brien Associates Inc. of Los Angeles, an independent consulting firm.



# U.S. Gov't Securities & Agencies

## Farmers Home Administration (FDHA) Insured Notes

Rate-maturity	Bid	Ask	Yield to maturity
6.625% 08/31/1976	99 1/2	100 1/2	6.18
6.350% 03/31/1977	98	100	6.35
6.450% 06/30/1977	98	100	6.45
6.875% 08/31/1977	99 1/8	101 1/8	6.31
6.550% 12/29/1977	97 1/4	99 1/4	6.88
7.200% 03/21/1978	98 3/4	100 3/4	6.89
7.250% 05/12/1978	98 3/4	100 3/4	6.96
7.300% 12/28/1978	99	101	6.97
8.900% 01/31/1980	102 1/2	104 1/2	7.71
7.000% 11/30/1980	95	97	7.69
6.400% 03/31/1981	92 1/4	94 1/4	7.67
7.875% 06/30/1981	99	101	7.66
7.100% 01/04/1982	94 3/4	96 3/4	7.75
8.625% 07/31/1985	101	103	8.18
7.500% 08/31/1986	93 1/4	95 1/4	8.16
7.125% 12/29/1987	89 7/8	91 7/8	8.19
7.500% 03/21/1988	92 1/4	94 1/4	8.25
7.500% 05/12/1988	92 1/4	94 1/4	8.24
7.750% 12/28/1988	94	96	8.25
9.000% 04/23/1989	103 1/4	105 1/4	8.35

"Values are as of Friday, June 13, 1975"

## United States Treasury Bills

maturity	Bid	Ask	Equivalent bond yield
06/19/1975	99.99	99.99	4.83
06/26/1975	99.88	99.89	4.85
06/30/1975	99.82	99.85	4.61
07/01/1975	99.81	99.83	4.77
07/03/1975	99.78	99.79	5.08
07/10/1975	99.68	99.70	4.93
07/17/1975	99.58	99.60	5.03
07/24/1975	99.47	99.51	4.95
07/29/1975	99.40	99.44	5.05
07/31/1975	99.37	99.40	5.09
08/07/1975	99.27	99.30	5.13
08/14/1975	99.16	99.20	5.14
08/21/1975	99.06	99.10	5.20
08/26/1975	98.98	99.03	5.20
08/28/1975	98.95	98.98	5.28
09/04/1975	98.84	98.87	5.34
09/11/1975	98.74	98.77	5.35
09/18/1975	98.63	98.65	5.45
09/23/1975	98.55	98.60	5.36
09/25/1975	98.51	98.56	5.39
10/02/1975	98.40	98.44	5.45
10/09/1975	98.29	98.34	5.46
10/16/1975	98.17	98.22	5.52
10/21/1975	98.09	98.16	5.47
10/23/1975	98.06	98.11	5.53
10/30/1975	97.95	98.01	5.53
11/06/1975	97.83	97.90	5.56
11/13/1975	97.72	97.79	5.58
11/18/1975	97.65	97.71	5.58
11/20/1975	97.61	97.68	5.59
11/28/1975	97.48	97.49	5.64
12/04/1975	97.38	97.43	5.70
12/11/1975	97.27	97.33	5.70
12/16/1975	97.21	97.31	5.57
01/13/1976	96.70	96.81	5.74
01/31/1976	96.39	96.43	5.92
02/10/1976	96.22	96.34	5.81
03/09/1976	95.74	95.87	5.88
04/06/1976	95.30	95.44	5.88
05/04/1976	94.82	94.96	5.76
06/01/1976	94.41	94.48	6.01

## Federal National Mortgage Association Part. Certificates

Rate-maturity	Bid	Ask	Yield to maturity
4.500% 07/01/1975	99 1/2	100	4.50
4.700% 12/01/1975	98 3/4	99 3/4	5.26
5.450% 04/01/1976	99	100	5.45
4.500% 07/01/1976	97 3/4	98 3/4	5.77
4.700% 12/01/1976	97 1/4	98 1/4	6.01
5.200% 01/19/1977	97 3/8	98 3/8	6.29
5.450% 04/01/1977	96 1/2	98 1/2	6.35
4.500% 07/01/1977	94 1/2	96 1/2	6.36
4.700% 12/01/1977	93 3/4	95 3/4	6.60
5.400% 04/01/1978	93 3/4	95 3/4	7.11
4.500% 07/01/1978	90 7/8	92 7/8	7.15
6.125% 08/14/1978	95	97	7.20
4.700% 12/01/1978	90 1/2	92 1/2	7.19
5.350% 04/01/1979	91 1/2	93 1/2	7.35
5.400% 06/23/1979	91 1/2	93 1/2	7.29
4.500% 07/01/1979	88 1/4	90 1/4	7.33
4.700% 12/01/1979	88	90	7.37
5.300% 04/01/1980	89 1/4	91 1/4	7.51
5.400% 06/23/1980	89 1/2	91 1/2	7.46
4.500% 07/01/1980	85 1/2	87 1/2	7.53
4.700% 12/01/1980	85	87	7.66
5.250% 04/01/1981	87	89	7.64
5.375% 06/23/1981	87 3/8	89 3/8	7.61
5.200% 01/19/1982	85 1/2	87 1/2	7.65
5.100% 04/06/1982	78 7/8	80 7/8	7.58
6.400% 12/11/1982	87 7/8	89 7/8	7.67
6.050% 02/01/1983	83 3/4	85 3/4	7.85
6.450% 04/08/1983	86 7/8	88 7/8	7.84
6.200% 09/12/1983	84 3/8	86 3/8	7.88

## General Services Administration

Rate-maturity	Bid	Ask	Yield to maturity
7.125% 11/01/2002	89	91	7.94
7.200% 11/01/2002	89 3/4	91 3/4	7.94
7.250% 11/01/2002	90 1/4	92 1/4	7.95
7.300% 11/01/2002	90 3/4	92 3/4	7.95
7.400% 11/01/2002	91 3/4	93 3/4	7.96
7.150% 12/15/2002	86 3/4	88 3/4	8.18
7.500% 03/01/2003	90 3/8	92 3/8	8.20
8.100% 07/31/2003	96 3/4	98 3/4	8.21
8.125% 07/31/2003	97	99	8.22

## Federal Home Mortgage Association

Rate-maturity	Bid	Ask	Yield to maturity
7.050% 08/25/1974	100 1/2	101 1/2	5.71
6.150% 02/25/1977	98 5/8	99 5/8	6.39
6.600% 11/27/1975	100 1/8	102 1/8	8.38
7.750% 08/24/1996	94 1/2	96 1/2	8.10
7.150% 05/25/1997	88 1/2	90 1/2	8.08
8.200% 03/15/2005	92 1/4	100 1/4	8.18

## Federal Intermediate Credit Banks

Rate-maturity	Bid	Ask	Yield to maturity
5.700% 07/01/1975	99.97	100.03	4.55

## Inter-American Development Banks

Rate-maturity	Bid	Ask	Yield to maturity
4.250% 12/15/1982	82 1/2	83 1/2	7.14
4.500% 04/01/1984	79	80	7.47
4.500% 11/01/1984	78 1/4	79 1/4	7.64
8.250% 01/15/1985	99 3/4	100 3/4	8.21
8.000% 03/01/1985	98 3/8	99 1/4	8.13
5.200% 01/15/1992	72 1/2	73 1/2	8.14
6.500% 11/15/1992	82 3/4	83 3/4	8.28
6.625% 11/01/1993	83 1/2	84 1/2	8.28
8.625% 10/01/1995	98 1/2	99 1/2	8.68

## Bank for Cooperatives

Rate-maturity	Bid	Ask	Yield to maturity
7.400% 07/01/1975	100.03	100.09	4.18
7.050% 08/04/1975	100.09	100.22	5.11
6.050% 09/02/1975	100.03	100.16	5.17
5.850% 10/01/1975	100	100 1/8	5.33
6.150% 11/03/1975	100 1/8	100 1/4	5.41
5.800% 12/01/1975	99.97	100.03	5.71
7.700% 04/04/1977	101 3/8	101 7/8	6.56
8.000% 10/01/1979	102 1/8	102 5/8	7.27

## United States Postal Service Bonds

Rate-maturity	Bid	Ask	Yield to maturity
6.875% 02/01/1997	83 1/4	85 1/4	8.36

## Tennessee Valley Authority Issues

Rate-maturity	Bid	Ask	Yield to maturity
4.400% 11/15/1985	--	74 1/2	8.05
4.625% 07/01/1986	--	74 7/8	8.10
4.500% 02/01/1987	--	72 5/8	8.20
5.700% 05/15/1992	--	73 5/8	8.70
6.375% 11/01/1992	--	79 3/8	8.70
8.250% 10/15/1994	--	98	8.46
9.000% 03/15/1995	--	104 3/4	8.50
7.300% 10/01/1996	--	87 7/8	8.54

## Gold & Silver Quotes

	June 13	June 16	June 17	June 18	June 19
N.Y. Comex Gold	\$164.20	\$162.70	\$164.40	\$163.90	\$165.00
N.Y. Comex Silver	4.46	4.43	4.48	4.46	4.45

	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask
Gold Coins, Lots of 10	\$2120	\$2190	\$2110	\$2180	\$2120	\$2190	\$2110	\$2180	\$2110	\$2180
American 50-Peso	1620	1690	1620	1690	1630	1700	1620	1690	1610	1670
Austrian 100-Corona	2460	2560	2450	2550	2450	2550	2450	2550	2450	2580
U.S. \$20 St. Gaudens	480	530	480	530	480	530	480	530	480	520
British Sovereign	1700	1750	1670	1740	1680	1760	1680	1750	1680	1740
South African Kruggerand	740	790	740	790	750	800	750	790	750	790
Austrian 4-Ducat										

	\$3025	\$3175	\$3000	\$3150	\$3040	\$3190	\$3020	\$3170	\$3020	\$3170
Silver Coins										
\$1,000 Face Value Bag	3800	4150	3800	4150	3800	4150	3800	4150	3800	4150
\$1,000 Circ. Silver \$1										

NOTE: Premiums above actual metal content of Gold and Silver Coins generally range from 5 percent to 15 percent except for U.S. \$20 St. Gaudens and British Sovereigns which are collector's items and have a higher percentage mark-up. N.Y. Comex Gold and Silver prices are "spot" quotes.

	June 8	June 9	June 10	June 11	June 12
Previous Week					
N.Y. Comex Gold	\$165.60	\$166.60	\$165.60	\$165.20	\$164.70
N.Y. Comex Silver	4.39	4.38	4.52	4.56	4.48

SOURCE: Parsons Fifth Avenue, Inc. Numismatic Division

## Foreign Exchange Rates

Country and Monetary Unit Noon Buying Rate for Cable Transfers in New York (Value in US Dollars)

	June 12	June 13	June 16	June 17	June 18
Australia	1.3360	1.3365	1.3365	1.3360	1.3345
Austria	.0605	.0605	.0605	.0607	.0605
Belgium	.028730	.028720	.028730	.028730	.028660
Canada	.9750	.9756	.9747	.9748	.9759
Denmark	.1849	.1849	.1853	.1854	.1843
Finland	.2836	.2835	.2834	.2844	.2841
France	.2500	.2499	.2508	.2513	.2508
Germany	.4292	.4282	.4292	.4289	.4282
Deutsche Mark	.1235	.1235	.1215	.1215	.1215
India	.1235	.1235	.1215	.1215	.1215
Rupee	2.2775	2.2835	2.2750	2.2720	2.2729
Ireland					
Italy	.001601	.001601	.001602	.001598	.001598
Lira	.003419	.003417	.003400	.003408	.003400
Japan	.4397	.4395	.4391	.4391	.4387
Yen	.0800	.0800	.0800	.0800	.0800
Malaysia	.4177	.4165	.4172	.4164	.4148
Dollar					
Peso					
Guilder					
Netherlands					
New Zealand	1.3070	1.3090	1.3090	1.3090	1.3065
Norway	.2051	.2049	.2051	.2047	.2048
Krone	.0412	.0413	.0413	.0413	.0414
Portugal	1.4710	1.4710	1.4710	1.4710	1.4710
Escudo	.017945	.017945	.017945	.017960	.017950
Rand					
South Africa					
Peseta					
Spain					
Sri Lanka	.1540	.1540	.1540	.1540	.1540
Rupee	.2563	.2562	.2562	.2568	.2557
Krona	.4019	.4015	.4028	.4029	.4015
Sweden					

# U.S. Gov't Securities & Agencies

Values are as of Friday June 13, 1975

## Federal National Mortgage Association

Debentures		Yield to maturity	
Rate-maturity	Bid Ask		
6.800% 09/10/1975	100.22 100.34	5.14	
7.500% 09/10/1975	100 3/8 100 1/2	5.01	
5.700% 12/10/1975	99.81 100.06	5.56	
8.250% 12/10/1975	101 101 1/4	5.52	
5.650% 03/10/1976	99 1/2 99 7/8	5.42	
7.125% 03/10/1976	100 1/2 100 7/8	5.45	
5.850% 06/10/1976	99 3/8 99 7/8	5.98	
6.700% 06/10/1976	100 1/8 100 5/8	6.02	
10.000% 06/10/1976	103 1/4 103 3/4	5.97	
5.850% 09/10/1976	99 99 1/2	6.27	
6.125% 09/10/1976	99 3/8 99 7/8	6.22	
7.500% 09/10/1976	100 7/8 101 3/8	6.30	
6.250% 12/10/1976	99 3/8 99 7/8	6.34	
7.450% 12/10/1976	101 101 1/2	6.36	
8.450% 12/10/1976	102 3/8 102 7/8	6.37	
4.500% 02/10/1977	96 96 3/4	6.62	
5.300% 03/10/1977	98 7/8 99 3/8	6.68	
7.050% 03/10/1977	100 1/8 100 5/8	6.45	
6.375% 06/10/1977	98 7/8 99 3/8	6.72	
6.500% 06/10/1977	99 1/8 99 5/8	6.70	
7.200% 06/10/1977	100 1/4 100 3/4	6.79	
6.875% 09/12/1977	99 3/4 100 1/4	6.75	
7.850% 09/12/1977	101 3/4 102 1/4	6.74	
7.250% 12/12/1977	100 1/2 101	6.80	
7.550% 12/12/1977	101 1/8 101 5/8	6.82	
6.700% 03/10/1978	98 7/8 99 3/8	6.95	
8.450% 03/10/1978	102 7/8 103 3/8	7.06	
7.150% 06/12/1978	99 5/8 100 1/8	7.10	
7.450% 06/12/1978	100 1/2 100 3/4	7.16	
7.150% 09/11/1978	99 3/4 100 1/4	7.06	
6.750% 12/11/1978	98 3/4 99 1/4	7.09	
8.950% 12/11/1978	105 1/8 105 5/8	7.09	
7.250% 03/10/1979	99 3/4 100 1/4	7.17	
7.850% 06/11/1979	101 1/4 101 3/4	7.33	
9.800% 06/11/1979	107 3/8 108 3/8	7.33	
6.400% 09/10/1979	96 7/8 97 3/8	7.13	
7.800% 09/10/1979	100 5/8 101 1/8	7.48	
6.550% 12/10/1979	96 7/8 97 3/8	7.25	
7.750% 12/10/1979	100.84 100.97	7.49	
4.875% 03/10/1980	97 1/4 98 1/4	7.32	
7.250% 03/10/1980	98 7/8 99 3/8	7.41	
7.625% 04/10/1980	99 3/4 100 3/4	7.44	
5.500% 06/10/1980	103 1/2 104	7.52	
7.500% 09/10/1980	99 3/4 100 3/4	7.32	
4.600% 12/10/1980	95 3/4 96 3/4	7.33	
7.050% 03/10/1981	97 98	7.48	
7.250% 06/10/1981	98 99	7.46	
7.250% 09/10/1981	98 99	7.45	
9.700% 09/10/1981	108 3/4 109 3/4	7.33	
7.300% 12/10/1981	98 1/4 99 1/4	7.45	
8.875% 03/10/1982	105 1/4 105 3/4	7.76	
6.650% 06/10/1982	93 3/8 94 3/8	7.71	
6.800% 09/10/1982	94 95	7.71	
7.350% 12/10/1982	97 1/2 98 1/2	7.62	
6.750% 06/10/1983	94 95	7.60	
7.300% 06/10/1983	97 1/4 98 1/4	7.60	
6.750% 09/12/1983	93 3/4 94 3/4	7.62	
8.000% 12/12/1983	100 5/8 100 7/8	7.86	
6.250% 06/11/1984	90 1/4 91 1/4	7.41	
7.950% 09/10/1984	99 1/2 100 1/2	7.47	
6.900% 12/10/1984	94 95	7.65	
7.650% 03/11/1985	97 5/8 98 1/8	7.93	
8.625% 10/01/1980	100 1/2 102 1/2	8.13	
7.000% 03/10/1992	88 3/4 89 3/4	8.13	
7.050% 06/10/1992	89 1/4 90 1/4	8.12	
7.400% 10/01/1997	90 92	8.19	
7.100% 12/10/1997	87 3/4 88 3/4	8.20	

## Government National Mortgage Banks

Rate-maturity	Bid Ask	Yield to maturity
6.750% 09/30/2000	83 84	8.27
8.100% 09/30/2000	98 98 1/2	8.24
8.250% 09/30/2000	99 1/2 100	8.25
8.500% 09/30/2000	100 1/2 101	8.40
9.750% 09/30/2000	105 106	9.14
6.500% 01/01/2001	86 3/4 87 1/2	8.21
8.000% 01/01/2001	96 1/2 97	8.37
8.500% 01/01/2001	100 1/2 100 1/2	8.38
9.000% 01/01/2001	103 103 1/2	8.46
5.250% 06/01/2001	82 83	6.63
5.500% 06/01/2001	83 1/2 84	6.82
6.000% 06/01/2001	92 93	6.57
6.250% 06/01/2001	90 90 1/2	7.05
6.500% 06/01/2001	87 1/2 88	7.56
6.700% 06/01/2001	86 1/2 87	7.88
6.800% 06/01/2001	87 3/4 88 1/4	7.87
6.850% 06/01/2001	88 1/4 88 3/4	7.87
7.000% 06/01/2001	90 1/2 91	7.81
7.250% 06/01/2001	92 1/2 93	7.89
7.300% 06/01/2001	93 93 1/2	7.89
7.450% 06/01/2001	93 93 1/2	8.05
7.500% 06/01/2001	93 1/2 94	8.05
7.750% 06/01/2001	95 1/2 96	8.12
8.000% 06/01/2001	97 1/2 98	8.19
8.150% 06/01/2001	98 1/2 99	8.24
8.200% 06/01/2001	99 99	8.29

## United States Treasury Notes

Rate-maturity	Bid Ask	Yield to maturity
5.875% 08/15/1975	100 100.06	5.36
8.375% 09/30/1975	100 3/4 100 7/8	5.10
1.500% 10/01/1975	97 7/8 98 7/8	5.21
7.000% 11/15/1975	100.47 100.59	5.45
7.000% 12/31/1975	100.66 100.78	5.48
5.875% 02/15/1976	99.91 100.03	5.85
6.250% 02/15/1976	100.06 100.31	5.76
8.000% 03/31/1976	101 1/2 101 5/8	5.84
1.500% 04/01/1976	95 1/2 96 1/2	6.04
5.750% 05/15/1976	99.72 99.84	5.93
6.500% 05/15/1976	100.24 100.47	5.74
6.000% 05/31/1976	99.81 100.94	6.05
8.750% 06/30/1976	102.59 102.72	5.98
6.500% 08/15/1976	100.19 100.31	6.22
7.500% 08/15/1976	101.31 101.44	6.17
5.875% 08/31/1976	95.44 99.56	6.26
8.250% 09/30/1976	102 102 3/8	6.29
1.500% 10/01/1976	93 94	6.47
6.500% 10/31/1976	100.03 100.09	6.43
6.250% 11/15/1976	99.56 99.69	6.48
7.125% 11/30/1976	100.34 100 7/8	6.49
7.250% 12/31/1976	101.03 101.16	6.45
8.000% 02/15/1977	102.06 102.19	6.68
6.000% 02/28/1977	99 99 1/8	6.55
6.500% 03/31/1977	99.69 99 3/4	6.45
1.500% 04/01/1977	90 3/4 91 3/8	6.44
7.375% 04/30/1977	101 1/8 101 1/4	6.45
6.875% 05/15/1977	100.31 100.56	6.56
9.000% 05/15/1977	103.91 104.16	6.64
6.750% 05/31/1977	100.03 100.09	6.70
7.750% 08/15/1977	101.91 102.16	6.66
1.500% 10/01/1977	87 7/8 88 7/8	6.79
7.750% 11/15/1977	101.97 102.22	6.73
6.250% 02/15/1978	98.50 98.81	6.75
1.500% 04/01/1978	85 1/2 86 1/2	6.87
7.125% 05/15/1978	100.16 100.41	6.87
7.625% 08/15/1978	101.47 101.59	7.04
8.750% 08/15/1978	104 3/4 105	6.96
1.500% 10/01/1978	83 1/8 84 1/8	6.95
6.000% 11/15/1978	97 1/8 97 3/8	6.88
1.500% 04/01/1979	80 5/8 81 5/8	7.09
7.875% 05/15/1979	102.41 102.66	7.09
6.250% 08/15/1979	96 7/8 97 1/8	7.06
6.625% 11/15/1979	98 98 1/4	7.09
7.000% 11/15/1979	99.44 99.69	7.09
1.500% 04/01/1980	75 1/4 77 1/4	7.18
6.875% 05/15/1980	95 1/2 98 3/4	7.19
3.000% 08/15/1980	107 107 1/4	7.09
7.000% 02/15/1981	99.94 99.19	7.32
7.375% 02/15/1981	99.56 99.81	7.31
7.750% 11/15/1981	100.94 101.19	7.52
8.000% 05/15/1982	102 102 1/8	7.40

## United States Treasury Bonds

Rate-maturity	Bid Ask	Yield to maturity
4.000% 02/15/1980	87 5/8 88 5/8	6.90
3.500% 11/15/1980	83.94 84.34	6.89
7.000% 04/15/1981	95 1/4 99 1/4	7.16
6.375% 02/15/1982	73.94 94.94	7.35
3.250% 06/15/1983	80.31 81.31	6.76
5.375% 08/15/1984	74 3/8 95 3/8	7.07
3.250% 05/15/1985	80.06 81.06	5.79
4.250% 05/15/1985	82 83	6.62
6.125% 11/15/1986	90.69 91.69	7.21
3.500% 02/15/1990	80.19 81.19	5.37
8.250% 05/15/1990	102 102 1/4	7.99
4.250% 08/15/1992	80 5/8 81 5/8	5.98
4.000% 02/15/1993	80.31 81.31	5.69
6.750% 02/15/1993	90 5/8 91 5/8	7.61
7.500% 08/15/1993	97 1/4 98 1/4	7.68
4.125% 05/15/1994	80.31 81.31	5.76
3.000% 02/15/1995	80 3/8 81 3/8	4.43
7.000% 05/15/1998	91 92	7.74
3.500% 11/15/1998	80 1/4 81 1/4	4.84
8.500% 05/15/1999	103 1/4 104.56	8.07
7.875% 02/15/2000	98.06 98 1/4	8.01
8.250% 05/15/2005	101.06 101.19	8.14

## International Bank for Reconstruction and Development

Rate-maturity	Bid Ask	Yield to maturity
8.625% 09/15/1975	100 3/8 100 3/4	5.13
6.500% 01/15/1976	100 100 3/8	5.40
3.000% 03/01/1976	97 3/4 98 3/4	5.25
6.900% 03/15/1976	100 1/4 101	5.45
9.000% 09/15/1976	102 3/4 103 1/2	5.98
4.500% 01/01/1977	96 1/2 97	6.61
6.375% 01/15/1977	99 99 3/8	6.40
6.400% 03/15/1977	98 3/4 99 1/2	6.70
4.250% 05/01/1978	91 3/8 92 1/8	7.06
4.250% 01/15/1979	89 1/2 90	7.50
8.000% 01/01/1980	100 3/8 100 3/4	7.80
4.750% 11/01/1980	86 1/2 87 1/4	7.70
3.250% 10/01/1981	78 1/2 79 1/2	7.39
4.500% 02/01/1982	82 3/4 83 1/2	7.74
8.150% 01/01/1985	99 3/4 100 1/4	8.13
5.000% 02/15/1985	80 80 3/4	7.26
4.500% 02/01/1990	68 1/2 69 1/2	8.10
5.375% 07/01/1991	74 1/2 75 1/2	8.14
5.375% 04/01/1992	74 75	8.13
5.875% 09/01/1993	77 78	8.23
6.500% 03/15/1994	82 1/4 83 1/4	8.27
6.375% 10/01/1994	81 1/4 82 1/4	8.23
8.625% 08/01/1995	99 100	8.42
8.125% 08/01/1996	95 96	8.54

## Federal Home Loan Banks

Rate-maturity	Bid Ask	Yield to maturity
7.150% 08/25/1975	100.22 100.34	5.11
7.875% 08/25/1975	100.34 100.47	5.12
7.950% 08/25/1975	100 3/8 100 1/2	5.03
6.500% 11/25/1975	100.19 100.44	5.43
7.050% 11/25/1975	100.44 100.69	5.39
9.100% 11/25/1975	101 1/4 101 1/2	5.50
7.375% 02/25/1976	100 5/8 101	5.44
8.700% 02/25/1976	101 1/2 101 7/8	5.83
8.750% 02/25/1976	101 1/2 101 7/8	5.88
3.200% 02/25/1976	101 3/4 102 1/8	5.94
7.200% 05/25/1976	100 1/2 101	6.07
7.450% 05/25/1976	100 3/4 101 1/4	6.04
7.800% 08/25/1976	101 1/4 101 3/4	6.23
9.550% 05/25/1976	103 1/4 103 5/8	6.30
8.600% 11/26/1976	102 1/2 103	6.37
9.550% 11/26/1976	103 3/4 104 1/4	6.39
7.200% 02/25/1977	100 3/8 100 7/8	6.63
8.050% 02/25/1977	101 3/4 102 1/4	6.60
6.950% 05/25/1977	99 7/8 100 3/8	6.74
8.700% 05/25/1977	103 103 1/2	6.73
7.150% 08/25/1977	100 1/4 100 3/4	

# Markets Section

- Weekly stock/bond analysis
- Insider trading
- 144 letter stock

## Insiders

### Analysts see Kaiser Industries with mixed product line—a buy

Continued from page 1

the matter. A corporate spokesman reported McCloud and Girard out of the country and unavailable for comment on their trades. Worth noting, however, is the fact that roughly 50 per cent of the 27,486,709 common shares outstanding at year-end 1974 were closely held, primarily by Kaiser family interests.

Bob Brady, an analyst at Edwards & Hanley, theorizes the sales were made at what was viewed as a good price in the expectation stock could be repurchased at more favorable levels later on. "We recommended getting rid of steels ourselves several months back, anticipating some price weakness," he says. "They should fare better once the recession ends."

Longer term, Brady believes Kaiser Industries, whose book value exceeded \$20 a share at year-end 1974, will prove a good buy. "Thanks to the Pension Reform Act, institutional portfolio managers will be seeking out commitments in basic industries rather than special groups as they have in the past," he says. "Kaiser with its wide-ranging exposure and superior earnings potential should be among the situations that command attention."

Meanwhile, Kaiser Steel, 58 per cent controlled by the company, was recently involved in the settlement of a Federal Trade Commission complaint. Kaiser Steel agreed to sell or close three of its nine sheet-tubing mills as part of a consent agreement to settle an FTC complaint challenging a 1970 acquisition. Kaiser Steel must sell the three such mills within one year.

Kaiser offers plays in a wealth of areas. Its Kaiser Steel subsidiary Corp. holds 59 per cent of Kaiser Resources; 38 per cent of Kaiser Aluminum & Chemical; 37 per cent of Kaiser Cement & Gypsum; and 50 per

cent of National Steel and Shipbuilding. Wholly-owned properties include Kaiser Aerospace & Electronics, Kaiser Broadcasting, the Kaiser Engineers Division and Kaiser Sand & Gravel.

Kaiser's varied interests in industries that have resisted cyclical forces suggests profits should have been a whole lot better than the \$1.07 a share reported for last year, following a record \$1.60 in 1973. In 1974 management took a number of nonrecurring writeoffs in contemplation of joining forces with Kaiser Steel. The consolidation has since been deferred indefinitely. But the decks had been cleared to the tune of \$50 million, or over \$1.80 a share. Accordingly, first-quarter results of 91 cents a share, up from 21 cents in the like period of 1974, probably provide a more accurate picture of the company's real earnings power.

For openers, Kaiser Steel, the West Coast's largest producer, netted \$4.10 a share, against \$1.29, during the first three months of 1975. An integrated supplier, whose operations encompass ore processing, the mining of coking coal and fabrication facilities, the steel affiliate benefited from an extremely favorable product mix.

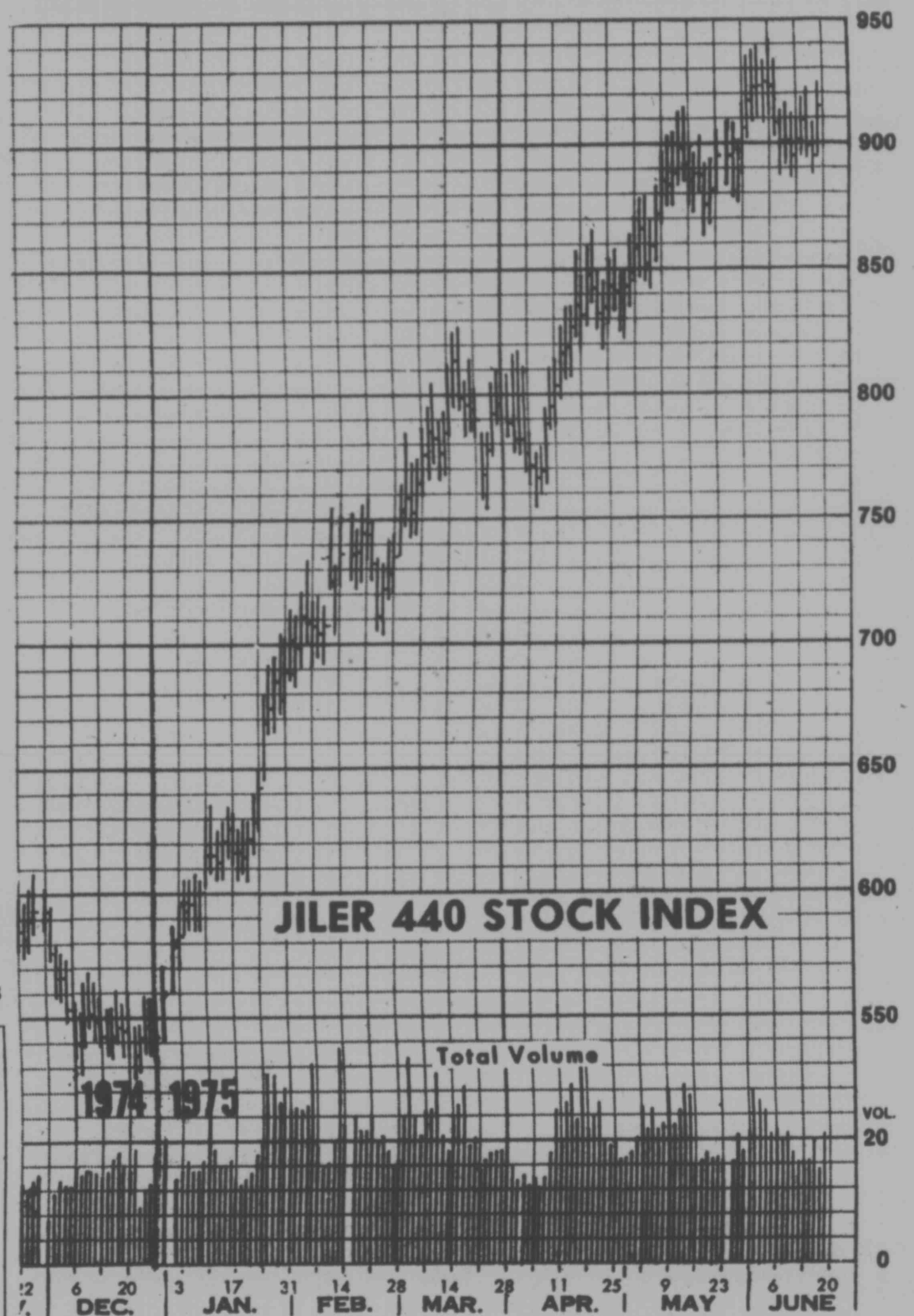
Sales of large diameter pipe for transporting crude oil and gas have risen dramatically as have revenues for offshore drilling platforms and other energy-related goods. Bookings are solid through the second quarter, but management expects volume to be affected later in the year by industrywide price cuts on commodity offerings like sheet and strip.

Kaiser Steel, however, has an anchor to windward, thanks to its majority interest in Kaiser Resources. This Canadian-based operation extracts, processes and exports high-grade metallurgical coal, principally

See INSIDER TRADING, page 28

## Stocks

This index was devised by William Jiler, president of Commodity Research Bureau, Inc., as a realistic and sensitive measure of stock market movements. It is an unweighted index of more than 440 of the most active issues on leading exchanges as well as some over-the-counter stocks. These issues normally account for more than 50 per cent of NYSE volume and more than 25 per cent of Amex volume. When devised, the index was exactly aligned with the Dow Jones Industrial Average. This index takes into account all activity through June 19.



## Stock market rises again on economy's developments

By FRANK W. SLUSSER

The stock market buoyed by continuing indications the economy has improved, scored a sharp gain Friday in heavy trading on the New York Stock Exchange although late profit-taking trimmed some of its advance.

The Dow Jones Industrial average, ahead 16 points at one time, gained 10.09 points to 855.44, just under its 858.73 high for the year set May 14. For the week, it gained 30.97 points.

Standard & Poor's 500-stock index rose 0.59 to 92.61. The average price of an NYSE common share increased 21 cents. Advances routed declines, 1,006 to 478, among the 1,872 issues crossing the tape.

Volume soared to 26,260,000 shares from the 21,450,000 traded Thursday and was the heaviest since 26,563,150 shares were traded May 3. The NYSE high-speed transaction ticker was two minutes late at the closing bell.

The market, continuing Thursday's sharp advance, soared when the Labor Department reported the 0.4 per cent rise in the May Consumer Price Index was the

smallest in 20 months. The report led the White House to claim success in combating inflation.

Further fueling the rally was the Commerce Department report durable goods orders rose 1.4 per cent—the second consecutive monthly gain—and a Conference Board report predicting a brisk recovery over the next 18 months.

Consumers have spent a little more recently, according to some statistics, but they still are cautious. Savings and loans associations reported a \$3.69 billion inflow in May, the fifth consecutive monthly increase.

In the Amex options, a record 22,437 contracts were traded, compared with 16,384 Thursday. Texaco July 25S led the actives, up  $\frac{1}{4}$  to  $2\frac{1}{4}$  on 1,696 contracts. Walt Disney July 50S followed, up  $\frac{1}{2}$  to  $2\frac{3}{4}$  on 878 contracts. U.S. Steel July 60S were third, up  $\frac{1}{4}$  to  $2\frac{3}{4}$  on 484 contracts.

On the Chicago Board Options Exchange, 65,329 contracts were traded, compared with 54,228 Thursday. Polaroid July 30S led the actives, off  $\frac{3}{4}$  to 5. Xerox July 80S followed, off 3-16 to  $7\frac{1}{4}$ . IBM July 220S were third, off 15-16 to  $4\frac{1}{4}$ .

### Largest insider trades reported this week

Sales	Company	Shares	Total Reported Transactions	Total \$\$\$ Amount
	McDonald's Corp.	309,850	2	\$16,770,631
	Kaiser Industries Corp.	222,000	3	1,968,700 Est.
	Schering-Plough Corp.	25,600	2	1,508,675
	Petrie Stores Corp.	20,000	2	1,300,000 Est.
	PepsiCo Inc.	17,500	2	1,190,250 Est.
	Pacemaker Inc.	199,950	1	999,750
	Quaker State Oil Refining Co.	47,600	2	959,300 Est.
	Millipore Corp.	15,800	2	808,600
	Coca Cola Co.	9,000	2	798,250 Est.
	Houston Natural Gas Corp.	13,622	2	560,333 Est.
	Chubb Corp.	15,000	1	548,250 Est.
	Revlon Inc.	7,000	1	547,050 Est.
	Standard Oil Co. (Ohio)	8,300	1	542,612
	Baxter Laboratories Inc.	10,000	1	505,000
	National Chemsearch Corp.	10,000	1	501,250
	Diamond M Drilling Co.	17,000	1	436,050 Est.
	Dover Corp.	10,000	1	417,000 Est.
	Computer Sciences Corp.	88,000	1	404,800
	Diversified Industries Corp.	131,673	1	395,019
	Pillsbury Co.	6,732	1	390,119
	Hall (Frank B.) & Co.	20,000	1	367,500 Est.
	Northrop Corp.	12,400	3	366,183 Est.
	Albertson's Inc.	20,000	1	365,000
	Emerson Electric Co.	10,000	1	365,000
	Sambo's Restaurants	20,000	1	350,000
	Moore (Samuel) & Co.	20,000	1	345,000
	Bentley Laboratories Inc.	20,000	1	340,000 Est.
	Mary Kay Cosmetics Inc.	16,000	2	334,500 Est.
	Flying Diamond Oil Corp.	15,000	1	331,875
	Revco D.S. Inc.	10,000	1	327,500
	Colt Industries	10,000	1	315,000 Est.
	Texaco Inc.	12,879	1	314,892 Est.
	Lowe's Companies	7,050	1	304,560
	Central Soya Co. Inc.	20,000	1	253,000 Est.
	Combustion Equipment Associates Inc.	16,000	1	244,800
	Alaska Interstate Co.	14,600	1	233,600 Est.
	Hawaiian Electric Co. Inc.	10,000	1	212,500
	Mark Controls Corp.	8,600	1	212,420

# Bonds

## Shades of last summer seen in competitive utility bidding

Continued from page 5

received, although older issues slid down an eighth during Monday, Tuesday and Wednesday.

The stickiest area by far in the market was in the competitive bidding for utility deals. The center of the storm was the \$150 million debenture offer for Northwestern Bell Telephone Co. The AAA issue was pegged at 8% per cent, the lowest interest charged an AT&T subsidiary in over a year.

And it was a disaster. After two days the deal was still only 50 per cent sold.

Dealers blamed the lackluster performance on the fact that it was a competitive issue, which by design doesn't allow any presale to take place. "It's difficult to be aggressive in such bidding when the market is falling, because you can't back off," explains one dealer.

This issue brings back the horrible memories of last summer when the investment bankers simply balked at giving competitive bids, because the issues were impossible to sell. Fears heightened when the \$30 million General Telephone of Pennsylvania offer was made. This offered a 9 1/4 per cent coupon to yield 9.35 per cent, and turned out to be a bust also. The A rated issue was reported only half sold by dealers, and the outlook wasn't good.

The final competitive bid of the week was the turning point. This was the \$30 million issue for Monongahela Power Co. Dealers were relieved to find buyers for this issue, and after the initial trading day the issue was reportedly two-thirds sold, and the outlook was good. The successful sale of Monongahela didn't erase the stigma on competitive bidding, because the Monongahela offer came as the market was turning. The nagging doubts about competitive bidding issues remained however, because dealers are stuck with about \$100 million in last week's inventory.

In the municipal sector, the most talked about issue of the week was the \$100 million offer by the Port Authority of New York and New Jersey. The Authority is currently fighting both states over its purpose. The states are trying to force the Authority to finance the mass transit deficit, and the Authority is in court resisting the change. Thus the new notes were priced higher than the Authority has paid in the past, and were also given a much shorter maturity than usual. These attractions made the issue hot, and sold out to a premium. Dealers

Major Issues offered last week							
UTILITIES							
Issues	Amt. (000,000)	Coupon (per cent)	Matur.	Rtg. S&P	Off'g M	Yield Date	(per cent)
Calif. Water Serv. Co.	26	8 3/4	1983	A	A	6-19	8.79
Columbus & Southern Elec.	50	9 1/4	1982	BBB	A	6-19	9.297
General Tel. of Pa.	30	9 1/4	2005	A	A	6-19	9.35
Monogahela Power Co.	30	9 1/4	2005	A	A	6-19	8.80
National Fuel Gas Co.	21	9	1985	A	A	6-19	9
Northwestern Bell Tel. Co.	150	8%	2012	AAA	AAA	6-17	8.67
CORPORATES							
Associated Dry Goods Credit Corp.	50	8 3/8	1983	A+	A	6-18	8.96
ICI North America Inc.	100	9.05	1985	AAA	AAA	6-19	8.88
Ideal Basic Industries	50	9 1/4	2000	A	A	6-19	9.25
Komatsu Ltd.	50	7 1/4	1990	BBB	Baa	6-18	7.25
Manufacturers Hanover Corp.	25	8 3/8	1982		aaa		8.375
Manufacturers Hanover Corp.	75	8 1/2	1985			6-19	8.54
Merck	200	7 7/8	1985	AAA	AAA	6-19	8.85
Monsanto	175	8 1/2	2000	AA	AA	6-19	8.55
Monsanto	100	8	1985	AA	AA	6-19	8
MUNICIPALS							
Issuer	Amt. (000,000)	Mat. Range		Rtg. S&P	M	Off'g Date	Reof'g Scale
Bergen County, N.J.	17.0	1976-1995			AAA	6-18	3.75-6.4
Dept. of Transp. of Maryland	45.0	1977-1990			AA	6-17	4.5-6.80
Industry Urban-Development Agency	84.0	1975-1997			A-1	6-18	3.5-6.6
Mass. Housing Finance Agency	25.3	1977-2015				6-17	5.25-8.0
Missouri Housing Dev. Comm.	10.5	1976-2018		AA	A-1	6-18	4.5-7.84
Port Authority of N.Y. & N.J.	50	1977		A	A	6-16	7.03
Port Authority of N.Y. & N.J.	50	1978		A	A	6-16	7.03

said the issue was helped by the Standard & Poor's comment that, "The Authority has \$175.3 million in assets, which would more than cover the refunding of the bonds."

The other new municipal issues also were considered successful by dealers, and older issues ended the week slightly higher. The continued good health of the municipal

market is mainly caused by the higher interest rates available. The new Port Authority notes, for example, pay 7.03 per cent interest. For a married tax payer to get the same return on a corporate issue, the interest rate would have to be 11.5 percent, and there are few issues in any market paying that rate.

These higher rates are needed to attract the individual investor, because the traditional buyers (mainly banks) are avoiding the market. A new way for investors to take advantage of municipal high yields and also capture the safety of a diverse portfolio is the municipal bond

See BONDS, page 31

## New issue bonds

Issue	Type	Amount	Date Due	Call Features	Ratings	Syn. Manager	Coupon (Percent)	Date of Off'g.	Off'g. Yield	Mkt. Yield (Ask) 6-19
Associated Dry Goods	Notes	\$ 50,000,000	6-15-83	N-C 12-15-81	A(M) A+(S&P)	GS	8.875	6-18	8.96	8.96
Arizona Public Service	Bonds	\$ 75,000,000	6-1-80	N-C 6-1-80	Baa(M)A-(S&P)A(F)	FB	9.80	6-5	9.80	9.75
Banque Francaise	Notes	\$100,000,000	5-15-80	N-C 11-15-79	Aaa(M)AAA(S&P)	WW	9.125	5-30	9.125	9.10
C.I.T. Financial	Debs	\$150,000,000	6-1-95	N-C 6-1-85	Aa(M)AA(S&P)	DR	9.50	6-5	9.57	9.50
Columbus & Southern	Bonds	\$ 50,000,000	6-1-83	N-C 6-1-80	AA(M)A(M)BBB(S&P)	DR	9.25	6-18	9.30	9.30
Comm. of Australia	Bonds	\$ 50,000,000	6-15-83	N-C 1982	Aaa(M)AAA(S&P)	MS	8.75	6-12	8.75	8.75
Comm. of Australia	Bonds	\$ 50,000,000	6-15-80	N-C 1980	Aaa(M)AAA(S&P)	MS	8.45	6-12	8.45	8.45
Gen. Motors Acceptance	Debs	\$100,000,000	6-1-83	N-C 6-1-81	Aa(M)A(S&P)	MS	8.70	6-4	8.70	8.70
ICI North America	Debs	\$100,000,000	6-1-95	N-C 6-1-87	Aa(M)AAA(S&P)	GS	9.05	6-17	9.05	9.05
Ideal Basic Industries	Debs	\$ 50,000,000	6-15-2000	N-C 6-15-85	A(M)(S&P)	BED	9.25	6-18	9.25	9.25
International Tel. & Tel.	Notes	\$ 75,000,000	6-1-83	N-C 6-1-81	A(M)(S&P)	KL	9.125	6-5	9.125	8.90
International Tel. & Tel.	Debs	\$ 75,000,000	6-1-2000	N-C 6-1-85	A(M)(S&P)	KL	10.00	6-5	10.07	9.80
International Tel. & Tel.	Debs	\$100,000,000	6-1-2000	N-C 6-1-76	Baa(M)BBB(S&P)	KL	8.625	6-5	8.625	8.51
Komatsu Ltd.	Debs	\$ 50,000,000	6-30-90	N-C 6-30-78	Baa(M)BBB+(S&P)	ML	7.25	6-17	7.25	7.25
Long Island Lighting	Bonds	\$ 80,000,000	1983	N-C 1980	A(M)(F)A-(S&P)	SB	9.25	6-12	9.25	9.20
Manufacturers Hanover Corp.	Notes	\$125,000,000	12-1-82	N-C 6-1-82	Aaa(M)AAA(F)	ML	8.375	6-19	8.275	8.375
Manufacturers Hanover Tr.	Debs	\$ 75,000,000	6-1-85	N-C 6-1-85	Aaa(M)AAA(F)	ML	8.50	6-19	8.54	8.54
Merck & Co.	Notes	\$200,000,000	6-15-85	N-C 6-15-82	Aaa(M)AAA(S&P)	GS	8.875	6-19	8.875	8.875
Monogahela Power	Bonds	\$ 30,000,000	6-1-2005	N-C 6-1-80	A(M)(S&P)	SB	9.875	6-19	9.80	9.80
Monsanto Co.	Debs	\$175,000,000	6-15-2000	N-C 6-15-85	Aa(M)AA(S&P)	GS	8.50	6-18	8.55	8.55
Monsanto Co.	Notes	\$100,000,000	6-15-85	N-C 6-15-82	Aa(M)AA(S&P)	GS	8.00	6-18	8.00	8.00
New England Tel. & Tel.	Debs	\$175,000,000	6-1-2010	N-C 6-1-80	Aaa(M)AA-(S&P)	KP	9.50	6-3	9.475	9.23
Northwestern Bell Tel.	Debs	\$150,000,000	6-15-2012	N-C 6-15-80	Aaa(M)AAA(S&P)	MS	8.625	6-17	8.65	8.65
Public Service of OK.	Bonds	\$ 50,000,000	6-1-2005	N-C 6-1-80	Aa(M)AA(S&P)	BED	8.75	6-12	8.75	8.75
Prov. of Ontario	Notes	\$125,000,000	6-15-82	N-C 6-15-81	Aaa(M)AA(S&P)	SB	8.20	6-11	8.20	8.13
Prov. of Ontario	Debs	\$150,000,000	6-15-2005	N-C 6-15-90	Aaa(M)AA(S&P)	SB	9.125	6-11	9.17	9.03
Searle (G.D.) Co.	Notes	\$150,000,000	6-15-81	N-C 6-15-80	Aa(M)AA(S&P)	SmB	8.00	6-10	8.05	8.00
Squibb Corp.	Notes	\$100,000,000	6-15-85	N-C 6-15-82	Aa(M)AA(S&P)	MS	8.00	6-11	8.00	8.00
Standard Oil IN.	Debs	\$300,000,000	6-15-2005	N-C 6-15-85	Aaa(M)AAA(S&P)	MS	8.375	6-12	8.45	8.45
Texas Eastern Trans.	Bonds	\$ 60,000,000	7-1-85	N-C 7-1-85	Baa(M)BBB(S&P)	DR	10.00	6-11	10.00	10.00
Texas Elec. Service	Bonds	\$ 50,000,000	6-1-2005	N-C 6-1-80	Aaa(M)AAA(S&P)(F)	BED	8.875	6-10	8.92	8.92
Union Oil of CA.	Debs	\$150,000,000	6-1-85	N-C 6-1-82	Aa(M)AA(S&P)	DR	8.375	6-5	8.45	8.45

N-C Not Callable.

### Tax-exempt dollar bonds

The following is a representative list of long-term dollar-quoted municipal revenue bonds, with bid prices for the latest week, the previous week, and the net changes.

Issue	Bid June 12	Bid June 19	Net Change
Bat. Park City 6 $\frac{1}{2}$ -14	53	53	--
Chelan Co. PUD 5-13	74 $\frac{1}{2}$	74 $\frac{1}{2}$	--
Chicago O'Hare Airport 4 $\frac{3}{4}$ -99	85	85 $\frac{1}{2}$	+ $\frac{1}{2}$
Dallas Ft. Worth 6 $\frac{1}{4}$ -02	83	83	--
Delaware River PA 6-10	80	81	+1
Florida Turnpike 4 $\frac{3}{4}$ -01	78	77 $\frac{1}{4}$	- $\frac{3}{4}$
Kentucky Turnpike 6 $\frac{1}{2}$ -08	83	82 $\frac{1}{2}$	- $\frac{1}{2}$
Mass Tpke. 3.3-94	74 $\frac{1}{2}$	75	+ $\frac{1}{2}$
Nebraska PPD 5.80-13	78	78	--
NJ Turnpike 5.70-13	80	80	--
NJ Turnpike 7-09	108 $\frac{1}{2}$	109	+ $\frac{1}{2}$
NYS Power Authority 5 $\frac{3}{4}$ -10	73 $\frac{1}{2}$	74	+ $\frac{1}{2}$
NYS Urban Dev. 7-14	63	62	-1
Oklahoma Turnpike 4.70-06	69 $\frac{1}{2}$	69 $\frac{1}{2}$	--
Port Authority 6-08	78	80	+2

### Recent corporate issues

The following is a list of recent corporate bond issues with offering prices, latest bid prices, and weekly changes.

UTILITIES					
Issues	Offering Price	Latest Bid	Weekly Change	Rtg.	Current Yield
Cleve. Elec. 8.85-83	100	103 $\frac{1}{4}$	+ $\frac{1}{4}$	AA	8
Florida P&L 9 $\frac{1}{2}$ s-84	100	101 $\frac{3}{4}$	- $\frac{1}{8}$	A	8
Northern NG 9-85	99 $\frac{3}{4}$	102 $\frac{3}{4}$	+1 $\frac{1}{2}$	A	8
INDUSTRIALS					
Aloca 9.45-00	100	103 $\frac{1}{2}$	- $\frac{1}{8}$	A	9.1
Asarco 9 $\frac{3}{4}$ s-00	99 $\frac{3}{4}$	103	- $\frac{1}{4}$	A	8.7
G.E. Credit 8.4s-81	100	101 $\frac{1}{2}$	- $\frac{1}{8}$	AA	8.40
NCR 9-85	100	102 $\frac{1}{2}$	+1 $\frac{1}{8}$	A	8.98
NCR 9 $\frac{3}{4}$ -00	99 $\frac{3}{4}$	103 $\frac{3}{4}$	- $\frac{3}{8}$	A	9.75
Ph. Dodge 8 $\frac{1}{2}$ s-85	99 $\frac{3}{4}$	100 $\frac{1}{2}$	+2 $\frac{1}{2}$	A	

## 144 Letter Stock

Summarized below are significant notices of intent to sell or sales of restricted securities (also known as letter stock) recently filed on SEC Form 144. The date of sale given indicates an intent to sell the amount of shares listed on that date. It does not necessarily mean that the sale will be executed either in full or in part.

Restricted securities are issued directly by a company to so-called "sophisticated investors," who do not require information usually disclosed in a securities registration statement. These securities are usually sold at a discount to investors who are listed below as sellers. Also, the securities must be held for a certain period of time, usually two years.

Upon the filing of Form 144, these securities, when resold to the public, are no longer restricted. They are then included in this number of publicly-held outstanding shares.

Securities firms that handle these transactions almost always act as brokers, receiving their customary and traditional commission.

Alaska International Industries, Inc. 17,000 common shares at \$348,500 - intended sale on June 9 through Foster & Marshall, Inc. Acquired in May 1975 from the company. Neil G. Bergt, officer, director and ten per cent stockholder.

Aluminum Co. of America 30,000 common shares at \$1,331,250 - intended sale on June 4 (approximately) through Harrison & Co. Acquired in Sept. 1971 from the company. William H. Robinson.

American Quasar Petroleum Co. 20,000 common shares at \$302,250 - intended sale on June 6 through Bache & Co., Inc. Acquired in Dec. 1970 from the company. Abigail L. Fultz.

Applied Digital Data Systems, Inc. 10,000 common shares at \$88,750 - intended sale on May 30 through North Bayside Securities, Inc. Acquired in Jan. 1973 from Helix Investments Ltd. James and Margaret Kelly.

Applied Digital Data Systems, Inc. 24,000 common shares at \$243,000 - intended sale on June 2 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Feb. 1969 from the company. Leeam Weathers-Lowin, director.

Automatic Data Processing, Inc. 1,720 common shares at \$103,200 - intended sale within sixty days (form received at SEC on June 9) through Seymour Katz. Acquired in Feb. 1972 from the company. Elliott Settle, officer of subsidiary.

Automatic Data Processing, Inc. 6,000 common shares at \$342,000 - intended sale on June 3 through Sanford C. Bernstein & Co., Inc. Acquired in June 1975 from Lautenberg Foundation. United Jewish Appeal of Essex County.

Automatic Data Processing, Inc. 7,420 common shares at \$437,780 - intended sale on June 4 through Neuberger & Berman.

Acquired in Sept. 1970 from the company. Miriam F. Spitalny.

Automatic Data Processing, Inc. 2,580 common shares at \$152,220 - intended sale on June 4 through Neuberger & Berman. Acquired between Sept. 1970 and Jan. 1973 from the company. William H. Spitalny, director.

Beatrice Foods Co. 35,000 common shares at \$840,000 - intended sale (date not given, but form received at SEC on June 9) through Goldman, Sachs & Co. Acquired in Aug. 1973 from the company. Estate of Jesse Shwayder, King D. Shwayder and The Colorado National Bank, co-executors. King D. Shwayder is a director.

Beatrice Foods Co. 10,000 common shares at \$240,000 - intended sale on June 4 through Goldman, Sachs & Co. Acquired in Aug. 1973 from the company. King D. Shwayder, director.

Baker Industries Corp. 98,742 common shares at \$2,863,518 - intended sale between June 9 and Sept. 6 through Gruntal & Co. Acquired in June 1973 from the company. A. Cleve McCarty, director and officer.

Belco Petroleum Corp. 4,700 common shares at \$84,012.50 - intended sale on June 5 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Oct. 1959 from the company and in Nov. 1972 from Merrill Lynch, Pierce, Fenner & Smith, Inc. Robert A. Belfer, officer, director and ten per cent stockholder.

Belco Petroleum Corp. 5,300 common shares at \$100,101 - intended sale on June 5 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in April 1973 from Merrill Lynch, Pierce, Fenner & Smith, Inc. Robert A. Belfer, trustee for Renee E. Belfer, under trust agreement dated June 29, 1965. Robert A. Belfer, the trustee, is also an officer, director and ten per cent stockholder.

Bentley Laboratories, Inc. 12,500 common shares at \$256,250 - intended sale on June 4 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in June 1972 from the company. Robert J. Aplin, vice president.

Big Three Industries, Inc. 2,000 common shares at \$107,000 - intended sale on June 5 through E.F. Hutton & Co. Acquired about Jan. 1972 from the company. John A. McKissick, vice president and director.

Burnup & Sims, Inc. 36,338 common shares at \$209,000 - intended sale on June 2 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in July 1972 from the company. James P. Ford, president of subsidiary.

Campbell Soup Co. 12,907 common shares at \$393,663.50 - intended sale on May 29 through Smith, Barney & Co., Inc. Acquired in May 1968 from Charlotte C. Weber. Trust under deed of Charlotte C. Weber dated May 10, 1968. Philadelphia National Bank, John C. Weber and H. Peter Somers, trustees.

Chicago Bridge & Iron Co. 7,100 common shares at \$560,900 - intended sale on May 30 through Bacon, Whipple & Co. Acquired in

1949 from John T. Horton Trust. John T. Horton, director.

Codex Corp. 3,000 common shares at \$111,750 - intended sale on June 12 through Brown Brothers Harriman & Co. Acquired in Nov. 1971 from the company. Elizabeth W. Holmquist.

Colgate-Palmolive Co. 25,000 common shares at \$809,375 - intended sale on June 2 through Goldman, Sachs & Co. Acquired in Aug. 1972 from the company. Henry P. Kendall Trust u-w Article 7.

Dart Industries, Inc. 10,000 common shares at \$250,000 - intended sale on June 2 through Mitchell, Hutchins, Inc. Acquired in Jan. 1965 from the estate of Stanley M. Rumbough. Stanley M. Rumbough Jr., director.

Data 100 Corp. 10,000 common shares at \$130,000 - intended sale on June 5 through Shearson, Hayden, Stone. Acquired in Dec. 1974 from the company. Alfred J. Petteruti, officer and vice president.

Datapoint, Inc. 17,415 common shares at \$413,606 - intended sale on June 10 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Oct. 1970 from the company. Five Arrows Fund, N.V.

Diamond M. Drilling Co. 6,000 common shares at \$163,500 - intended sale on June 5

through Rauscher Pierce Securities Corp. Acquired in July 1969 from Four M Properties Ltd. Don E. McMahon, officer and director.

Dorchester Gas Corp. 20,000 common shares at \$260,000 - intended sale on June 5 through Institutional Equity Corp. Acquired in Nov. 1969 from the company. Preston A. Peak, director and officer.

Dover Corp. 5,000 common shares at \$237,500 - intended sale on June 9 through Bear, Stearns, Inc. Acquired in June 1968 from the company. Thomas C. Sutton.

Dunkin' Donuts, Inc. 18,299 common shares at \$100,644.50 - intended sale on June 6 through Kidder, Peabody & Co., Inc. Acquired in Jan. 1969 from the company. William Rosenberg, chairman of the board, treasurer and director.

Duke Power Co. 7,500 common shares at \$109,687.50 - intended sale on June 6 through Henderson, Harrison & Co. Acquired in 1925 and 1927 from B.N. Duke, Angier B. Duke Memorial, Inc.

Eastern Gas & Fuel Associates 3,000 common shares at \$144,750 - intended sale on June 3 and thereafter through Lehman Brothers, Inc. Acquired in Sept. 1971 from Robert J. Goldston. Herman N. Finkelstein

See LETTER STOCK, Page 30

### Largest transactions reported this week

Company	Shares	Total Reported Transactions	Total \$\$\$ Amount
Schlumberger Ltd.	100,000	2	\$9,025,000
Baker Industries Corp.	98,742	1	2,863,518
Emerson Electric Co.	55,000	2	2,200,000
MCA, Inc.	29,320	1	1,800,000
Aluminum Co. of America	30,000	1	1,331,250
Beatrice Foods Co.	45,000	2	1,080,000
Automatic Data Processing Inc.	17,720	4	1,035,200
Colgate-Palmolive Co.	25,000	1	809,375
Gulf Oil Corp.	25,800	2	567,600
Chicago Bridge & Iron Co.	7,100	1	560,900
Government Employees Insurance Co.	25,000	2	533,750
Datapoint Inc.	17,415	1	413,606
Campbell Soup Co.	12,907	1	393,663
Fairchild Industries	42,600	1	383,400
Pott Industries Inc.	12,227	1	380,000
Xonix Inc.	17,000	1	374,000
Alaska International Industries	17,000	1	348,500
Jefferson-Pilot Corp.	10,000	1	345,000
Minnesota Mining Manufacturing	5,000	1	332,550
Applied Digital Data Systems Inc.	34,000	2	332,550
Rohm & Haas Co.	4,000	1	312,000
American Quasar Petroleum Co.	20,000	1	302,250
Eastern Gas & Fuel Associates	6,000	2	289,500
Modular Computer Systems Inc.	17,800	1	284,800
Willamette Industries Inc.	14,000	1	270,000
Dorchester Gas Corp.	20,000	1	260,000
Bentley Laboratories Inc.	12,500	1	256,250
Dart Industries Inc.	10,000	1	250,000
Tesoro Petroleum Corp.	12,000	1	243,000
Dover Corp.	5,000	1	237,500
Viacom International Inc.	25,000	1	234,375
Storage Technology Corp.	15,000	1	225,000
Gray Tool Co.	10,800	1	222,750
Genuine Parts Co.	5,000	1	210,000
Zurn Industries Inc.	21,000	1	210,000
Burnup & Sims Inc.	36,338	1	209,000
Hart Hanks Newspapers Inc.	14,250	1	206,631

# Market Letters Digest

## Tucker Tape: A breathing spell

The stock market having sold down on a broad front during recent sessions lends added credence to the belief of Tucker, Anthony & R.L. Day's Tucker Tape that the market is undergoing a period of consolidation and a pullback to around the 800 level of the Dow Industrials is a possibility.

Underlying support, says the firm, is indicated in the 700-800 level. This not unexpected period of profit-taking should offer investors a welcome respite to the rapid ascent of stock prices this year. The report refers to this period of consolidation as a welcome respite because numerous areas of the general list were beginning to boil, and the market was showing indications of being overheated.

This, says the firm, was evidenced by the unprecedented heavy volume of 30 million shares plus on a couple of days. In addition, the low-priced stock index has advanced nearly straight up during the past few months evidencing a rapid build-up of speculative activity.

Although the firm does expect stock prices to trend lower on a near-term basis, it continues to be bullish for the intermediate and longer-term outlook. "The basic trend of the market is still up, and for this reason investors should maintain a positive investment approach.

On the basis of the evidence on hand, the firm sees no delay or change in the hoped-for economic recovery. The firm believes the recession has bottomed out. For this reason and because of the technical underpinnings of the market, the firm continues to advocate a positive investment approach toward the purchase of selected issues of quality during this breathing spell.

## Frank Arko: Silver a valuable investment

Silver is the best investment consideration one can make at this time, as it is one of the few commodities whose consumption far exceeds production—leaving an annual gap of approximately 210 million ounces worldwide, states the International Frank Arko Report.

Of all the precious metals, silver looks the best, according to the report, because the outlook for base metals is cloudy. Some two-thirds of silver production is a by-product of copper, lead, zinc, etc. The worldwide recession has curtailed demand and output has been cut back sharply. This will widen the gap between production and consumption even further since demand won't shrink as much as output.

The report states that in addition to the supply-demand gap, the price will be boosted even farther due to the currency uncertainties. The increased money supply, both in this country and throughout the industrialized world, will definitely contribute to another burst of inflation, says the report.

The next burst of inflation will no doubt be accompanied by a currency turmoil, the report continues, and such a situation will find speculators throughout the world moving into silver even more quickly than into gold.

Investors worldwide are rapidly recognizing the tremendous up-side potential silver has, according to the report. It is on silver's relatively low price, vis-a-vis other precious metals like gold, that a firm investment base is being built.

The report believes precious metals are "possibly the only safe haven in an unstable world," with silver currently having greater potential than gold. "I believe," adds the report, "that the next time silver goes on a 'bender' it will pass \$7.50 and that may well be in 1975." And what applies to silver bullion, applies to silver stocks.

Silver's lower-than-gold price gives it a special appeal to persons of limited means. Gold is currently hovering just under its all-time high, which may deter some investors. Silver, well below its all-time high, is becoming a more attractive vehicle for speculators and those who fear from monetary and economic uncertainty, the report concludes.

## Wood Gundy: Money supply causes concern

The only cause for concern at the moment, as money market conditions are generally stronger, is the behavior of the money supply, states Wood Gundy.

Over the past quarter the narrow variety has expanded at a 9.4 per cent rate, and this is creating a question mark over the Fed's response. Although this is clearly outside the 5.5 to seven per cent range that Arthur Burns said in March was the Board's annual target, it has developed over only a 13-week period and at a time when loan demand is still weak.

It is highly unlikely, says the company, that the Fed would like to see this high a rate for another quarter, but in their view movements away from a target are not meaningful in real terms unless they persist for at least two quarters. Over the past 26 weeks, M1 growth is still only 4.6 per cent.

Commercial and industrial loans at large commercial banks have declined by about 14 per cent over both the past three and six-month periods. Unemployment is likely to rise some more, but inflationary conditions should improve. In the face of these factors, the report concludes, the Fed is likely to maintain the approach it has followed for most of this year and no major policy move in either direction is foreseen for some months.

## M.A. Schapiro: Bank holding companies

The brokerage firm of M.A. Schapiro and Co. says that earnings of the 25 major bank holding companies should increase 15 per cent this year.

Although the increase appears impressive during this recessionary period, Schapiro points out that this represents something of a downturn from the first quarter when profits rose 28 per cent overall.

The slowdown will result from narrower interest spreads, increased operating costs and the need to replenish loan loss reserves, the firm said.

## Bateman Eichler: Offshore oil outlook bright

Bateman Eichler, Hill Richards Inc. states that over a five to ten year time span the outlook for the offshore oil industry is extremely bright since offshore oil is the best hope of petroleum consuming nations to overcome the problems presented by PEC oil pricing.

However, the report states, there are some uncertainties in the near term outlook. Day rates could recede from current lofty levels. The world's fleet of offshore drilling equipment is expanding rapidly at a time when political, tax and economic conditions are holding down demand for rigs. This could create a temporary oversupply situation over the next year or two, the report says, until a positive energy policy is developed in the U.S. and development costs ease in the North Sea, freeing more funds for exploration. However, a major offshore discovery leading to a new oil province could change all this, according to the report.

The less costly type floating vessels should be in greatest demand now, due to the location, water depth and climatic conditions in areas where new offshore drilling is most likely to occur, plus the current cost squeeze on exploration budgets. Smaller units capable of drilling in water depths of at least 600 feet appear to be the most desirable. Semisubmersibles in this category probably have "the inside track" in the Gulf Coast region, states the report, but the smaller type of drillship is well qualified for work in more remote calm water areas.

There should be a growing need for construction-type vessels to build platforms and lay pipelines, says the report, now that the North Sea and a number of other important areas are moving increasingly into the development stage.

For the short term, there may be some delivery stretchouts and cancellations of new offshore rigs, states the report. However, longer term demand is such that an historically high level of construction can be justified into the early 1980's, according to the report. When underwater completions develop on a substantial scale, a whole new dimension will be added to rig demand.

## Schroder: Treasury bill rate may rise

The current scarcity of Treasury bills has driven the three month bill rate down to about five per cent on a coupon equivalent basis. But since one would expect the Treasury to return to adding to the weekly bills in July, with the seasonal demand factors soon to pass, with the Fed having edged its funds target higher and with yield differentials between bills and CDs unusually wide, bill rates seem destined to make an upward adjustment in the future, states the Schroder Report.

The present low rate is clearly on the low side of the going Federal funds rate of about 5¼ per cent, with the differential indicative of the current scarcity value being placed on bills, according to the report.

The relationship between Federal funds and three month bills is more complex than many market analysts appreciate, says the report, and differs depending upon whether it is a period of easy or tight money. In periods of tight money the downward sloping yield curve that is normally associated with such conditions means that the shorter the maturity, the higher the rate. Since Federal funds are overnight money, they usually carry the highest rate.

The report states that the exact size of the yield differential between Fed funds and bills can vary enormously, depending upon such things as the supply of bills in the market, the extent of foreign bill buying, the breadth of the non-competitive interest in bills and the extent to which safety and liquidity concerns are motivating investors. Such factors often force bill rates down to levels that seem to have little relationship to rates being paid on Fed funds and other money market instruments. Therefore, states the report, through all of 1974, the effective rate on Fed funds exceeded that on bills by a substantial amount, and in mid-1974 the differential almost reached six per cent at one point.

When the Fed subsequently eased policy, the differential between rates on Fed funds and bills narrowed, and in March 1975 disappeared completely. By April, Fed funds rates were trading below bill rates. Investors often buy bills in these periods to take advantage of the carry profit. As long as investors believe the Fed will not substantially firm the funds rate, and eliminate their carry profits, the Treasury can sell huge amounts of bills with little upside rate pressure. But if the opportunities for carry profit disappear, even modest increases in the supply of bills can be a significant market burden, the report concludes.

**Haas: Slower business recovery**

Recent evidences of improvement in the economy, which have given rise to so much hope that the end of recession and the beginning of the recovery are close, appear to be "purely temporary" and likely to give way soon to renewal of rapid decline in business activity, says Gilbert M. Haas & Co.

Prices of new cars, new homes and practically everything else are too high to permit business recovery, says the letter. Much of industry both in the U.S. and abroad may have to put through the wringer in order to reduce costs of goods and services sufficiently to enable sustained economic recovery.

General price deflation, such as always has gone along with global business recession in the past, has been held in abeyance so far. But now, according to the letter, fresh weakness in numerous primary industrial materials and the leveling off in the long and steep rise in the general industrial commodity price list indicate that recessionary forces are "gaining ascendancy." The second half of this year, adds the letter, may feel the vicious combination of accelerated recession plus deflation.

Administration counter-recession measures, which were successful earlier in the post World War II period in reversing recessionary tendencies, are considered likely to be of only limited and temporary effectiveness in view of the nature of the current business contraction, adds the letter.

There is considerable evidence that late 1973 marked the end of the super-expansive phase of a long-term business cycle such as occurs only once or twice in a 100 years, and what has been seen since late 1973 may have represented no more than the initial phase of a typical corrective process. "The fact that this is an international or world recession, the first in many years, is felt to enhance this possibility," concludes the letter.

Without an improvement in earnings plowback, capital spending and productivity, E.W. Axe & Co., Inc.'s Axe-Houghton Survey believes that corporate earnings cannot grow.

There are many forces which affect productivity — real output per man-hour. Among them, says the report, are economies of scale, management techniques, levels of education, labor quality, resource allocation, technology and capital investment. It is generally accepted that capital investment, through the purchase of new plant and equipment, is the single most important influence on productivity.

The report notes that productivity improvement has slowed drastically since 1966. From a five-year gain of 19.7 per cent in the 1961-66 period, the gain fell to 7.6 per cent for 1969-74. In an annual compound basis, this amounts to 3.7 per cent and 1.5 per cent, respectively, adds the report.

Long-term capital expenditures have traditionally been financed through an increase in equity capital. Although the high reliance on debt financing during the past decade has made up temporarily for the shortage of equity capital, it has driven the corporate balance sheet to the edge of illiquidity. The report notes that capital expenditures in the future must come from either substantial equity financing or, if stock prices continue depressed, from retained earnings. "Yet prospects for both of these sources are poor," adds the report.

The report believes it is unreasonable to expect an improvement in productivity — other than short-term gains which occur at the beginning of economic recoveries — until government policies are changed to encourage capital formation and investment.

**AXE-Houghton: Productivity must improve**

**Continental: Shift to SDR-oil pricing**

The anticipated shift of oil-exporting countries from pricing oil in dollars to Special Drawing Rights (SDRs) should reduce foreign-exchange fluctuations, says Continental Illinois National Bank and Trust Co. of Chicago.

According to the bank, the shift would provide nations with more freedom to manage their floating exchange rates in relation to their balance of payments and would reduce their concerns about aggravating the price of oil.

Europe's oil import costs would be affected less by changes in the value of the dollar, says the bank.

For example, Germany's oil import costs have declined by approximately 13 per cent since September 1974 as a result of the depreciation of the dollar against the mark. But the bank estimates, that, if SDR pricing had been in effect, the decline would have been only about 5.5 per cent.

In addition, if the dollar strengthens as the bank expects, SDR pricing would help reduce U.S. oil import prices.

**Piper, Jaffray: Farm outlook is up**

It is the opinion of Piper, Jaffray & Hopwood Inc., that conditions in the feed-poultry-soybean processing group of related industries, one of the most cyclical of the agri-business investments available to the public, are likely to begin to improve.

In the past quarters the companies in this group have faced a difficult operating environment, but the company believes that the current quarter will mark the bottom of this cycle.

The firm's opinion is based on two assumptions: (1) the 1975 feed grain crop will likely be adequate to permit an increase in livestock feeding; therefore, prices adjust to encourage livestock production; and (2) consumer food demand will continue to expand, reflecting increasing consumer disposable income due to economic recovery, tax rebates, etc. If these two conditions develop, it is expected that livestock and poultry prices will be favorable.

It should be noted, states the company, that broiler, cattle and hog prices have advanced in recent weeks. Broiler production is now profitable and supplies are limited by the reduced breeder flock. Feed demand will also likely pick up this fall if livestock prices remain favorable and grain supplies are adequate.

The firm also thinks that soybean processing margins could improve if the current soybean crop develops normally and supplies improve either late this season or at harvest. While the company does not believe a return to the 1973-74 profits is likely, it does think that an improvement from the current situation is probable.

**Loewi: Economic "trough" is reached**

Based on economic indicators, the trough of the business decline, according to the Loewi & Co. should occur during the current quarter, with a prolonged period of economic recovery lasting well into 1977.

There is a great deal of evidence supporting the trough in economic activity, states the report, including 1) a rise in new orders for durable goods during April, 2) a modest decline in industrial production at a 4.3 per cent annual rate in April compared with a 23.2 per cent rate during the preceding six months, 3) a rise in total civilian employment in April and May of 3.4 per cent and 2.6 per cent, respectively, after six monthly declines, and 4) a substantial moderation in the layoff rate as well as a stabilization in the average length of the workweek. In addition, retail sales rose through May and housing permits have begun to experience a sharp upturn.

However, the report continues, the lack of meaningful stimulation to monetary growth in recent months and the Fed's insistence on target rates for long-term money supply growth in the five to seven per cent range increase the likelihood that the anticipated recovery will be sluggish at the onset and through much of 1975.

**Chase: Capital spending cutback**

The latest Commerce Department survey indicates that U.S. business has again scaled back 1975 domestic capital spending plans—1975 spending will be up only 1.6 per cent from 1974, according to Chase Manhattan Bank.

Although business expectations may improve as the economy begins to recover, states the bank, capital spending will probably remain sluggish until mid-1976. Since the price of capital goods will undoubtedly rise by more than 1.6 per cent (the planned increase in capital spending) capital spending in constant dollars will decline this year.

The survey states that manufacturing firms intend to increase spending 5.5 per cent this year, compared with a 1 per cent decline expected in the nonmanufacturing sector. Within manufacturing, producers of nondurable goods plan to spend 13 per cent more than last year, while manufacturers of durable goods, which have been greatly affected by the recession, intend to reduce spending by 2.5 per cent. The auto industry is planning to cut its capital spending by 17 per cent this year, and the electrical machinery industry—including producers of household appliances and television sets—is lowering expenditures by almost 19 per cent.

Capital spending plans in the petroleum industries are a reflection of the new energy situation, states the bank. The emergence of high energy costs is influencing investment by the mining industry (up 20 per cent this year), the railroads (up 12 per cent) and other surface transportation industries (up 22 per cent). Cuts will be made by other nonmanufacturing industries.

The lackluster performance of capital spending this year is not surprising, the bank concludes, because investment expenditures, in constant dollars, have declined in every recession of the postwar period. However, the current recession is the most severe of the postwar period and, relative to the state of the overall economy, investment spending has held up quite well, says Chase. Real investment spending was 10.7 per cent of real GNP in the first quarter of 1975, the highest figure for this ratio during any postwar recession.

**Inverness: Recovery is underway**

A recovery in economic activity is underway, says Inverness Counsel, Inc. As it progresses, the benefits of greater profits and more jobs will be distributed unequally, and the relationships between different parts of the economy and between various industries will change. In coping with these changes, the report notes that the investor will be aided by an improving environment.

The report notes that the output of goods and services will be higher in the second half of this year than in the initial six months, partly because the rate of production in the first half was extremely low — to reduce inventories. More important, says the report, are the different forms of government stimulation — all of which ultimately exert influence through an increase in the nation's supply of money.

The Federal Reserve has indicated a desire to expand the money supply in the 12 months to March of next year at an annual rate of 5 to 7½ per cent, but in all probability the trend line will turn out to be more like eight per cent. Such an injection might be expected to produce an 11 per cent increase in the dollar volume of goods and services (the GNP), of which the report estimates five per cent would represent sheer inflation and six per cent real growth.

**Wright: Income yield spread**

Investors' consideration of current cash income goes a long way to explain periodic stock market declines, says Wright Investors' Service.

According to the report, one need look no further than to the gap between dividend yields on common stocks and income yields of short-term securities to find the root cause of the last two bear markets of 1969-70 and 1973-74. In each case, says the report, the spread between yields on common stocks and short-term alternative investments — such as Treasury bills, commercial paper and certificates of deposit — grew substantially during the early stages of the decline. In fact, Wright continues, there has been a general exodus from the stock market whenever the spread between current yield on stocks and fixed-income short-term securities widens dramatically.

Wright adds that there is every precedent for a rising stock market while yields spreads are widening between short-term securities and long-term bonds, since equity investors generally prefer the liquidity and immediate cash income offered by short-term investment vehicles. Investors should take heart in the narrowing of the gap between stock yields and yields on short-term issues, claims Wright.

The report claims that his long-term outlook for the stock market remains bullish, but Wright warned of further downward pressure pending reassurance that the outlook for further moderation in interest rates will continue.

# Securities now in Registration

(N) indicates additions in since previous issue (R) items revised (I) initial public offering

## Companies in Registration

### AMF INC.

White Plains, NY, June 6, 1975 filed \$60,000,000 of notes due June 30, 1985. The company, a worldwide producer of leisure time and industrial products, will use the proceeds to repay a portion of its short-term notes. Lazard Freres & Co., NY, will manage the underwriting. Offering expected June 23. V. 220 7467, P. 25. (N)

### ASSOCIATED DRY GOODS CREDIT CORP.

417 Fifth Ave., NY, May 20, 1975 filed \$50,000,000 of notes due June 15, 1983. The company, which is a wholly-owned subsidiary of Associated Dry Goods Corp., will use the proceeds to purchase customer receivables and to reduce commercial paper indebtedness. Goldman, Sachs & Co.; and Lehman Brothers, Inc., NY, will manage the underwriting. Offering imminent.

**BALCOR REALTY INVESTORS LTD.—75**  
One Concourse Plaza, 4711 Gold Road, Skokie, IL, March 21, 1975 filed 12,500 limited partnership interests, to be offered at \$1,000 per unit, with a minimum purchase of 5 units. Blyth Eastman Dillon & Co. Inc. NY; and Robinson-Humphrey Co. Inc., Atlanta, GA, will manage the underwriting, on a best-efforts basis. Offering expected July 1. V. 219 7440, p. 63.

### BALDWIN (D.H.) CO.

1801 Gilbert Ave., Cincinnati, OH, May 13, 1975 filed \$10,000,000 of subordinated capital notes due 1980. The company, which is a financial holding concern and a manufacturer of musical instruments, will use the proceeds to repay debts. Edward D. Jones & Co., St. Louis, MO, will manage the underwriting. Offering expected in June. V. 219 7436, p. 64.

### BANKERS INVESTMENT CO.

820 North Main St., Hutchinson, KS, May 15, 1975 filed \$1,500,000 of 1975 series subordinated debentures due 1987; and \$1,000,000 of series 1975 capital notes due 1986, to be offered at 100 per cent. The company is engaged in finance and insurance businesses. Beecraft, Cole & Co., Topeka, KS, will manage the underwriting. Offering expected in June.

### CAN-AM GOLD MINING CO.

639 Lincoln Bldg., Spokane, WA, Jan. 10, 1975 filed 1,125,000 shares of common. The company is engaged in old mining claims in Idaho. P.L. Sandberg & Co. Inc., Spokane, WA, will manage the underwriting.

### CARTER HAWLEY HALE STORES, INC.

800 South Spring St., Los Angeles, CA, May 30, 1975 filed 2,500,000 shares of common, of which 2,000,000 shares will be offered by the company and the remainder by Hale Bros. Associates Inc. The company, which is engaged in retail business through general and specialty dept. stores, will use the proceeds for working capital. Morgan Stanley & Co. Inc., NY, will manage the underwriting. Offering expected June 24.

### CAVENHAM (USA) INC.

Room 11, 4695 Main St., Bridgeport, CT, April 24, 1975 filed \$44,644,144 of sinking fund debentures, to be offered in exchange for the common stock of Grand Union Co. The company is a wholly-owned subsidiary of Cavenham Ltd., a British Corp., which operates food outlets. Lazard Freres & Co., NY, will manage the underwriting. Offering expected in July. V. 218, p. 605.

### CITY OF MONTREAL

Montreal, Canada March 18, 1975 filed \$75,000,000 of sinking fund debentures due April 15, 1985. The proceeds will be used by the Canadian city for various public works programs. Morgan Stanley & Co. Inc.; A.E. Ames & Co. Inc., NY; and Melson, Rousseau & Cie Limitee, Montreal, Canada, will manage the underwriting.

### COINS OF GOLD INVESTORS, INC.

Suite 2W5, 3000 Marcus Ave., Lake Success, NY, Jan. 15, 1975 filed 625,000 shares of common, to be offered at \$8 per share, in 5,000 units of 125 shares per unit. The company purchases US and foreign numismatic coins and non-numismatic gold coins and metallic bars. Muller & Co., NY, will manage the underwriting.

### CONSOLIDATED EQUITIES PARTNERS, LTD.

1280 West Peachtree St., Atlanta, GA, May 16, 1974 filed 10,000 units of limited partnership interests, to be offered at \$500 per unit, with a minimum purchase of 5 units. Financial Service Corp. of America, Atlanta, GA, is the depositor.

### CONTINENTAL WESTERN INDUSTRIES INC.

11201 Douglas Ave., Des Moines IA, Sept. 17, 1974 filed an amendment for \$16,580,000 of floating-rate senior subordinated notes, due Feb. 1, 1980. The company, through two of its subsidiaries, is engaged in the businesses of insurance, production and distribution of electrical plumbing and other building supplies, and the production and distribution of lumber, will use the proceeds to repay debt. Shearson, Hammill & Co. Inc., NY; and R. G. Dickinson & Co., Des Moines, IA will manage the underwriting.

### DAYCO CORP.

333 W. First St., Dayton, Oh, March 21, 1975 filed \$13,150,000 principal amount of 4.65 per cent convertible subordinated debentures due Aug. 1, 1982, for the account of certain security holders. The company is a diversified concern in rubber, plastics, and chemical technology. Lehman Brothers Inc., NY, will manage the underwriting.

### FIRST NATIONAL OF NEBRASKA, INC.

First National Center, 16th Dodge St., Omaha, NE, April 16, 1975 filed \$6,200,000 of floating rate notes due July 15, 1990. First Mid-America Inc., Lincoln, NE, will manage the underwriting. Offering expected in June.

### GEO A. HORMEL & CO.

Austin, MN, May 29, 1975 filed \$25,000,000 of notes due June 15, 1985. The company, a meat packing concern, will use the proceeds to repay and reduce debts and loans. Smith, Barney & Co. Inc., NY, will manage the underwriting. Offering expected June 25.

### GRAPHIC CONTROLS CORP.

Buffalo, NY, May 13, 1975 filed 205,000 shares of common of which 150,000 shares will be offered by the company and the remaining 55,000 shares by certain stockholders. The company manufactures recording charts and data forms. C.E. Unterberg Towbin Co., NY,

will manage the underwriting. Offering imminent. V. 220 7469, p. 36.

### IBEX GOLD, INC.

The 1216 Old National Bank Bldg., Spokane, WA, April 18, 1975 filed 600,000 shares of common. The company is presently engaged in the mineral exploration business. Engler & Bush Co., Minneapolis, MN, will manage the underwriting on a best-efforts all-or-none basis.

### IDEAL BASIC INDUSTRIES, INC.

821 Seventeenth St., Denver, CO, June 3, 1975 filed \$50,000,000 of sinking fund debentures due 2000. The company, which is the largest portland cement producer in the US and the second largest potash producer in North America, will use the proceeds to repay short term borrowings and to increase its funds. Blyth Eastman Dillon & Co. Inc., NY; and Boettcher & Co., Denver, CO, will manage the underwriting. Offering imminent. V. 218, p. 299.

### INTERNATIONAL HARVESTER CREDIT CORP.

401 N. Michigan Ave., Chicago, IL, June 11, 1975 filed \$75,000,000 of notes due Jan 1, 1981. This finance unit of International Harvester Co., will use the proceeds to reduce short-term debts. Morgan Stanley & Co. Inc., NY, will manage the underwriting. Offering expected June 26. V. 220 7459, p. 65. (N)

### INTERNATIONAL SPHERE

861 West 18th St., Costa Mesa, CA, April 30, 1975 filed 600,000 shares of common. The company manufactures hollow metal spheres for industrial use. DMR Securities Inc., Tucson, AZ, will manage the underwriting. Offering imminent. (I)

### IRELAND

Minister-Consul General of Ireland in New York, 580 Fifth Ave., NY, Nov. 28, 1974 filed \$25,000,000 of notes due Jan. 1, 1980, to be offered at 100 percent. Proceeds will be used to finance building and construction, loans for agriculture, fuel and power, industry and for other national development programs. Merrill Lynch, Pierce, Fenner & Smith Inc.; and Warburg Paribas Becker Inc., NY, will manage the underwriting.

### JOS SCHLITZ BREWING CO.

235 West Galena St., Milwaukee, WI, May 22, 1975 filed an amendment for \$75,000,000 of notes due May 15, 1985. The manufacturer of beer, malt liquor, animal feeds, table wines and other products, will use the proceeds to finance part of its capital expenditure requirements. Goldman, Sachs & Co., NY, will manage the underwriting. Offering expected early July. V. 219 7450, p. 58. (R)

### KERR-MCGEE CORP.

Kerr-McGee Center, Oklahoma City, OK, June 6, 1975 filed \$75,000,000 of notes due July 1, 1983; and 750,000 shares of common stock. The company, which is engaged in the discovery, production and marketing of the four primary energy fuels—oil, gas, uranium and coal, will use the proceeds to repay short-term debts and to finance capital expenditures. Lehman Brothers Inc., NY, will manage the underwriting. Offerings expected about June 23. V. 218, p. 1137. (N)

### KOMATSU LTD.

Komatsu Bldg., 3-6, 3-chome, Alasaka, Minato-ku, Tokyo, Japan, April 29, 1975 filed \$50,000,000 of convertible debentures due June 30, 1990. The concern, a manufacturer of heavy-equipment, will use the proceeds to increase working capital. The new debentures will be convertible into the company's stock or ADR, which represent shares owned in the US but in deposit in Japan. Merrill Lynch, Pierce, Fenner & Smith Inc.; and Nomura Securities International Inc., NY; and J. Henry Schroder Wagg & Co., will manage the underwriting. Offering imminent.

## Important Notice

The tabulations excluded issues filed prior to Jan. 1, 1974 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.

### LUCKY STORES INC.

Dublin, CA, May 28, 1975 filed \$40,000,000 of convertible subordinated debentures due July 15, 2000, to be converted into the company's common stock. The diversified retailer will use the proceeds for store expansion and for its remodeling program. Merrill Lynch, Pierce, Fenner & Smith Inc.; Goldman, Sachs & Co., NY; and Dean Witter & Co. Inc., San Francisco, CA, will manage the underwriting. Offering expected June 24. V. 219 7437, p. 63.

### MERCK & CO. INC.

Lincoln Ave., Rahway, NJ, May 28, 1975 filed \$200,000,000 of notes due June 15, 1985. The company, which is a worldwide organization engaged primarily in the business of discovering, developing, producing and marketing products and services, will use the proceeds to increase its general funds and for working capital. Goldman, Sachs & Co., NY, will manage the underwriting. Offering imminent. V. 219 7419, p. 20.

### METRO-GOLDWYN-MAYER INC.

1350 Ave. of the Americas, NY, Feb. 4, 1975 filed \$9,658,160 of 10 per cent subordinated debentures due 1994. Blyth Eastman Dillon & Co. Inc., NY, will manage the underwriting. V. 220 7457, p. 65.

### MISSISSIPPI RIVER CORP.

9900 Clayton Rd., St. Louis, MO, May 23, 1975 filed \$25,000,000 of convertible subordinated debentures due 1995. The holding concern of three principal subsidiaries will use the proceeds to repay bank borrowings. Blyth Eastman Dillon & Co. Inc., NY, will manage the underwriting. Offering imminent. V. 219 7404, p. 24.

### MONSANTO CO.

800 North Lindbergh Blvd., St. Louis, MO, May 23, 1975 filed \$150,000,000 of sinking fund debentures due June 15, 2000; and \$100,000,000 of notes due June 15, 1985. The company, which is a multi-national concern engaged directly and through subsidiaries in the research, development, manufacture and sale of a widely diversified line of science based products, will use the proceeds to increase its general funds for future capital expenditures. Goldman, Sachs & Co. NY, will manage the underwriting. Offering imminent. V. 220 7466, p. 69.

### NATIONAL SECURITIES & RESEARCH CORP.

120 Broadway, NY, Dec. 17, 1974 filed 1,500,000 units of beneficial interest to be offered at \$20 per unit, with a minimum purchase of 100 units, in the National-Unit-Gold-Trust. The trust is organized to provide an economical and convenient method of owning gold bullion. Each unit will represent ownership of an amount of troy ounces of gold based upon the net asset value of the trust computed daily. Loeb Rhoades & Co.; Harris Upham & Co. Inc.; Hornblower & Weeks-Hemphill, Noyes Inc., NY; and Dean Witter & Co. Inc., San Francisco, CA, will manage the underwriting.

### NL INDUSTRIES INC.

111 Broadway, NY, June 5, 1975 filed \$125,000,000 of sinking fund debentures due July 1, 2000. The company, an international manufacturer of a varied line of chemical and metal products, will use the proceeds to repay bank debts incurred for expansion expenditures. Kuhn, Loeb & Co.; and Salomon Brothers, NY, will manage the underwriting. Offering expected June 23. (N)

### ORION SPORTS CENTERS, INC.

Sept. 3, 1974 filed an amendment for 200,000 units (comprising one share of common and one warrant), to be offered at \$5 per unit; 200,000 shares of common, to be offered at \$8 per share, reserved for issuance upon exercise of warrants; and 5,000 shares of common, to be offered at \$0.01 per share for sale to the underwriter. H. E. Simpson Securities, Inc. NY, will manage the underwriting.

### PHILATELIC EXCHANGE INC.

65 Gail Dr., New Rochelle, NY; Dec. 6, 1974 filed 600,000 shares of common; 300,000 warrants, to be offered in units consisting of 2 shares of common and one warrant, at \$1 per unit; and 300,000 shares of common, to be offered at \$2.50 per share, reserved for issuance upon the exercise of the said warrants. The company, which intends to acquire stamps and to sell these stamps to dealers and collectors, will use the proceeds to acquire a stamp inventory and for capital expenditures. Aaron (E. L.) & Co. Inc., NY, will manage the underwriting. Offering expected in June.

### PIZZA HUT INC.

10225 East Kellogg, Wichita, KS, June 6, 1975 filed \$25,000,000 of convertible subordinated debentures due 1996. The company, which is principally engaged in the operation, development, franchising and servicing of a system of restaurants, will use the proceeds to construct additional restaurants. White, Weld & Co. Inc., NY, will manage the underwriting. Offering expected June 23. V. 219 7429, p. 79.

### STALEY (A.E.) MANUFACTURING CO.

2200 Eldorado St., Decatur, IL, May 21, 1975 filed 700,000 shares of common stock. The company, which is a major processor of corn and soybeans, will use the proceeds to finance the cost of construction of a new corn processing plant in Indiana. Loeb, Rhoades & Co.; and Kuhn, Loeb & Co., NY, will manage the underwriting. Offering expected June 23.

### TECHNICON CORP.

Tarrytown, NY, May 9, 1975 filed 1,500,000 shares of common, of which 750,000 shares will be sold by the company; 637,500 by the board's chairman; and the remaining 112,500 by Whitehead Medical Research Institute. Proceeds will be used to reduce short-term borrowings. The company is a manufacturer of wet chemistry analytical systems for single or multiple test analysis of blood and a variety of other biologic liquids. Goldman, Sachs & Co.; and Lehman Brothers, Inc., NY, will manage the underwriting. Offering imminent.

### USLIFE CORP.

125 Maiden Lane, NY, June 10, 1975 filed \$50,000,000 of notes due July 15, 1985. The company, a diversified insurance-based financial services concern, will use the proceeds to reduce short term bank debts, and to retire bank loans. Lehman Brothers Inc.; and Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting. Offering expected week of July 7. V. 219 7397, p. 45. (N)

### VALLEY INDUSTRIES INC.

St. Louis, MO, May 7, 1975 filed 1,000,000 shares of common, of which 500,000 shares will be sold for stock and warrants holders and the remainder by the company. The company is a manufacturer of steel products. Loeb, Rhoades & Co., NY, will manage the underwriting. Offering imminent. V. 219 7402, p. 45.

### VICTORIA STATION INC.

150 Chesnut St., San Francisco, CA, June 5, 1975 filed 630,000 shares of common, of which 500,000 shares will be offered by the company, and the remainder by selling shareholders. Robertson, Colman, Siebel & Weisel, San Francisco, CA, will manage the underwriting. Offering expected June 24. (N)

### WORLD FUTURES, INC.

277 Park Ave., NY, Jan. 3, 1975 filed 200,000 shares of common, to be offered at \$5 per share. The company, which is trading in commodity futures, will use the proceeds to margin deposits and operating expenses. J.J. Krieger & Co. Inc., NY, will manage the underwriting.

## Oil-Gas Real Estate

### AMERICAN PROPERTY INVESTORS V

16633 Ventura Blvd., Encino, CA, Jan. 16, 1975 filed 60,000 units of limited partnership interests, to be offered at \$500 per unit, with a minimum investment of \$2,500. The company will invest in improved commercial real estate. Kelly & Morey Inc., Denver, CO, will manage the underwriting on a best efforts basis. Offering expected in June.

### ASHLAND OIL CO.

Ashland Drive, Russell, KY, April 1, 1975 filed an amendment for \$50,000,000 of notes due 1985; and \$50,000,000 of debentures due 2000. Proceeds will be used to repay bank loans. Dillon Read & Co. Inc.; Blyth Eastman Dillon & Co. Inc.; and Lehman Brothers Inc., NY, will manage the underwriting. V. 219 7399, p. 44. (R)

### CALPLANS OIL & GAS PROGRAM

100 Webster St., Oakland, CA, Nov. 4, 1974 filed 3,000 units of limited partnership interest, to be offered at \$2,500 per unit, with a minimum purchase of 2 units. These partnerships will be formed from time to time as

subscriptions equal to or in excess of the minimum amount of \$500,000 for each limited partnership has been subscribed. Proceeds will be utilized in a way that 50 per cent will go towards development activities; 45 per cent for exploratory activities, and the remainder for other projects. Calplans Securities Inc., Oakland, CA, will manage the underwriting.

### CAN-AM DRILLING PROGRAMS, INC.

2100 Continental National Bank Bldg., Fort Worth, TX, March 19, 1975 filed 15,000 units of pre-organizational subscriptions in limited partnerships, to be offered at \$5,000 per unit. The company is engaged in the drilling for oil and gas. Can-Am Securities Inc., Fort Worth TX, is the distributor on a best-efforts basis.

### CARLYLE REAL ESTATE LTD. PARTNERSHIP — 75

875 N. Michigan Ave., Chicago, IL, April 18, 1975 filed 12,000 units of limited partnership interests, to be offered at \$1,000 per unit, with a minimum investment of \$5,000. William Blair & Co., Chicago, IL, will manage the underwriting. Offering expected in June. V. 219 7394, p. 20.

### IDS REALTY TRUST

IDS Tower, Minneapolis, MN, Nov. 19, 1974 filed \$50,000,000 of series F, variable yield subordinated debentures due Nov. 30, 1994. The company is a real estate investment trust. Investors Diversified Services Inc., Minneapolis, MN, is the investment adviser. V. 219 7401, p. 23.

### MAY PETROLEUM PROGRAM 1975—1 & 2

One Energy Square, Suite 1000, 4925 Greenville Ave., Dallas, TX, Oct. 29, 1974 filed 2,500 units of participation and interests in drilling partnerships, including May Petroleum Inc.'s obligation to repurchase these units and interests under certain conditions at \$10,000 per unit, with a minimum subscription of 1 unit, and additional increments above minimum are available in multiples of \$1,000. May Securities Corp., Dallas, TX, is the dealer-manager on a best efforts basis.

### MONTARA PETROLEUM CO.

2 Palo Alto Square, Suite 1031, Palo Alto, CA, Nov. 6, 1974 filed 1,500 units of limited partnership interests, with a minimum subscription of \$5,000. The proceeds will be used for acquisition, exploration and development of oil and gas properties. Pace Securities Inc., San Francisco, CA, will manage the underwriting.

### TEXLAND DRILLING PROGRAM

April 29, 1975 filed 150 units of limited partnership interests, to be offered at \$10,000 per unit. McDonald & Co. Cleveland, OH, is the dealer-manager. Offering expected in June.

### VARCO INTERNATIONAL INC.

Orange, CA, May 22, 1975 filed 500,000 shares of capital stock, of which 335,000 will be offered by the company and 165,000 by certain selling shareholders. The manufacturer of drilling equipment for the oil and gas industry, will use the proceeds to repay debts. First Boston Corp., NY, will manage the underwriting. Offering expected in late June. (I)

## Utilities

### ARKANSAS POWER & LIGHT CO.

Ninth & Louisiana Sts., Little Rock, AR, June 2, 1975 filed \$40,000,000 of first mortgage bonds; and 200,000 shares of \$100 par preferred stock all to be offered at competitive bidding. Proceeds will be used to repay debts and to finance construction. Bids expected at 11 a.m. on the bonds; and at noon, on the preferred stock, on July 16. V. 219 7445, p. 64. (R)

### CALIFORNIA WATER SERVICE CO.

San Jose, CA, May 14, 1975 filed \$28,000,000 of series T, first mortgage bonds due Nov. 2005. The proceeds will be used to redeem maturing bonds and to repay short-term debts. Dean Witter & Co. Inc., San Francisco, CA, will manage the underwriting. Offering imminent. V. 220 7458, p. 65.

### COLUMBUS & SOUTHERN OHIO ELECTRIC CO.

215 North Front St., Columbus, OH, May 29, 1975 filed \$50,000,000 of first mortgage bonds due 1982. The utility will use the proceeds to repay debts. Dillon Read & Co. Inc., NY; and Ohio Co., Columbus, OH, will manage the underwriting. Offering imminent. V. 220 7471, p. 26.

### CONSOLIDATED NATURAL GAS CO.

Four Gateway Center, Pittsburgh, PA, June 12, 1975 filed \$100,000,000 of debentures due July 1, 1995, to be offered at competitive bidding. Proceeds will be used to increase treasury funds and to finance 1975 capital expenditures. Bids expected at 11.30 a.m., on June 23. V. 219 7450, p. 58. (R)

### DELMARVA POWER & LIGHT CO.

800 King St., Wilmington, DE, May 19, 1975 filed \$30,000,000 of first mortgage & collateral trust bonds; and 2,000,000 shares of common, all to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids on July 1, at 4 p.m., on the common; and on July 2, at 11 a.m., on the bonds. V. 219 7439, p. 63.

### EASTERN UTILITIES ASSOCIATES

P.O. Box 2323, Boston, MA, May 29, 1975 filed 310,000 shares of common. This public utility holding concern will use the proceeds to repay loan and to reduce short-term debts. Klidder, Peabody & Co. Inc., NY, will manage the underwriting. Offering expected July 1.

### EMERSON ELECTRIC CO.

8100 Florissant Ave., St. Louis, MO, Feb. 28, 1975 filed \$50,000,000 of notes due April 1, 1985. The company which is engaged principally in the design, manufacture and sale of a broad range of electric-electronic products and systems, will use the proceeds to retire short-term borrowings and for general corporate purposes. Goldman, Sachs & Co.; and White, Weld & Co. Inc., NY, will manage the underwriting. V. 220 7459, p. 5.

### EQUITABLE GAS CO.

420 Blvd. of the Allies, Pittsburgh, PA, June 6, 1975 filed \$25,000,000 of first mortgage bonds due July 1, 1995. Proceeds will be used to repay bank loans and to finance construction program. First Boston Corp., NY, will manage the underwriting. Offering expected July 1. V. 220 7473, p. 26. (N)

### GAS SERVICE CO.

2460 Pershing Rd., Kansas City, MO, May 30, 1975 filed

\$25,000,000 of first mortgage bonds due 1985; and 400,000 shares of common stock. The company, which is engaged principally in the distribution and sale of natural gas, will use the proceeds to repay short-term borrowings and to retire maturing debts. Blyth Eastman Dillon & Co. Inc., NY; and Stern Brothers & Co., Kansas City, MO, will manage the underwriting. Offering expected June 24. V. 230 7472, p. 28.

GENERAL TELEPHONE CO. OF PENNSYLVANIA  
150 West 10th St., Erie, PA, May 19, 1975 filed \$30,000,000 of first mortgage bonds, series J, due 2005, to be offered at competitive bidding. This unit of General Telephone & Electronics Corp., will use the proceeds to repay outstanding debts. Bids imminent. V. 218, p. 361.

INDIANA & MICHIGAN ELECTRIC CO.  
2101 Spy Run Ave., Fort Wayne, IN, May 14, 1974 filed 300,000 shares of cumulative preferred, to be offered at competitive bidding. Proceeds will be used to repay debt. V. 219 7407, p. 25.

IOWA-ILLINOIS GAS & ELECTRIC CO.  
208 East Second St., Davenport, IA, May 29, 1975 filed \$30,000,000 of first mortgage bonds, to be offered at competitive bidding. Proceeds will be used to repay short-term debts and to finance the construction program. Bids expected on June 25. V. 230 7461, p. 60.

IOWA-ILLINOIS GAS & ELECTRIC CO.  
208 East Second St., Davenport, IA, May 29, 1975 filed 1,000,000 shares of common. The utility will use the proceeds to repay debts and to finance its construction program. First Boston Corp., NY, will manage the underwriting. Offering expected June 24. V. 230 7461, p. 65.

IOWA SOUTHERN UTILITIES CO.  
300 Sheridan Ave., Centerville, IA, June 5, 1975 filed \$10,000,000 of first mortgage bonds due July 1, 2005, to be offered at competitive bidding. The proceeds will be used for debt repayment. Bids expected at 11 a.m., on July 17. (N)

JERSEY CENTRAL POWER & LIGHT CO.  
Madison Ave. at Punch Bowl Road, Morristown, NJ, May 7, 1975 filed \$35,000,000 of first mortgage bonds, to be offered at competitive bidding. The company, a unit of Public Utilities Corp., will use the proceeds to repay outstanding debts. Bids expected July 9. V. 230 7467, p. 28.

KANSAS GAS & ELECTRIC CO.  
201 North Market St., Wichita, KS, May 22, 1975 filed \$40,000,000 of first mortgage bonds due 2005, to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids expected June 26. V. 230 7455, p. 69.

KANSAS GAS & ELECTRIC CO.  
201 North Market St., Wichita, KS, May 22, 1975 filed 800,000 shares of common. Proceeds will be used for debt repayment. Goldman, Sachs & Co.; and E.F.Hutton & Co. Inc., NY, will manage the underwriting. Offering expected June 26. V. 230 7455, p. 69.

MISSISSIPPI POWER & LIGHT CO.  
P.O. Box 1640, Jackson, MS, March 27, 1974 filed 75,000 shares of cumulative preferred stock, to be offered at competitive bidding. Proceeds will be used for debt repayment, and for other corporate purposes. V. 219 7392, p. 18.

MONONGAHELA POWER CO.  
1310 Fairmont Ave., Fairmont, WVA, May 15, 1975 filed \$30,000,000 of first mortgage bonds, to be offered at competitive bidding. The proceeds will be used to finance construction and for other corporate purposes. Bids imminent. V. 219 7442, p. 63.

NATIONAL FUEL GAS CO.  
30 Rockefeller Plaza, NY, May 13, 1975 filed \$21,000,000 of debentures due June 15, 1984, to be offered at competitive bidding. Proceeds will be used to repay debts. Bids imminent. V. 219 7434, p. 66.

NORTHWESTERN BELL TELEPHONE CO.  
100 South 19th St., Omaha, NB, May 27, 1975 filed \$150,000,000 of debentures due June 15, 2012, to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids imminent. V. 219 7434, p. 67.

PUBLIC SERVICE CO. OF NORTH CAROLINA  
400 Cox Road, Gastonia, NC, May 16, 1975 filed 350,000 shares of common. The company, a distributor of natural gas, will use the proceeds to repay outstanding short-term loans. First Boston Corp., NY, will manage the underwriting. Offering imminent. V. 219 7469, p. 27.

SOUTH CAROLINA ELECTRIC & GAS CO.  
328 Main St., Columbia, SC, June 11, 1975 filed \$25,000,000 of first and refunding mortgage bonds; and 1,000,000 shares of common stock. Proceeds will be used to retire short-term debt and for construction. Kidder, Peabody & Co. Inc., NY, will manage the underwriting. Offering expected July 10. V. 22 219 7446, p. 63. (N)

SOUTHERN CO.  
64 Perimeter Center East, P.O.Box 720071, Atlanta, GA, May 19, 1975 filed 11,000,000 shares of common. The company is an Atlanta-based utility holding concern. Morgan Stanley & Co. Inc., NY, will manage the underwriting. Offering imminent. V. 219 7433, p. 73.

SOUTHERN UNION GAS CO.  
Fidelity Union Tower, Dallas, TX, May 22, 1975 filed 600,000 shares of \$25 par value preferred stock. Proceeds will be used to finance capital expenditures. Dean Witter & Co. Inc., San Francisco, CA; and White, Weld & Co. Inc., NY, will manage the underwriting. Offering imminent. V. 219 7376, p. 21.

UNITED ILLUMINATING CO.  
90 Temple St., New Haven, CT, May 28, 1975 filed \$30,000,000 of debentures due 2000. Proceeds will be used to repay short-term construction debts. Morgan Stanley & Co. Inc., NY, will manage the underwriting. Offering expected June 24. V. 230 7502, p. 65.

VIRGINIA ELECTRIC & POWER CO.  
700 East Franklin St., Richmond, VA, May 27, 1975 filed 4,000,000 shares of common. Proceeds will be used to retire outstanding short-term debts. Morgan Stanley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., NY; and Wheat, First Securities Inc., Richmond, VA, will manage the underwriting. Offering expected June 23. V. 219 7440, p. 63.

WASHINGTON GAS LIGHT CO.  
1100 H. St., N.W. Washington, D.C., June 9, 1975 filed an amendment for \$40,000,000 of first mortgage bonds; and \$10,000,000 of serial preferred stock. Proceeds will be used to repay maturing debts; to finance construction, and for other corporate purposes. Salomon Brothers; and Goldman, Sachs & Co., NY, will manage the underwriting. Offerings expected about June 24. V. 219 7390, p. 18. (R)

## Bank Holding Companies

BARNETT BANKS OF FLORIDA INC.  
Barnett Winston Bldg., 720 Gilmore St., P.O. Box 2720, Jacksonville, FL, March 6, 1975 filed \$50,000,000 of notes due March 15, 1984. The bank holding company will use the proceeds to repay outstanding short-term debts and for other corporate purposes. V. 219 7387, p. 65.

## MANUFACTURERS HANOVER CORP.

350 Park Ave., NY, March 7, 1975 filed \$125,000,000 of notes due Dec. 1, 1982; and \$75,000,000 of debentures due June 1, 1990; the debentures will be issued by the company's unit, Manufacturers Hanover Trust Co. The bank holding company and its unit will use the proceeds to make advances to its subsidiaries and to add to capital funds. Merrill Lynch, Pierce, Fenner & Smith Inc.; and Salomon Brothers, NY, will manage the underwriting. Offering imminent. V. 219 7434, p. 40.

## U.S. BANCORP.

Portland, OR, May 27, 1975 filed \$30,000,000 of convertible subordinated debentures. The bank holding concern will use the proceeds to repay short-term debts. Kidder, Peabody & Co. Inc., NY, will manage the underwriting. Offering expected June 24.

## Mutual Funds

BANK INCOME FUND, FIRST SERIES A & B  
184 East Bay St., Charleston, SC, Jan. 29, 1975 filed 5,000 units. The company is a unit investment trust. Revenel, Davran, & Hamle Inc., Charleston, SC, is the depositor. Offering expected in June.

CENTURY PROPERTIES FUND X  
3000 Sand Hill Road, Menlo Park, CA, Oct. 11, 1974 filed an amendment covering \$10,000,000 of limited partnership units, with a minimum investment requirement of \$2,500; and \$10,000,000 of 9 per cent unsecured nonrecourse promissory notes due June 30, 1980, with a minimum investment requirement of \$2,500. Fox & Carshadon Securities Corp., Menlo, CA; and Putnam Fund Distributors Inc., Boston, MA, will manage the underwriting. V. 219 7412, p. 23. (R)

CORPORATE BOND TRUST, SERIES 4  
April 21, 1975 filed \$5,000,000 of units. The trust created under a trust indenture will consist of corporate debt securities given specified high ratings. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting. Offering late-June.

CORPORATE INCOME FUND,  
21ST MONTHLY PAYMENT SERIES  
May 7, 1975 filed \$30,000,000 of units of beneficial interest. The Fund, a unit investment trust created by a trust agreement will provide a high level of current income through investment in a fixed portfolio of long term debt obligations. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting. Offering expected in July.

CORPORATE INCOME FUND,  
22ND MONTHLY PAYMENT SERIES  
May 16, 1975 filed \$30,000,000 of units of beneficial interest. The Fund, a unit investment trust, was created by a trust agreement. The primary objective is providing a high level of current income through investment in a fixed portfolio of long term debt obligations. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting. Offering expected in July.

CORPORATE INCOME FUND,  
SECOND THIRTY MONTH SERIES  
March 21, 1975 filed 20,000 units of beneficial interest. The fund, a unit investment trust, is to provide a high level of current income through investment in a fixed portfolio of interest-bearing short-term obligations. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, is the sponsor. Offering expected in June.

FEDERAL SHORT-TERM SECURITIES TRUST  
May 28, 1975 filed 500,000 shares of beneficial interest, to be offered at \$1 per share. The company is a no-load, diversified, open-end investment concern. Loeb, Rheades & Co., NY, is the distributor. Offering expected in July. (N)

FIRST TRUST INSURED MUNICIPAL BONDS,  
SERIES 5, MONTHLY CHECK PLAN  
May 19, 1975 filed \$5,000,000 of units. The Fund, one of a series of unit investment trusts created under a trust indenture, consists of an insured portfolio of interest-bearing obligations. Van Kampen, Wasterlek & Brown Inc., Chicago, IL, will manage the underwriting. Offering expected in June.

GOLD INCOME INVESTORS INC.  
420 Lexington Ave., NY, May 5, 1975 filed 1,000,000 shares of capital stock. The company is a newly organized open-end diversified management investment company and will concentrate its investments in securities of companies in the gold mining industry. Thomson & McKinnon Auchincloss Kohlmeier Inc., NY, will manage the underwriting. Offering expected in June.

HUTTON (E.F.) TAX-EXEMPT FUND,  
NATIONAL SERIES 29  
May 13, 1975 filed \$10,000,000 of units. The Fund is one of a series of unit investment trusts consisting of interest-bearing obligations. E.F.Hutton & Co. Inc., NY, is the depositor. Offering expected July 1. (N)

ML TRUST FOR GOVT. GUARANTEED SECURITIES  
2ND MONTHLY PAYMENT SERIES  
1 Liberty Plaza, 145 Broadway, NY, Jan. 14, 1975 filed 25,000 units, including 5,000 units for resale. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, is the depositor. Offering expected in June.

MONEY MARKET TRUST  
421 Seventh Ave., Pittsburgh, PA, Feb. 14, 1975 filed 1,000,000 shares of beneficial interests, to be offered at \$1 per share. The company is a no-load, open-end, diversified management investment trust. Federal Federated Securities Corp., Pittsburgh, PA is the distributor.

MULTIPLE MATURITY TAX-EXEMPT BOND TRUST,  
FIRST SERIES  
May 30, 1975 filed \$12,600,000 of units of beneficial interest. This unit investment trust consists of a group of four separate trusts with the purpose of gaining interest income free from Federal income taxes, while at the same time providing investors an opportunity to diversify their investments. Prescott, Ball & Turben, Cleveland, OH, will manage the underwriting. Offering expected in July. (N)

MUNICIPAL BOND FUND, SERIES 29  
March 26, 1975 filed 7,000 units, including 2,000 units registered for resale. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting. Offering expected in late June.

MUNICIPAL BOND FUND, SERIES 21  
May 16, 1975 filed \$5,000,000 of units. The Fund will be created under a trust indenture and will consist of interest-bearing obligations. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting. Offering expected in July.

MUNICIPAL INCOME FUND,  
2ND INSURED DISCOUNT SERIES  
March 28, 1975 filed 55,000 units, including 5,000 registered for resale. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, is the depositor. Offering expected in June.

## MUNICIPAL INVESTMENT TRUST FUND,

48th MONTHLY PAYMENT SERIES  
May 30, 1975 filed \$40,000,000 of units of beneficial interest. The primary objective of this unit investment trust is providing tax-exempt income through investment in a fixed portfolio of specified bonds. Merrill Lynch, Pierce, Fenner & Smith Inc.; Bache & Co. Inc. and Reynolds Securities Inc., NY, will manage the underwriting. Offering expected late-June. (N)

NATIONAL MUNICIPAL TRUST, TENTH SERIES  
May 29, 1975 filed \$7,500,000 of units. The Fund, a unit investment trust, main objectives are tax-exempt income and conservation of capital through investment in a diversified portfolio of municipal bonds. Thomson & McKinnon Auchincloss Kohlmeier Inc., NY; and Piper, Jaffray & Hopwood Inc., Minneapolis, MN, will manage the underwriting. Offering expected in June.

NUVEEN TAX-EXEMPT BOND FUND, SERIES 72  
May 2, 1975 filed \$10,000,000 of units. The Fund, which is one of a series of unit investment trusts, consists of a portfolio of interest bearing obligations. John Nuveen & Co. Inc., NY, will manage the underwriting. Offering expected in June.

NUVEEN TAX-EXEMPT BOND FUND, SERIES 73  
May 23, 1975 filed \$10,000,000 of units. The Fund, one in a series of unit investment trusts, consists of a portfolio of interest-bearing obligations. John Nuveen & Co. Inc., NY, will manage the underwriting. Offering expected in July.

NUVEEN TAX-EXEMPT BOND FUND, SERIES 74  
June 2, 1975 filed \$10,000,000 of units. The Fund, one of a series of unit investment trusts, consists of a portfolio of interest-bearing obligations. John Nuveen & Co. Inc., NY, will manage the underwriting. Offering expected in July. (N)

PETRO-LEWIS FUNDS  
Suite 1409, 1600 Broadway, Denver, Co, March 31, 1975 filed \$30,000,000 of preformation limited partnership interests, with a minimum purchase or investment of \$5,000. Petro-Lewis Securities Corp., Denver, CO, will manage the underwriting. Offering expected in July. V. 219 7411, p. 23.

PRAIRIE STATES COMMODITY FUND, LTD.  
West Des Moines, IA, May 14, 1975 filed 900 class A units of limited partnership interest, to be offered at \$500 per unit. The company deals in commodity futures. Development Securities Corp., Hollywood, FL, will manage the underwriting. Offering expected in June.

QUALIFIED DIVIDENDS PORTFOLIO INC.  
150 Drummers Lane, Valley Forge, PA, June 10, 1975 filed an amendment for 500,000 shares of common; and 500,000 shares of preferred stock. The company formerly Corporate Investors Income Fund Inc., is a no-load, open-end, diversified investment concern. Wellington Management Co., Valley Forge, PA, will manage the underwriting. Offering expected in July. (R)

TAX-EXEMPT SECURITIES, SERIES 2  
May 14, 1975 filed \$10,000,000 of units. The Trust, one in a series, consists of interest-bearing obligations. Loeb, Rheades & Co.; and Harris, Upham & Co. Inc., NY, are the sponsors. Offering expected in June.

TAX-EXEMPT TRUST, EIGHTH SERIES  
C-o Dean Witter & Co. Inc., 45 Montgomery St., San Francisco, CA, April 2, 1975 filed \$7,500,000 of units. The trust, created under a trust indenture, will consist of interest bearing obligations. Dean Witter & Co. Inc., San Francisco, CA, is the sponsor. Offering expected July 9.

TAX-EXEMPT TRUST, NINTH SERIES  
June 2, 1975 filed \$7,500,000 of units. The Trust will consist of interest bearing obligations. Dean Witter & Co. Inc., San Francisco, CA, will manage the underwriting. Offering expected late-July. (N)

## Recent Issues Filed with SEC

ARORN INC.  
650 Papworth St., Metairie, LA, May 6, 1975 filed a Reg. A covering 530,000 shares of common, to be offered at \$1.50 per share.

AMERIBANC INC.  
Sixth & Francis Sts., St. Joseph, MO, June 10, 1975 filed 131,000 shares of common. It is proposed to offer 105,000 of these shares for all the stock of Exchange Bank of Richmond, on a 2.625-for-1 basis; and the balance for the stock of the Farmers State Bank, on a 13-for-1 basis. V. 219 7438, p. 67.

AMERICAN COMMONWEALTH TRUST  
513 S. Whitaker St., Savannah, GA, June 6, 1975 filed 1,500,000 shares of beneficial interest, to be offered by selected brokers-dealers on a best-efforts basis. The Trust plans to operate as a real estate investment trust.

AMERICAN SECURITY CORP.  
730 15th St., N.W. Washington, D.C., June 10, 1975 filed 2,425,500 shares of common, to be offered in connection with a plan of reorganization. The company owns and leases to the bank affiliate a number of its banking offices, and related business.

BAXTER LABS. INC.  
6301 Lincoln Ave., Morton Grove, IL, June 11, 1975 filed 1,558,364 shares of common, to be offered in exchange for the 4 $\frac{1}{2}$  per cent convertible subordinated debentures due March 1, 1990. V. 219 7441, p. 63.

BERKELEY BIO-ENGINEERING, INC.  
June 6, 1975 filed 2,050,526 shares of common, to be offered in connection with merger.

COMBINED COMMUNICATIONS CORP.  
411 North Central Ave., Phoenix, AZ, June 11, 1975 filed 125,201 shares of cumulative convertible preferred stock, series A; 382,226 (as a maximum) shares of common, to be issued in connection with the merger of Pacific United Service Corp.; and an indeterminate amount of common stock. The company is engaged in outdoor advertising, and related business. V. 218, p. 645.

COMPUTER RECREATIONS INC.  
Apt 30-G Parkway at Madison Apts., Laurence Harbor, NJ., May 15, 1975 filed a Reg. A covering 50,000 shares of common, to be offered at \$5 per share.

CONSUMERS POWER CO.  
212 West Michigan Ave., Jackson, MI, June 12, 1975 filed \$75,000,000 of first mortgage bonds due 1990; and \$75,000,000 of first mortgage bonds due 2000. The proceeds will be used to help repay maturing debts, to finance the construction program and to repay short-

term borrowings. Morgan Stanley & Co. Inc., NY, will manage the underwriting. V. 230 7469, p. 25.

CORPORATE INVESTMENT TRUST FUND, 12TH MONTHLY PAYMENT SERIES  
June 5, 1975 filed \$12,100,000 of units. The Trust, created under a trust agreement consists of a diversified portfolio of long term debt obligation with specified ratings. Bache & Co. Inc., NY, will manage the underwriting.

CURTIS-BURNS INC.  
One Lincoln First Square, Rochester, NY, May 8, 1975 filed a Reg. A covering 3,558 shares of class A common, on a 1-for-1 basis for Agway Inc., class B common.

DART INDUSTRIES INC.  
8480 Beverly Blvd., Los Angeles, CA, June 6, 1975 filed 17,505 shares of common, to be offered by selling stockholders, from time to time.

DRESSER ENGINEERING CO. OF OKLAHOMA  
P.O. Box 2088, Tulsa, OK, April 25, 1975 filed a Reg. A covering 6,637 shares of common for the accounts of selling stockholders. The company was formerly Dresser Engineering Co.

FIDEICOMISO CONDOMINIOS KIN-SEA  
Isabel La Católica, 34-3 Piso, Mexico 1, D.F. June 10, 1975 filed 93 rights of beneficiary corresponding to resort Condominium units, located in Mexico, to be offered at \$35,700-\$75,400 per unit.

GEORGIA POWER CO.  
270 Peachtree St., N.W. Atlanta, GA, June 18, 1975 filed \$100,000,000 of first mortgage bonds, to be offered at competitive bidding. The Atlanta-based utility will use the proceeds for debt repayment and to finance construction program. Bids expected at 11 a.m. on July 23. V. 219 7417, p. 27.

HUMANA INC.  
One Riverfront Plaza, Louisville, KY, June 11, 1975 filed \$583,000 of 6 per cent convertible subordinated debentures due 1980, to be offered for sale from time to time, by selling debenture holders. The company owns and operates community hospitals.

INTERSTATE POWER CO.  
1000 Main St., Dubuque, IA, June 13, 1975 filed 1,000,000 shares of common. Proceeds will be used to repay short-term debts. Kidder, Peabody & Co. Inc., NY; and Dain, Kaiman & Quail Inc., Minneapolis, MN, will manage the underwriting. V. 219 7402, p. 23.

KANSAS COMMODITY TRADERS INC.  
Board of Trade Bldg., 137 W 10th St., Suite 1008, Kansas City, MO, May 12, 1975 filed a Reg. A covering 100,000 shares of common, to be offered at \$2.50 per share.

KEYSTONE FOODS CORP.  
600 Kaiser Dr., Folcroft, PA, June 13, 1975 filed 525,000 shares of common of which 309,945 shares will be offered by the company and the remainder of shares by selling stockholders. The company, which sells its manufactured frozen hamburgers, will use the proceeds to reduce debts and to increase working capital. Hornblower & Weeks-Hemphill Noyes Inc., NY, will manage the underwriting.

MONTANA POWER CO.  
40 East Broadway, Butte, MT, June 13, 1975 filed \$35,000,000 of first mortgage bonds due 2005; and 1,500,000 shares of common stock. The utility will use the proceeds to finance construction and to repay short-term borrowings incurred. Kidder, Peabody & Co. Inc.; Smith, Barney & Co. Inc., NY; and Halsey, Stuart & Co. Inc., Chicago, IL, will manage the underwriting. V. 230 7474, p. 26.

MUNICIPAL INVESTMENT TRUST FUND, 41ST MONTHLY PAYMENT SERIES  
June 10, 1975 filed \$40,000,000 of units of beneficial interest. The unit investment trust primary objective is providing tax-exempt income through investment in fixed portfolio. Merrill Lynch, Pierce, Fenner & Smith Inc.; Bache & Co. Inc.; and Reynolds Securities Inc., NY, will manage the underwriting.

NAPILI-KAI LTD.  
Lahaina, Maui, HI, May 27, 1975 filed a Reg. A covering 40,000 shares of common, to be offered at \$10 per share.

NATIONAL GYPSUM CO.  
325 Delaware Ave., Buffalo, NY, June 13, 1975 filed 240,900 shares of common, to be offered from time to time, by selling stockholders. The company manufactures and sells materials for the construction industry. V. 219 7380, p. 18.

NORTH AMERICAN PHILIPS CORP.  
100 East 42nd St., NY, June 17, 1975 filed \$75,000,000 of debentures due 2000; and \$36,000,000 of subscription rights. The company, itself 60 per cent owned by U.S. Philips Trust, owns 84 per cent of Magnavox Corp. It manufactures electrical and chemical products. Morgan Stanley & Co. Inc., NY, will manage the underwriting of the debentures. V. 230 7473, p. 27.

NORTH EUROPEAN ROYALTY TRUST  
Suite 3600, 540 Madison Ave., NY, June 12, 1975 filed 3,063,530 units of beneficial interest, to be offered in exchange for the outstanding voting shares of North European Oil Co., on a basis of two units for each outstanding common.

NORTON SIMON, INC.  
277 Park Ave., NY, June 10, 1975 filed 17,000 shares of convertible preferred stock, series A, to be offered for sale, from time to time. The company is a consumer oriented concern, in the US and international markets, which deals with food, drink, and cosmetics products. V. 219 7447, p. 63.

PARKWAY DISTRIBUTORS, INC.  
Holbrook, MA, June 11, 1975 filed 928,000 shares of common, to be offered from time to time, by selling shareholders.

PETROLIA 1975-76 DRILLING PROGRAM  
118 South Washington St., Enid, OK, June 9, 1975 filed 1,000 units of participation, to be offered at \$5,000 per unit. The partnership will be formed to invest as a limited partner in up to two drilling partnerships, to acquire leases, and to explore, develop and produce oil and gas. C.W.Clayton & Co., Boston, MA, will manage the underwriting, on a best-efforts basis.

PUBLIC SERVICE CO. OF INDIANA  
1000 East Main St., Plainfield, IN, June 17, 1975 filed 300,000 shares of \$100 par value cumulative preferred stock. Proceeds will be used to finance current and future construction expenditures. Morgan Stanley & Co. Inc., NY; and Dean Witter & Co. Inc., San Francisco, CA, will manage the underwriting. V. 219 7450, p. 58.

REXNORD INC.  
3600 First Wisconsin Center, Milwaukee, WI, June 6, 1975 filed 36,502 shares of common, to be offered from time to time, by selling shareholders. V. 218, p. 678.

TANNETICS, INC.  
700 First National Bank Bldg., Erie, PA, June 12, 1975 filed 38,347 shares of cumulative convertible preferred stock; and 479,338 shares of common, issuable upon conversion thereof. The company manufactures and sells beverage refrigeration and dispensing equipment. V. 219 7429, p. 79.

TAX-EXEMPT MUNICIPAL TRUST, SECOND NATIONAL SERIES  
June 6, 1975 filed \$7,000,000 of units of beneficial interest. This unit investment trust primary objective is

providing tax-exempt income through investment in a fixed portfolio of interest-bearing bonds. Shearson Hayden Stone Inc., NY, will manage the underwriting.

**UNITED BANK CORP. OF NY**  
75 State St., Albany, NY, June 12, 1975 filed 90,000 shares of convertible preferred stock, series B, to be offered in connection with the merger of The First National Bank & Trust Co., of Ellenville, NY, into a wholly-owned subsidiary of the company, on the basis of 5 shares of the company and \$10 cash for each share of First National. The company is a bank holding concern. V. 220 7467, P. 26.

**VOLU-SOL MEDICAL INDUSTRIES INC.**  
1034 South Commerce St., Las Vegas, NV, May 2, 1975 filed a Reg. A covering 500,000 shares of common, to be offered at a \$1 per share.

**WATKINS-JOHNSON CO.**  
Stanford Industrial Park, 3333 Hillview Ave., Palo Alto, CA, June 17, 1975 filed 242,584 shares of common. The company designs, develops, manufactures, sells and services advanced electronic systems and devices for military, industrial and space applications. Morgan Stanley & Co. Inc.; and White, Weld & Co. Inc., NY, will manage the underwriting.

**WEDNESDAY ALPHA CORP.**  
203 Park Bldg., Cleveland, OH, June 11, 1975 filed \$1,400,000 of common stock. The company is a closed-end investment concern. L.A. Causer & Co., Cleveland, OH, will manage the underwriting. V. 220 7474, p. 26.

**WINTERS NATIONAL CORP.**  
Winters, TX, June 10, 1975 filed 277,866 shares of preferred stock, series A; and \$8,891,712 of promissory notes, all to be issued in connection with mergers.

## Effective Registrations

**AUBREY K. JOHNSON**  
Thirteen Banks for Cooperatives \$423,700,000 of 5.05 per cent consolidated bonds due Jan 5, 1976, BH 9; and Twelve Federal Intermediate Credit Banks \$738,500,000 of 5.80 per cent consolidated bonds due April 1, 1976, BL 5; and \$531,000,000 of 7.40 per cent consolidated bonds due Jan. 2, 1980, series A BU 5, all offered at 100 per cent, by Aubrey K. Johnson, Fiscal Agent; with the assistance of a nationwide selling group of recognized dealers in securities. V. 220 7471, p. 26.

**BLYTH EASTMAN DILLON & CO. INC.**  
Ideal Basic Industries Inc. \$50,000,000 9 1/4 per cent sinking fund debentures due 2000, rated A by both Moody's and Standard & Poor's, offered at 100 per cent accrued interest, on June 18, by Blyth Eastman Dillon & Co. Inc., NY; and Boettcher & Co., Denver, CO. V. 218, p. 299.

**BLYTH EASTMAN DILLON & CO. INC.**  
Mississippi River Corp. Inc. \$25,000,000 of 8 per cent convertible debentures due 1995, rated Baa Moody's and BB by Standard & Poor's, offered at 100 per cent (convertible into common at the rate of \$22.50 per share), on June 19, by Blyth Eastman Dillon & Co. Inc. NY. V. 220 7473, p. 26.

**DEAN WITTER & CO. INC.**  
California Water Service Co. \$26,000,000 of 8 1/4 per cent notes due 1983, rated A Moody's and A by Standard & Poor's, offered at 99.75 per cent, plus accrued interest, to yield 8.79 per cent, on June 18, by Dean Witter & Co. Inc., San Francisco, CA. V. 220 7458, p. 65.

**DEAN WITTER & CO. INC.**  
Southern Union Gas Co. 600,000 shares of \$2.56 preferred stock, rated Baa Moody's and A by Standard & Poor's, offered at \$25 per share, plus accrued dividends, to yield 10.24 per cent, on June 19, by Dean Witter & Co. Inc., San Francisco, CA; and White, Weld & Co. Inc., NY. V. 219 7376, p. 21.

**DILLON READ & CO. INC.**  
Columbus & Southern Ohio Electric Co. \$50,000,000 9 1/4 per cent first mortgage bonds due 1982, rated AA Fitch; A Moody's and BBB by Standard & Poor's, offered at 99.75 per cent, plus accrued interest, to yield 9.30 per cent, on June 18, by Dillon Read & Co., Inc., NY; and Ohio Co., Columbus, OH. V. 220 7471, p. 26.

**FIRST BOSTON CORP.**  
Pullman Transport Leasing Co. \$32,500,000 of 9.45 per cent equipment trust certificates, series 6, due June 15, 1985, offered at 100 per cent, plus accrued interest; and \$7,500,000 of series 6 serial certificates due 1976-80, offered to yield 6.75 per cent for those due June 15, 1976 out to 8.10 per cent for those maturing June 15, 1980, all are rated A by both Moody's and Standard & Poor's, on June 17, by First Boston Corp., NY. V. 220 7474, p. 26.

**FIRST BOSTON CORP.**  
Public Service Co. of North Carolina Inc., 320,000 shares of common offered at \$9.375 per share, on June 18, by First Boston Corp., NY. V. 219 7468, p. 27.

**FIRST BOSTON CORP.**  
Varco International Inc. 500,000 shares of capital stock rd at \$12.50 per share, on June 19, by First Boston Corp., N.Y.V. 220 7473, p. 26.

**GOLDMAN, SACHS & CO.**  
Associated Dry Goods Credit Corp. \$50,000,000 of 8 1/4 per cent notes due June 15, 1983, rated A Moody's and A plus by Standard & Poor's, offered at 99.50 per cent, plus accrued interest, to yield 8.96 per cent, on June 18, by Goldman, Sachs & Co.; and Lehman Brothers, Inc., NY. V. 220 7472, p. 25.

**GOLDMAN, SACHS & CO.**  
ICI North America Inc. \$100,000,000 of 9.05 per cent guaranteed sinking fund debentures due 1985, rated Aa Moody's and AAA by Standard & Poor's, offered at 100 per cent, plus accrued interest, on June 17, by Goldman, Sachs & Co.; and Smith, Barney & Co. Inc., NY. V. 219 7449, p. 63.

**GOLDMAN SACHS & CO.**  
Merck & Co. Inc., \$200,000,000 of 7 1/4 per cent notes due June 15, 1985, rated Aaa Moody's and AAA by Standard & Poor's, offered at 100 per cent, plus accrued interest, on June 19, by Goldman, Sachs & Co., NY. V. 219 7419, p. 20.

**GOLDMAN, SACHS & CO.**  
Monsanto Co. \$175,000,000 of 8 1/2 per cent sinking fund debentures due June 15, 2000, offered at 99.50 per cent, plus accrued interest, to yield 8.55 per cent; and \$100,000,000 of 8 per cent notes due June 15, 1985, offered at 100 per cent, plus accrued interest, all rated Aa Moody's and AA by Standard & Poor's, on June 18, by Goldman, Sachs & Co., NY. V. 220 7466, p. 69.

**HALSEY, STUART & CO. INC.**  
National Fuel Gas Co. \$21,000,000 of 9 per cent debentures due June 15, 1984, rated A by both Moody's and Standard & Poor's, offered at 100 per cent, plus accrued interest, on June 18, by Halsey, Stuart & Co. Inc., Chicago, IL. V. 219 7434, p. 66.

**HILLIARD (J.J.B.), W.L. LYONS, INC.**  
Big Rivers Fund—1975 1,250 units of limited partnership interests, offered at \$1,000 per unit, with a minimum purchase of 5 units, on June 5, by J.J.B. Hilliard, W.L. Lyons, Inc., Louisville, KY. V. 219 7437, p. 63.

**KIDDER, PEABODY & CO. INC.**  
Jersey Central Power & Light Co. 250,000 shares of 11 per cent, series G, cumulative preferred stock, rated Baa Moody's and BBB by Standard & Poor's, offered at \$100 per share, plus accrued dividends, on June 17, by Kidder, Peabody & Co. Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. V. 220 7472, p. 26.

**LOEB, RHOADES & CO.**  
Valley Industries Inc. 550,000 shares of common offered at \$19 per share, on June 18, by Loeb, Rhoades & Co., NY. V. 219 7402, p. 45.

**MERRILL LYNCH, PIERCE, FENNER & SMITH INC.**  
Komatix Ltd. \$50,000,000 of 7 1/4 per cent convertible debentures due June 30, 1990, rated Baa Moody's and BBB by Standard & Poor's, offered at 100 per cent, on June 17, by Merrill Lynch, Pierce, Fenner & Smith Inc.; and Nomura Securities International Inc., NY. V. 220 7408, p. 26.

**MERRILL LYNCH, PIERCE, FENNER & SMITH INC.**  
Manufacturers Hanover Corp. \$125,000,000 of 8 1/4 per cent notes due Dec. 1, 1982, offered at 100 per cent; and Manufacturers Hanover Trust Co. \$75,000,000 of 8 1/4 per cent debentures due June 1, 1985, offered at 99.75 per cent, to yield 8.54 per cent, all rated Aaa Moody's and AAA Fitch, plus accrued interest, on June 19, by Merrill Lynch, Pierce, Fenner & Smith Inc.; and Salomon Brothers, NY. V. 219 7434, p. 40.

**MORGAN STANLEY & CO. INC.**  
Northwestern Bell Telephone Co. \$150,000,000 of 8 1/4 per cent debentures due June 15, 2012, rated Aaa Moody's and AAA by Standard & Poor's, offered at 99.723 per cent, plus accrued interest, to yield 8.65 per cent, on June 17, by Morgan Stanley & Co. Inc.; Kidder, Peabody & Co. Inc.; White, Weld & Co. Inc.; Goldman, Sachs & Co.; and Kuhn, Loeb & Co., NY. V. 219 7434, p. 67.

**MORGAN STANLEY & CO. INC.**  
Southern Co. 11,000,000 shares of common offered at \$12.50 per share, on June 17, by Morgan Stanley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; E.F. Hutton & Co. Inc., NY; and Dean Witter & Co. Inc., San Francisco, CA. V. 219 7433, p. 73.

**PAINE, WEBBER, JACKSON & CURTIS INC.**  
General Telephone of Pennsylvania \$30,000,000 of series J, 9 1/4 per cent first mortgage bonds due June 1, 2005, rated A by both Moody's and Standard & Poor's, offered at 99 per cent, plus accrued interest, to yield 9.35 per cent, on June 18, by Paine, Webber, Jackson & Curtis Inc.; Drexel Burnham & Co. Inc.; Hornblower & Weeks-Hemphill, Noyes Inc.; Loeb, Rhoades & Co., NY; and Dean Witter & Co. Inc., San Francisco, CA. V. 220 7472, p. 26.

**SALOMON BROTHERS**  
Monongahela Power Co. \$30,000,000 of 9 1/4 per cent first mortgage bonds due June 1, 2005, rated A by both Moody's and Standard & Poor's, offered at 100.721 per cent, plus accrued interest, to yield 9.90 per cent, on June 19, by Salomon Brothers, NY. V. 219 7442, p. 63.

**UNTERBERG (C.E.) TOWBIN CO.**  
Graphic Controls Corp. 205,000 shares of common offered at \$16 per share, on June 17, by C.E. Unterberg Towbin Co., NY. V. 220 7469, p. 36.

**WOOD GUNDY LTD.**  
Interprovincial Pipe Line Ltd., \$75,000,000 of 10 1/4 per cent sinking fund debentures due 1996, offered at 99.50 per cent, plus accrued interest, to yield 10.43 per cent; and \$25,000,000 of 9 1/4 per cent serial debentures due 1977-81, offered at 100 per cent, on June 17, by Wood Gundy Ltd.; and McLeod Young, Weir & Co., Ltd., Toronto, Canada.

## Prospective Offerings

**ALASKA INTERNATIONAL INDUSTRIES INC.**  
June 16, 1975 it was reported that this company plans the sale of about 800,000 shares of common stock, of which 500,000 shares will be sold by the company and the remainder by stockholders, about July-August. Underwriter—To be named.

**BALDOR ELECTRIC CO.**  
June 16, 1975 it was reported that this company plans the sale of about 400,000 shares of common stock, in July. Underwriter—Expected to be A.G. Edwards & Sons Inc., St. Louis, MO.

**BALTIMORE GAS & ELECTRIC CO. (7-29)**  
June 2, 1975 it was reported that this company plans the sale of about \$60,000,000 of first mortgage bonds. Underwriter—Expected to be at competitive bidding. Bids expected at 11.30 a.m. on July 29. V. 219 7436, p. 65.

**BELL TELEPHONE CO. OF PENNSYLVANIA (7-15)**  
March 3, 1975 it was reported that this company plans the sale of about \$150,000,000 of debentures or intermediate notes. Method of sale is to be determined. Offering expected about July 15. V. 219 7428, p. 29.

**BLACK HILLS POWER & LIGHT CO.**  
June 9, 1975 it was reported that this company plans the sale of about 50,000 shares of common through rights, in late-1975. Underwriter—Expected to be Piper, Jaffray & Hopwood Inc., Minneapolis, MN.

**BOW VALLEY INDUSTRIES LTD.**  
May 12, 1975 it was reported that this company plans the sale of about 1,000,000 shares of common, in Canada, and US in late July. Underwriters—Expected to be Greenshields Inc.; and Gordon Securities Ltd., Montreal, Canada.

**BROCKTON ELECTRIC CO.**  
April 22, 1975 it was reported that this subsidiary of Eastern Utilities Associates plans the sale of about \$20,000,000 of bonds; and 3,000,000 shares of preferred stock in Sept. Further details to be announced.

**BURLINGTON NORTHERN INC. (7-1)**  
June 16, 1975 it was reported that this Road plans the sale of about \$15,000,000 of equipment trust certificates due 1976-90. Underwriter—Competitive bidding. Bids expected on July 1. V. 220 7472, p. 26.

**CENTRAL ILLINOIS LIGHT CO. (10-1)**  
April 21, 1975 it was reported that this company plans the sale of about \$15,000,000 of preferred stock. Underwriter—Dean Witter & Co. Inc., San Francisco, CA, managed a previous underwriting of preferred for the company. Offering expected about Oct. 1. V. 220 7460, p. 65.

**CENTRAL ILLINOIS LIGHT CO. (12-2)**  
April 21, 1975 it was reported that in addition to the

preferred stock sale, the company plans the sale of about \$25,000,000 of first mortgage bonds; and \$15,000,000 of common stock. Underwriter—Expected to be at competitive bidding. Bids on the bonds expected at 11 a.m. and on the common at 4.30 p.m., on Dec. 2. V. 220 7460, p. 65.

**CENTRAL LOUISIANA ELECTRIC CO. (8-6)**  
May 27, 1975 it was reported that this company plans the sale of about 700,000 shares of common. Underwriters—Expected to be Blyth Eastman Dillon & Co. Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. Offering expected Aug. 6.

**CENTRAL MAINE POWER CO. (10-8)**  
May 12, 1975 it was reported that this company plans the sale of about \$25,000,000 of first mortgage bonds. Underwriter—Expected to be Kidder, Peabody & Co. Inc., NY. Offering expected Oct. 8. V. 219 7441, p. 64.

**COLUMBIA GAS SYSTEM (11-19)**  
March 4, 1975 it was reported that this company plans the sale of about \$50,000,000 of debentures. Underwriter—Competitive bidding. Bids expected at noon, on Nov. 19. V. 219 7446, p. 63.

**COLUMBUS & SOUTHERN OHIO ELECTRIC CO. (7-23)**  
May 12, 1975 it was reported that this company plans the sale of 1,500,000 shares of common. Underwriter—Dillon Read & Co. Inc., NY. Offering expected July 23. V. 220 7468, p. 28.

**COLUMBUS & SOUTHERN OHIO ELECTRIC CO.**  
June 16, 1975 it was reported that this company plans the sale of about 250,000 shares of preferred stock, in late-1975. Underwriter—Expected to be Dillon Read & Co. Inc., NY. V. 220 7468, p. 28.

**CONNECTICUT LIGHT & POWER CO. (9-11)**  
April 21, 1975 it was reported that this utility plans the sale of about \$40,000,000 of first mortgage bonds; and \$20,000,000 of preferred stock. Underwriter—Competitive bidding. Bids expected at 11 a.m. on the bonds; and at noon on the stock, on Sept. 11. V. 220 7457, p. 65.

**DELMARVA POWER & LIGHT CO.**  
June 9, 1975 it was reported that this company plans the sale of about \$10,000,000 of preferred stock, in Oct. Underwriter—Expected to be at competitive bidding. V. 220 7472, p. 26.

**DETROIT EDISON CO. (7-15)**  
June 2, 1975 it was reported that this company plans the sale of about 2,000,000 shares of new preference stock. Underwriters—Morgan Stanley & Co. Inc.; and Blyth Eastman Dillon & Co. Inc., NY. Offering expected July 15. V. 220 7465, p. 68.

**DUQUESNE LIGHT CO. (7-19)**  
June 9, 1975 it was reported that this company plans the sale of about \$50,000,000 of common stock. Underwriter—Expected to be First Boston Corp., NY. Offering expected about July 10. V. 220 7462, p. 65.

**EMPIRE DISTRICT ELECTRIC CO.**  
March 24, 1975 it was reported that this company plans the sale of about \$10-13,000,000 of first mortgage bonds. Timing and method of sale to be determined. V. 218, p. 78.

**GENERAL TELEPHONE CO. OF ILLINOIS (7-24)**  
June 16, 1975 it was reported that this company plans the sale of about \$40,000,000 of first mortgage bonds due 2005. Underwriter—Competitive bidding. Bids expected at noon, on July 24. V. 218, p. 296.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (6-24)**  
June 16, 1975 it was reported that this Agency plans the sale of about \$157,300,000 of 7 1/4 per cent mortgage-backed securities maturing about 1987. Underwriter—Expected to be at competitive bidding. Bids expected June 24. V. 220 7472, p. 26.

**GULF POWER CO. (8-19)**  
April 21, 1975 it was reported that this company plans the sale of about \$15,000,000 of bonds. Underwriter—Expected at competitive bidding. Bids expected at 11 a.m. on Aug. 9. V. 217, p. 1599.

**HARTFORD ELECTRIC LIGHT & POWER CO. (9-22)**  
May 12, 1975 it was reported that this company plans the sale of about \$30,000,000 of first mortgage bonds; and \$10,000,000 of preferred stock. Underwriter—Competitive bidding. Bids expected at 11:15 a.m. on the bonds, and at noon on the preferred, on Sept. 22. V. 220 7456, p. 65.

**HOUSTON LIGHTING & POWER CO.**  
May 27, 1975 it was reported that this company plans the sale of about \$40,000,000 of common. Morgan Stanley & Co. Inc., NY; and Dean Witter & Co. Inc., San Francisco, CA, are expected to manage the underwriting, if the issue is negotiated. V. 220 7460, p. 65.

**IMASCO LTD.**  
June 16, 1975 it was reported that this company plans the sale of about \$35,000,000 of series B sinking fund debentures due about 1985, in Canada. Underwriter—Expected to be Greenshields Inc., Montreal, Canada.

**KANSAS CITY POWER & LIGHT CO. (8-7)**  
March 4, 1975 it was reported that, in addition to the sale of preferred stock on June 5, the company plans the sale of about \$20,000,000 of common stock. Underwriters—First Boston Corp.; and Blyth Eastman Dillon & Co. Inc., NY. Offering expected Aug. 7. V. 219 7446, p. 63.

**LOUISIANA POWER & LIGHT CO. (8-4)**  
March 31, 1975 it was reported that this company plans the sale of about \$50,000,000 of first mortgage bonds; and about \$10,000,000 of preferred stock. Underwriter—Competitive bidding. Bids expected at 11 a.m. on the bonds; and at noon on the stock, on Aug. 6. V. 219 7443, p. 64.

**LOUISVILLE & NASHVILLE RAILROAD CO.**  
May 27, 1975 it was reported that this road plans the sale of about \$50,000,000 of bonds in June. Underwriter—Expected to be Salomon Brothers, NY.

**MACMILLIAN BLOEDEL LTD.**  
June 9, 1975 it was reported that this timber products concern plans the sale of about \$50,000,000 of debentures, in early July. Underwriters—Wood Gundy Ltd.; and Greenshields Inc., Toronto, Canada. V. 220 7501, p. 55.

**MARCOR INC.**  
May 5, 1975 it was reported that this company plans the sale of about \$75,000,000 of debentures, later this year. Underwriter—Expected to be Lehman Brothers Inc., NY.

**MASSACHUSETTS ELECTRIC CO.**  
May 19, 1975 it was reported that this company plans the sale of about \$40,000,000 of first mortgage bonds, in late-1975. Underwriter—Expected to be at competitive bidding.

**MICHIGAN BELL TELEPHONE CO. (10-7)**  
April 28, 1975 it was reported that this AT&T unit plans the sale of about \$200,000,000 of debt securities. Further details will be announced. Offering expected Oct. 7.

**MICROFORM DATA SYSTEMS**  
Jan. 13, 1975 it was reported that this company still plans the sale of about 700,000 shares of common. Underwriter—Birr, Wilson & Co. Inc., San Francisco, CA, managed a previous underwriting of common for the company.

**MINNESOTA POWER & LIGHT CO. (7-31)**  
May 12, 1975 it was reported that this company plans the

sale of about \$35,000,000 bonds and up to 600,000 shares of common stock. Underwriter—Blyth Eastman Dillon & Co. Inc., NY. Offerings expected July 31. V. 220 7465, p. 69.

**MISSOURI PACIFIC RAILROAD CO. (7-17)**  
June 16, 1975 it was reported that this Road plans the sale of about \$15,000,000 of equipment trust certificates due 1975-89. Underwriter—Competitive bidding. Bids expected July 17. V. 220 7472, p. 26.

**MOUNTAIN STATES TELEPHONE & TELEGRAPH CO. (9-17)**  
June 2, 1975 it was reported that this company plans the sale of about \$200,000,000 of debt securities. Underwriters—Morgan Stanley & Co. Inc.; and Kidder, Peabody & Co. Inc., NY, managed a previous negotiated debentures issue for the company. Offering expected about Sept. 17. V. 219 7431, p. 75.

**NEW BEDFORD GAS & EDISON LIGHT CO.**  
May 5, 1975 it was reported that this company plans the sale of about \$14,000,000 of long-term securities, in late 1975. Further details to be announced. V. 218, p. 805.

**NEW ENGLAND POWER CO.**  
March 4, 1975 it was reported that this company plans the sale of about \$20,000,000 of preferred stock, in late-1975. Underwriter—Expected to be First Boston Corp., NY. V. 220 7458, p. 65.

**NEW JERSEY BELL TELEPHONE CO. (8-5)**  
April 7, 1975 it was reported that this utility plans the sale of about \$175,000,000 of debt securities. Method of sale and type of securities to be determined. Offering expected Aug. 5. V. 218, p. 573.

**NIAGARA MOHAWK POWER CO. (9-23)**  
May 27, 1975 it was reported that this company plans the sale of about \$50,000,000 of first mortgage bonds; 400,000 shares of preferred stock; and 3,500,000 shares of common. Underwriters—Salomon Brothers; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY, managed previous bonds, preferred and common stock offerings for the company. Issues scheduled for Sept. 23. V. 220 7462, p. 65.

**NORFOLK & WESTERN RAILWAY CO. (7-15)**  
June 16, 1975 it was reported that this Road plans the sale of about \$15,000,000 equipment trust certificates. Underwriter—Competitive bidding. Bids expected July 15. V. 220 7468, p. 26.

**NORTHERN STATES POWER CO. (8-14)**  
May 12, 1975 it was reported that this company plans the sale of about 2,600,000 shares of common. Kidder, Peabody & Co. Inc., NY, managed a previous underwriting of common for the company. Offering expected Aug. 14. V. 220 7466, p. 68.

**OHIO ELECTRIC CO.**  
June 16, 1975 it was reported that this company plans the sale of about \$75,000,000 of first mortgage bonds, in July. Underwriter—Expected to be at competitive bidding. V. 220 7468, p. 26.

**OMARK INDUSTRIES INC.**  
May 19, 1975 it was reported that this company plans to offer about \$25,000,000 of securities, later this year. Dean Witter & Co. Inc., San Francisco, CA, was associated with previous financings of the company. V. 218, p. 1437.

**PACIFIC LIGHTING CORP.**  
May 19, 1975 it was reported that this company plans the sale of about \$25,000,000 of preferred, in late-1975. Underwriter—Expected to be Morgan Stanley & Co. Inc., NY. V. 220 7469, p. 26.

**PACIFIC POWER & LIGHT CO.**  
June 16, 1975 it was reported that this company plans the sale of about \$70,000,000 in either first mortgage bonds, preferred stock, or a combination, in early fall. Underwriters—Expected to be Salomon Brothers; and Blyth Eastman Dillon & Co. Inc., NY. V. 220 7469, p. 26.

**PHILADELPHIA ELECTRIC CO. (9-17)**  
June 2, 1975 it was reported that this company plans the sale of about \$80,000,000 of first & refunding mortgage bonds. Underwriters—Expected to be Drexel Burnham & Co. Inc.; and First Boston Corp., NY. Offering expected Sept. 17. V. 220 7468, p. 26.

**POTOMAC EDISON CO. (9-24)**  
June 3, 1975 it was reported that this company plans the sale of about \$30,000,000 of first mortgage bonds. Underwriter—Expected to be at competitive bidding. Bids expected at 11 a.m. on Sept. 24. V. 219 7441, p. 64.

**PRIVATE EXPORT FUNDING CORP. (6-24)**  
June 9, 1975 it was reported that this company plans the sale of \$100,000,000 of series A secured notes due serially 1978-82, in late-June. Underwriters—Dillon Read & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Salomon Brothers, NY. Offering expected June 24.

**PUBLIC SERVICE CO. OF INDIANA (8-7)**  
June 16, 1975 it was reported that this company plans the sale of about \$80,000,000 of first mortgage bonds. Underwriter—Expected to be Morgan Stanley & Co. Inc., NY. Offering expected Aug. 7. V. 219 7438, p. 68.

**READING & BATES OFFSHORE DRILLING CO.**  
June 2, 1975 it was reported that this company plans the sale of about 1,100,000 shares of common stock. Underwriter—Expected to be Shields Model Roland Securities Inc., NY. V. 218, p. 870.

**ROCHESTER GAS & ELECTRIC CORP.**  
May 27, 1975 it was reported that this company plans the sale of about \$50,000,000 of bonds and about 1,000,000 shares of common stock, in late-1975. Underwriter—First Boston Corp., NY, managed a previous underwriting of bonds for the company. V. 220 7461, p. 67.

**ST. JOSEPH**

concern plans the sale of about \$300,000,000 of 30-year sinking-fund debentures. Underwriter — To be named. Offering expected week of July 7. V. 219 7443, p. 63.

**TENNESSEE VALLEY AUTHORITY (7-22)**  
June 9, 1975 it was reported that this Authority plans the sale of about \$100,000,000 of power bonds. Underwriter — Competitive bidding. Bids expected at 11 a.m. on July 22. V. 220 7502, p. 66.

**TEXAS AMERICAN BANCSHARES INC.**  
March 24, 1975 it was reported that this company plans the sale of about \$25,000,000 of debt securities. Method of sale is to be determined. Underwriter — to be named. V. 219 7441, p. 64.

**TUCSON GAS & ELECTRIC INC. (9-16)**  
May 12, 1975 it was reported that this company plans the sale of about 1,000,000 shares of preferred stock. Underwriters — Expected to be Blyth Eastman Dillon & Co. Inc.; and First Boston Corp., NY. Offering expected Sept. 16. V. 220 7397, p. 21.

**TUCSON GAS & ELECTRIC CO. (11-18)**  
May 12, 1975 it was reported that this company plans the sale of about \$50,000,000 of first mortgage bonds. Underwriters — Expected to be Blyth Eastman Dillon & Co. Inc.; and First Boston Corp., NY. Offering expected about Nov. 18. V. 220 7467, p. 21.

**UNION PACIFIC RAILROAD CO. (7-10)**  
June 16, 1975 it was reported that this road plans the sale of about \$15,000,000 of equipment trust certificates.

Underwriter — Competitive bidding. Bids expected July 10. V. 220 7470, p. 26.

**VALDOR ELECTRIC CORP.**  
June 16, 1975 it was reported that this company plans the sale of about 400,000 shares of new common stock. Underwriters — To be named.

**VAN DYK RESEARCH CORP.**  
May 12, 1975 it was reported that this company plans the sale of about \$10,000,000 of 15-year subordinated debentures; and two classes of warrants to purchase common stock, to be as a unit. Mayflower Securities Co. Inc., NY, managed a previous underwriting of common for the company.

**WATERS ASSOCIATES**  
June 16, 1975 it was reported that this company plans the sale of about 250,000 shares of common, in early Sept. Underwriter — Expected to be Alex Brown & Sons, Baltimore, MD. V. 218, p. 1407.

**WEST PENN POWER CO.**  
March 4, 1975 it was reported that this company plans the sale of about \$15,000,000 of preferred stock, later this year. Underwriter—expected to be at competitive bidding. V. 219 7445, p. 63.

**WISCONSIN ELECTRIC POWER CO. (8-13)**  
June 3, 1975 it was reported that this company plans the sale of about \$60,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected about 11 a.m. on Aug. 13. V. 219 7431, p. 75.

## High court dismisses case

Washington—The U.S. Supreme Court affirmed, 6 to 3, the dismissal of the government's anti-trust suit against the Citizens and Southern Banking organization.

The Justice Department sued Citizens and Southern Holding Co. in 1971, contending close working relationships between the C & S system and six suburban Atlanta banks in which it held 5 per cent interest violated the Sherman Act. The suit also opposed the holding company's intention to acquire five of the banks outright.

The U. S. District Court, which ruled for the defendants on both issues, was upheld by the high court which said blocking the proposed acquisition could not be justified on "ephemeral possibilities" and that if they were not acquired they might

ultimately become competitors against one another.

## SEC OKs use of ads

Washington — The Securities and Exchange Commission will allow investment companies to use appropriate pictures in advertisements if they relate to economic conditions, retirement plans, or other goals to which an investment company could be directed.

The SEC also said bond funds, variable annuities, unit investment trusts, and other investment companies which issue redeemable securities under an effective registration statement will be able to use the more liberal advertising rules.

# New issue calendar as of June 23, 1975

### JUNE 23 (MONDAY)

**AMF Inc.**  
(Lazard Freres & Co.) \$60,000,000 notes.  
**Consolidated Natural Gas Co.**  
(Bids at 11:30 a.m.) \$100,000,000 debentures.  
**Kerr-McGee Corp.**  
(Lehman Brothers Inc.) \$75,000,000 notes.  
**Kerr-McGee Corp.**  
(Lehman Brothers Inc.) 750,000 common.  
**NL Industries Co.**  
(Kuhn, Loeb & Co.) \$125,000,000 debentures.  
**Pizza Hut Inc.**  
(White, Weld & Co. Inc.) \$25,000,000 debentures.  
**Staley Manufacturing Co.**  
(Loeb, Rhoades & Co.) 700,000 common.  
**Technicon Corp.**  
(Goldman, Sachs & Co.) 1,500,000 common.

### JUNE 24 (TUESDAY)

**Carter Hawley Hale Stores Inc.**  
(Morgan Stanley & Co. Inc.) 2,500,000 common.  
**Gas Service Co.**  
(Blyth Eastman Dillon & Co. Inc.) \$25,000,000 bonds.  
**Gas Service Co.**  
(Blyth Eastman Dillon & Co. Inc.) 400,000 common.  
**Government National Mortgage Association**  
(Bids to be received) \$157,300,000 M-B Securities.  
**Iowa Illinois Gas & Electric**  
(First Boston Corp.) 1,000,000 common.  
**Lucky Stores Inc.**  
(Merrill Lynch, Pierce, Fenner & Smith Inc.) \$40,000,000 debentures.  
**Private Export Funding Corp.**  
(Dillon Read & Co. Inc.) \$100,000,000 notes.  
**United Illuminating Co.**  
(Morgan Stanley & Co. Inc.) \$30,000,000 debentures.  
**U.S. Bancorp.**  
(Kidder, Peabody & Co. Inc.) \$20,000,000 debentures.  
**Victoria Station Inc.**  
(Robertson, Colman, Siebel & Weisel) 630,000 common.  
**Washington Gas Light Co.**  
(Salomon Brothers) \$40,000,000 bonds.  
**Washington Gas Light Co.**  
(Salomon Brothers) 100,000 preferred.

### JUNE 25 (WEDNESDAY)

**Geo A Hormel & Co.**  
(Smith, Barney & Co. Inc.) \$25,000,000 notes.  
**Iowa Illinois Gas & Electric**  
(Bids at 11 a.m.) \$20,000,000 bonds.  
**Virginia Electric & Power Co.**  
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 4,000,000 common.

### JUNE 26 (THURSDAY)

**Corporate Investment Trust Fund, 12th Monthly Payment Series**  
(Bache & Co. Inc.) \$12,100,000 units.  
**International Harvester Credit Corp.**  
(Morgan Stanley & Co. Inc.) \$75,000,000 notes.  
**Kansas Gas & Electric Co.**  
(Goldman, Sachs & Co.) 800,000 common.  
**Kansas Gas & Electric Co.**  
(Bids to be received) \$40,000,000 bonds.

### JUNE 30 (MONDAY)

**North American Philips Corp.**  
(Morgan Stanley & Co. Inc.) \$75,000,000 debentures.

### JULY 1 (TUESDAY)

**Balcor Realty Investors Ltd. -75**  
(Blyth Eastman Dillon & Co. Inc.) 12,500 units.  
**Burlington Northern Trust**  
(Bids to be received) \$15,000,000 certificates.  
**Consumers Power Co.**  
(Morgan Stanley & Co. Inc.) \$75,000,000 (5-yr) bonds.  
**Consumers Power Co.**  
(Morgan Stanley & Co. Inc.) \$75,000,000 (25-yr) bonds.  
**Delmarva Power & Light Co.**  
(Bids at 4 p.m.) 2,000,000 common.  
**Eastern Utilities Associates**  
(Kidder, Peabody & Co. Inc.) 310,000 common.  
**Equitable Gas Corp.**  
(First Boston Corp.) \$25,000,000 bonds.  
**Tax-Exempt Fund, National Series 20**  
(E.F. Hutton & Co. Inc.) \$10,000,000 units.

### JULY 2 (WEDNESDAY)

**Delmarva Power & Light Co.**  
(Bids at 11 a.m.) \$35,000,000 bonds.

### JULY 7 (MONDAY)

**Standard Oil Co. of California**  
\$300,000,000 debentures.

### JULY 8 (TUESDAY)

**Montana Power Co.**  
(Kidder, Peabody & Co. Inc.) \$35,000,000 bonds.  
**Montana Power Co.**  
(Kidder, Peabody & Co. Inc.) 1,500,000 common.  
**Ohio Electric Co.**  
(Bids to be received) \$75,000,000 bonds.  
**Southern Railway Trust**  
(Bids to be received) \$15,000,000 certificates.  
**USLife Corp.**  
(Lehman Brothers Inc.) \$50,000,000 notes.

### JULY 9 (WEDNESDAY)

**Public Service Co. of Indiana**  
(Morgan Stanley & Co. Inc.) 300,000 preferred.  
**Tax-Exempt Trust, Eight Series**  
(Dean Witter & Co. Inc.) \$7,500,000 units.

### JULY 10 (THURSDAY)

**South Carolina Electric & Gas Co.**  
(Kidder, Peabody & Co. Inc.) \$15,000,000 common.  
**South Carolina Electric & Gas Co.**  
(Kidder, Peabody & Co. Inc.) \$20,000,000 bonds.  
**Union Pacific Trust**  
(Bids to be received) \$15,000,000 certificates.

### JULY 15 (TUESDAY)

**Bell Telephone Co. of Pa.**  
\$150,000,000 debentures & notes.  
**Detroit Edison Co.**  
(Morgan Stanley & Co. Inc.) 2,000,000 preferred.  
**Duquesne Light Co.**  
(First Boston Corp.) \$50,000,000 common.  
**Interstate Power Co.**  
(Kidder, Peabody, & Co. Inc.) \$15,000,000 common.  
**Norfolk & Western Railway**  
(Bids to be received) \$15,000,000 certificates.

### JULY 16 (WEDNESDAY)

**Arkansas Power & Light Co.**  
(Bids at 11 a.m.) \$60,000,000 bonds.

**Arkansas Power & Light Co.**  
(Bids at noon) 200,000 preferred.  
**Interstate Power Co.**  
(Kidder, Peabody & Co. Inc.) \$1,000,000 common.  
**Tax-Exempt Municipal Trust, 2nd National Series**  
(Shearson Hayden Stone Inc.) \$7,000,000 units.

### JULY 17 (THURSDAY)

**Iowa Southern Utilities Co.**  
(Bids at noon) \$10,000,000 bonds.  
**Missouri Pacific Railroad**  
(Bids to be received) \$15,000,000 certificates.

### JULY 22 (TUESDAY)

**Tennessee Valley Authority**  
(Bids at 11:30 a.m.) \$100,000,000 bonds.  
**Texas Gas Transmission**  
(Dillon Read & Co. Inc.) \$40,000,000 debentures.

### JULY 23 (WEDNESDAY)

**Columbus & Southern Ohio Electric Co.**  
(Dillon Read & Co.) 1,500,000 common.  
**Georgia Power Co.**  
(Bids at 11 a.m.) \$100,000,000 bonds.

### JULY 24 (THURSDAY)

**General Telephone Co. of Illinois**  
(Bids at noon) \$40,000,000 bonds.

### JULY 29 (TUESDAY)

**Baltimore Gas & Electric Co.**  
(Bids at 11:30 a.m.) \$60,000,000 bonds.  
**Soo Line Railroad**  
(Bids to be received) \$7,200,000 certificates.

### JULY 31 (THURSDAY)

**Minnesota Power & Light Co.**  
(Blyth Eastman Dillon & Co.) \$35,000,000 bonds.  
**Minnesota Power & Light Co.**  
(Blyth Eastman Dillon & Co. Inc.) 600,000 common.

### AUGUST 5 (TUESDAY)

**New Jersey Bell Tel. Co.**  
\$175,000,000 debt securities.  
**Norfolk & Western Railway**  
(Bids to be received) \$11,620,000 certificates.  
**Tucson Gas & Electric Co.**  
(Blyth Eastman Dillon & Co. Inc.) \$30,000,000 common.

### AUGUST 6 (WEDNESDAY)

**Central Louisiana Electric Co.**  
(Blyth Eastman Dillon & Co. Inc.) 700,000 common.  
**Louisiana Power & Light Co.**  
(Bids at 11 a.m.) \$50,000,000 bonds.  
**Louisiana Power & Light Co.**  
(Bids at Noon) \$10,000,000 preferred.

### AUGUST 7 (THURSDAY)

**Kansas City Power & Light Co.**  
(First Boston Corp.) \$20,000,000 common.  
**Philadelphia Electric Co.**  
(Drexel Burnham & Co. Inc.) \$80,000,000 bonds.  
**Public Service Co. of Indiana**  
(Morgan Stanley & Co. Inc.) \$80,000,000 bonds.

### AUGUST 12 (TUESDAY)

**Consolidated Edison of NY**  
\$80,000,000 bonds.  
**Southwestern Electric Power Co.**  
(Bids at noon) \$40,000,000 bonds.

### AUGUST 13 (WEDNESDAY)

**Wisconsin Electric Power Co.**  
(Bids at 11 a.m.) \$60,000,000 bonds.

### AUGUST 14 (THURSDAY)

**Northern States Power Co.**  
2,600,000 common.

### AUGUST 19 (TUESDAY)

**Gulf Power Co.**  
(Bids at 11 a.m.) \$15,000,000 bonds.

### AUGUST 21 (THURSDAY)

**Portland General Electric Co.**  
\$30,000,000 common.

### SEPTEMBER 11 (THURSDAY)

**Connecticut Light & Power Co.**  
(Bids at noon) \$20,000,000 preferred.  
**Connecticut Light & Power Co.**  
(Bids at 11 a.m.) \$40,000,000 bonds.

### SEPTEMBER 16 (TUESDAY)

**Tucson Gas & Electric Co.**  
1,000,000 preferred.

### SEPTEMBER 17 (WEDNESDAY)

**Mountain States Telephone & Telegraph Co.**  
\$200,000,000 debt securities.

### SEPTEMBER 18 (THURSDAY)

**Florida Power Co.**  
\$30,000,000 common.

### SEPTEMBER 22 (MONDAY)

**Hartford Electric & Power Co.**  
(Bids at 11:15 a.m.) \$30,000,000 bonds.  
**Hartford Electric & Power Co.**  
(Bids at noon) \$10,000,000 preferred.

### SEPTEMBER 23 (TUESDAY)

**Niagara Mohawk Power Co.**  
\$50,000,000 bonds.  
**Niagara Mohawk Power Co.**  
400,000 preferred.  
**Niagara Mohawk Power Co.**  
3,500,000 common.

### SEPTEMBER 24 (WEDNESDAY)

**Potomac Edison Co.**  
(Bids at 11 a.m.) \$30,000,000 bonds.  
**Public Service Co. of New Mexico**  
\$12,000,000 common.

### OCTOBER 1 (WEDNESDAY)

**Central Illinois Light Co.**  
(Bids at 11 a.m.) \$15,000,000 preferred.

### OCTOBER 7 (TUESDAY)

**Michigan Bell Telephone Co.**  
\$200,000,000 debt securities.

### OCTOBER 8 (WEDNESDAY)

**Central Maine Power Co.**  
(Kidder Peabody & Co. Inc.) \$25,000,000 bonds.

### OCTOBER 16 (THURSDAY)

**Public Service Co. of New Hampshire**  
\$20,000,000 bonds.  
**Public Service Co. of New Hampshire**  
\$17,000,000 common.

### OCTOBER 21 (TUESDAY)

**Tennessee Valley Authority**  
(Bids at 11 a.m.) \$100,000,000 of bonds.

### NOVEMBER 18 (TUESDAY)

**Tucson Gas & Electric Co.**  
\$50,000,000 bonds.

### NOVEMBER 19 (WEDNESDAY)

**Columbia Gas Co.**  
(Bids at noon) \$50,000,000 debentures.

### DECEMBER 2 (TUESDAY)

**Central Illinois Light Co.**  
(Bids at 11 a.m.) \$25,000,000 bonds.  
**Central Illinois Light Co.**  
(Bids at 4:30 p.m.) \$15,000,000 common.

# Insider Trading

Continued from page 19

to Japanese steelmakers. It's operating at a record clip and earned a \$7.5 million bonus for above-quota deliveries to Far East accounts during the first quarter. In March, however, an interim base price increase of more than \$15 a ton was negotiated, bringing the per-ton posting to \$46 and terminating the bonus arrangement. At present, a new pact is being worked out that could hike tabs further.

## Tight cost control

Despite a 40 per cent decline in metal shipments, Kaiser Aluminum & Chemical more than doubled March quarter profits to \$1.92 a share. The delivery shortfall was more than offset by higher prices as well as continued improvement in fertilizers, industrial chemicals, refractories, and strontium products. This month, the company reduced its aluminum operating rate from 83 per cent to 73 per cent of rated capacity. It has tight control of costs, however, and the move is not expected to wreck serious havoc.

The shipbuilding affiliate, which remains solidly in the black, began the year with a \$364 million backlog, down from the \$504 million total logged 12 months earlier. During the first quarter, however, this operation was awarded a \$124 million contract for two 150,000-ton tankers to be used in the Alaskan oil trade. An expansion program, scheduled for completion later in 1975, will permit the yard to build vessels in the 190,000-ton class.

Kaiser Engineers turned a pretax profit in the first quarter — a welcome reversal from past performance. Last year, this wholly-owned unit, which furnishes engineering, construction, design and consulting services to industrial accounts and government agencies throughout the world, was awash in red ink. The principal item was a \$13.9 million adjustment of the receivables on the Guri Dam project in Venezuela.

Kaiser Cement & Gypsum posted a deficit in the March quarter, owing to reduced construction activity and poor weather. No real improvement is in prospect before general economic conditions take a decided turn for the better. Consolidated subsidiaries, other than Kaiser Engineers (aerospace and electronics, broadcasting and sand and gravel), are limping along. These units lost an aggregate of \$1.3 million, pretax, during the first quarter, about in line with the prior-year deficit.

Longer term, Kaiser Industries could benefit from its involvement with three western utilities in a \$300-million development of coal-mining properties to supply a 3,000-megawatt power complex in Southern Utah. Each of the partners would have a 25 per cent interest in the project, to be managed by Kaiser Industries. Meanwhile, through Kaiser Steel's 28 per cent stake in Hammersley Holdings Ltd., the company retains an interest in Australian iron-ore leases.

Brady of Edwards & Hanley is impressed by the way in which Kaiser is "changing the direction of its production rather than merely emphasizing output increases." This policy of forward integration, he believes, eventually will enhance the value of the company's earnings. Though he still considers Kaiser as being in a transition stage, Brady is enthusiastic about near-term profit prospects, estimating full-year net at a minimum of \$2 a share.

The Securities and Exchange Commission requires officers, directors and those who hold 10 per cent or more of the shares of a publicly-held company to report, within 10 days after the month in which the transaction took place; any sale, purchase, redemption, etc. by them in the stock of their company.

The figure after the transaction date represents the total number of shares now held by the person involved in the transaction.

These reports are a matter of public record and are made public by the SEC and by the Exchange with which they are filed.

## Purchases

**Alico, Inc.** 25,000 common shares at \$8 $\frac{3}{4}$  open market purchase on May 27. 676,400. Ben Hill Griffin, Inc., beneficial owner of more than ten per cent of the company's common stock.

**BanCal Tri-State Corp.** 7,800 common shares at \$16.75-\$18 open market purchases between May 8 and 23. 904,700. Edmond de Rothschild, beneficial owner of more than ten per cent of the company's common stock.

**Booth Newspapers, Inc.** 1,500 common shares at \$24.25 open market purchases on May 22 and 23. 405,130. Walter N. Thayer, director.

**Cascade Corp.** 10,000 common shares at \$9.25 private purchase on May 15. 113,512. Robert C. Warren, director.

**Communications Properties, Inc.** 50,000 class A common shares at \$2.50 private purchase on May 15. 140,985. Robert W. Hughes, president.

**ConAgra, Inc.** 5,000 common shares at \$8 $\frac{1}{2}$  purchase on May 9. 24,266. Robert B. Daugherty, chairman of the board of directors.

**Data Automation Co., Inc.** 1,219,314 common shares at \$0.0424-\$0.05 private purchases on May 20. 2,147,390. Also, 42,851.5 class B series D convertible preferred shares at \$4.1127-\$4.4218 private purchases on May 20. 72,068.5. Loyse E. Caldwell, chairman of the board, president and director.

**Dillingham Corp.** 6,900 common shares at \$7 $\frac{1}{2}$ -\$8 open market sales between May 22 and 30. 591,646. Myron A. Wick Jr., director.

**Hospital Mortgage Group** 10,100 shares of beneficial interest at \$4.50-\$4.875 open market purchases between May 2 and 30. 51,600. Maurice A. Wiener, officer and trustee.

**ICB Corp.** 284,739 common shares at \$5-\$6.89 purchases between May 5 and 21. 305,306. Wilson P. Abraham, chairman of the board of directors.

**International Telephone & Telegraph Corp.** 2,000 common shares at \$23 $\frac{1}{2}$  open market purchase on May 8. 3,000. Anthony J.A. Bryan, director.

**Jacobs (F.L.)** 102,000 common shares at \$0.66 open market purchase on May 7. 370,900. Harry Weinberg, beneficial owner of more than ten per cent of stock, and director.

**May Department Stores Co.** 2,500 common shares at \$19.5626 purchase on May 9. 6,533. David E. Babcock, director and president.

**Nichols (J.C.) Co.** 1,182 common shares at \$105 private purchase on May 1. 1,258. Philip Pistilli, director.

**Nichols (J.C.) Co.** 1,182 common shares at \$105 private purchase on May 1. 1,212. Anthony J. Sweeney, assistant vice president and director.

**Nichols (J.C.) Co.** 1,272.5 common shares at \$105 private purchase on May 1. 1,958.5. Lynn L. McCarthy, executive vice president, treasurer and director.

**Nichols (J.C.) Co.** 1,182 common shares at \$105 private purchase on May 1. 1,407. William E. McGugin, vice president and director.

**Nichols (J.C.) Co.** 1,182 common shares at

\$105 private purchase on May 1. 1,202. Clarence L. Roeder, director.

**Pennsylvania Life Co.** 100,000 common shares at \$1 open market purchase on May 21. 809,341. Burton Borman, director and president.

**Petrolane, Inc.** 4,500 common shares at \$9.8335 purchase on May 19. 5,500. Edward M. Wright, vice president and controller.

**Pittston Co.** 600 common shares at \$67 $\frac{3}{4}$  open market purchase on May 22. 4,542. Samuel F. Pryor Jr., director.

**Saul (B.F.) Real Estate Investment Trust** 17,300 shares of beneficial interest at \$3.25-\$3.50 open market purchases between May 14 and 30. 224,061.7188. B. Francis Saul II, president and director.

**Shakespeare Co.** 10,800 common shares at \$5.75-\$6.875 open market purchases between May 2 and 28. 601,000. Henry L. Hillman, director.

**Shenandoah Oil Corp.** 22,800 common shares at \$24 open market purchase on May 21. 40,500. Russell T. Lund, director.

**Southwest Forest Industries, Inc.** 3,000 \$1.50 cumulative convertible preferred shares at \$16.88-\$18 open market purchases between May 2 and 12. 13,000. Also, 12,000 common shares at \$7.75 private purchase on May 12. 16,400. Raymond E. Baker, director, chairman of the board and chief executive officer.

**Southwest Petro-Chem, Inc.** 6,804 common shares at \$8.50 purchases on May 5 and 8. 183,545. Harold A. Mayor, director and president.

**Standard Shares, Inc.** 4,700 common shares at \$18 $\frac{1}{4}$ -\$18 $\frac{1}{2}$  purchases between May 12 and 16. 195,229. Sidney Barrows, director.

**Tiffany Industries, Inc.** 23,960 common shares at \$4 purchase on May 1. 463,851. Joseph A. Simpkins, chairman of the board.

**Time Holdings, Inc.** 23,000 common shares at \$9 $\frac{1}{2}$ -\$10 open market purchases on May 15. 21 and 22. 73,490. Lee A. Doerr, director.

**United Tennessee Bancshares Corp.** 17,000 common shares at \$5 $\frac{1}{2}$ -\$5 $\frac{1}{2}$  open market purchases between May 6 and 30. 274,570. Calvin Houghland, director.

**Universal Telephone, Inc.** 28,750 class A common shares at \$4.5543 \* private purchase on May 2. 42,986. Ray H. Dittmore, president and director.

\* The per share purchase price of this stock is payable in installments over seven years that include principal and interest.

**Washington Post Co.** 5,000 class A common shares at \$27 private purchase on May 2. 462,595. Donald E. Graham, director.

## Sales

**Aetna Life & Casualty Co.** 2,000 common capital shares at \$23.50 open market sale on May 7. 13,234. Donald M. Johnson, director and president.

**Alaska Interstate Co.** 14,600 common shares at \$15.25-\$17 sales between May 8 and 30. 145,353. Robert B. Baldwin, former chairman of the board.

**Albertson's, Inc.** 20,000 common shares at \$18.25 sale on May 27. 286,340. Barbara J. Rasmussen, director.

**Allergan Pharmaceuticals** 3,000 common shares at \$13.25 open market sale on May 9. 296,589. Gavin S. Herbert Sr., chairman of the board, director and beneficial owner of more than ten per cent of the company's common stock.

**Allied Chemical Corp.** 1,100 common shares at \$39 open market sale on May 2. 3,474. Bernard Lerner, vice president.

**Allied Stores Corp.** 1,250 common shares at \$30.25-\$30.375 open market sales on May 23.

836. Herbert Wittkin, vice president.

**American Cyanamid Co.** 4,000 common shares at \$28.50-\$30.50 open market sales between May 5 and 9. 717,793. George L. Schultz, director.

**American Express Co.** 1,000 common shares at \$40.50 open market sale on May 15. 50,297. Robert R. Krumm - no relationship to company given.

**American Hospital Supply Corp.** 5,000 common shares at \$38 $\frac{1}{2}$  sale on May 2 101,134. Christian G. Schmidt, officer, chairman of the executive committee and director.

**American International Group, Inc.** 700 common shares at \$61.75 and \$62 open market sales on May 9 and 12. 21,507. Leonard H. Collier - relationship to company not given.

**American International Group, Inc.** 905 common shares at \$59.50 open market sale on May 21. 4,020. Richard A. McCarthy, vice president.

**Anacomp, Inc.** 4,000 common shares at \$9.75-\$12 sales on May 16, 17, and 19. 13,017. Thomas J. Kern, secretary and director.

**Anixter Brothers, Inc.** 6,000 common shares at \$9 $\frac{1}{2}$ -\$11 $\frac{1}{4}$  open market sales between May 8 and 30. 88,078. Edward F. Harris, vice president and director.

**Applied Digital Data Systems, Inc.** 10,000 common shares at \$8.125 open market sale on May 2. 375,000. William J. Catacosinos, director and president.

**Archer-Daniels-Midland Co.** 3,255 common shares at \$30 $\frac{1}{2}$ -\$30 $\frac{3}{4}$  open market sales on June 5. 5,100. Dale F. Benson, vice president.

**Associated Dry Goods Corp.** 4,181 common shares at \$28 $\frac{1}{2}$ -\$30 open market sales on May 2, 5, and 6. 31,229. Richard R. Pivrotto, director and president.

**Avery Products Corp.** 2,000 common shares at \$35.625 rule 144 sales on May 20 and 23. 1,442,257. Ray S. Avery, chairman of the board and chief executive officer.

**Baker Oil Tools, Inc.** 1,900 common shares at \$44.375 open market sale on June 2. 13,000. Fred A. Simpson, vice president.

**Bandag, Inc.** 2,000 common shares at \$38 open market sale on May 2. 10,000. C.E. Edwards, senior vice president.

**Bard (C.R.), Inc.** 3,000 common shares at \$17 open market sale on May 22. 7,000. Daniel A. Cronin Jr., director.

**Barnes-Hind Pharmaceuticals, Inc.** 6,800 common shares at \$13.25-\$16 open market sales between May 6 and 19. 25,000. Eugene D. Ditto, president and director of subsidiary.

**Baxter Laboratories, Inc.** 10,000 common shares at \$50.50 open market sales on May 9, 12, and 13. 1,693,701. Ralph Falk II, chairman of the executive committee and director.

**Baxter Laboratories, Inc.** 4,000 common shares at \$50.75 open market sale on May 14. 73,902. Edward J. Nawoj, senior vice president.

**Bearings, Inc.** 1,500 common shares at \$19.75-\$20.25 open market sales on May 19. 87,788. J. Lawrence Lammers - no relationship to company given.

**Bentley Laboratories, Inc.** 20,000 common shares at \$16.75-\$18.25 open market sales on May 8 and 16. 663,605. Donald J. Bentley, president and chairman of the board.

**Black & Decker Manufacturing Co.** 2,000 common shares at \$35.50 open market sale on May 14. 12,174. Edwin G. Delcher, vice president and treasurer.

**Boise Cascade Corp.** 2,000 common shares at \$22-\$22 $\frac{1}{2}$  open market sales on May 23. 1,608. John S. McCormac, vice president.

**Bristol-Myers Co.** 1,200 common shares at \$65.50 open market sale on May 15. 114,162. William M. Bristol III, senior vice president and director.

**Burroughs Corp.** 1,000 common shares at \$100 open market sale on May 8. 24,763. Charles F. Exley Jr., executive vice president and director.

**Cameron Iron Works, Inc.** 1,000 common shares at \$136 open market sale on May 22. 73,721. Herbert Allen, chairman of the board.

See INSIDER TRADING, page 29

## Largest transactions reported this week

### Purchases

Company	Shares	Total Reported Transactions	Total \$\$\$ Amount
ICB Corp.	284,739	1	1,708,734 Est.
B.F. Nichols	6,000.5	5	630,053
Shenandoah Oil Corp.	22,800	1	547,200
Data Automation Co. Inc.	1,262,165	1	236,988 Est.
Time Holdings Inc.	23,000	1	225,400 Est.
Alico Inc.	25,000	1	209,375

# Insider Trading

Continued from page 28

**Campbell Taggart, Inc.** 5,500 common shares at \$28½-\$28¾ sales on May 14, 23, and 28. 3,500. Trammell Crow, director.

**Capital Holding Corp.** 2,000 common shares at \$26 sale on May 21. 29,194. William H. Abell, director.

**Centex Corp.** 19,100 common shares at \$9¼-\$10¼ open market sales between May 14 and 27. 214,400. Joshua A. Muss, director.

**Central Bancshares of the South, Inc.** 16,930 common shares at \$8.75-\$9.25 open market sales on May 5, 6, and 27. 92,144. T.W. Davis, director.

**Central Soya Co., Inc.** 20,000 common shares at \$12½-\$12¾ open market sales between April 29 and May 8. 309,970. Dale W. McMillen Jr., director and chairman of the board.

**Charter Medical Corp.** 10,000 common shares at \$4 private sale on May 12. 10,026. Richard A. Michaux, director.

**Chubb Corp.** 15,000 common shares at \$36¼-\$36¾ sales on May 21 and 23. 258,704. Percy Chubb II, director.

**Coca-Cola Bottling Co. of New York, Inc.** 9,400 common shares at \$8.75 and \$9 open market sales on May 8 and 9. 10,000. William J. Sullivan, executive vice president and director.

**Coca-Cola Co.** 4,000 common shares at \$84-\$92.50 open market sales between May 2 and 13. 61,924. Don A. Turner, director.

**Coca-Cola Co.** 5,000 common shares at \$88.50-\$90 open market sales between May 22 and 30. 185,825. Charles W. Duncan Jr., director.

**Colt Industries, Inc.** 10,000 common shares at \$29.50-\$33.50 open market sales between May 5 and 27. 76,350. George A. Strichman, chairman of the board.

**Columbia Pictures Industries, Inc.** 5,000 common shares at \$8¾ open market sale on May 12. 171,250. Abraham Schneider, consultant and former member of the board of directors.

**Combustion Equipment Associates, Inc.** 16,000 common shares at \$14.50-\$16.625 open market sales between May 2 and 27. 36,724. Julius C. Weinberg, director.

**Computer Sciences Corp.** 88,000 common shares at \$4.50-\$4.75 rule 144 sales on May 14, 15, and 19. 1,572,471. Roy Nutt, vice president, director and beneficial owner of more than ten per cent of the company's common stock.

**Crane Co.** 1,674 common shares at \$48¼-\$48¾ open market sales on May 14. 369. J. C. Klein, vice president.

**Custom Alloy Corp.** 27,500 common shares at \$2.90 private sales on May 12 and 27. 0. Joseph P. Messina, director.

**Dart Industries, Inc.** 6,148 common shares at \$27¼-\$27¾ open market sales on May 19. Joseph Hara, director.

**Diamond M Drilling Co.** 17,000 common shares at \$25-\$26¾ rule 144 sales between May 13 and 30. 71,500. G. A. Mueller, director.

**Digital Equipment Corp.** 1,040 common shares at \$109-\$112 open market sales on May 1. 31,240. Winston R. Hindle Jr., vice president.

**Digital Equipment Corp.** 1,000 common shares at \$106.75-\$107 open market sales on May 12. 897,706. Kenneth H. Olsen, director and president.

**Disney (Walt) Productions** 2,000 common shares at \$54¾ sale on May 15. 6,795. Donn B. Tatum, chairman of the board, director and member of the executive committee.

**Diversified Industries, Inc.** 131,673 common shares at \$3 private sale on May 12. 33,930. Sam Fox, president and director.

**Dorchester Gas Corp.** 10,000 common shares at \$10¼ open market sale on May 23. 237,880. George S. Rooker, president and director.

**Dover Corp.** 10,000 common shares at \$41.24-\$42.13 private sales on May 1. 154,501. George L. Ohrstrom, director.

**Dow Chemical Co.** 2,000 common shares at \$80.25 open market sale on April 16. 44,380. Robert B. Bennett, director.

**Eastern Gas & Fuel Associates** 1,000 common shares at \$41.75 open market sale on May 15. 5,777. Osborne F. Ingram, vice president.

**Electronic Data Systems Corp.** 1,650 common shares at \$28.50 open market sale on May 12. 151. Lester M. Alberthal, vice president.

**Electronic Data Systems Corp.** 2,450 common shares at \$27¼-\$29 open market sales on May 12. 20. Richard F. Furr, vice president and director.

**Electronic Data Systems Corp.** 2,050 common shares at \$27.75-\$29 open market sales on May 12. 181. Gilbert E. Hurley, vice president.

**Emerson Electric Co.** 10,000 common shares at \$36.50 sale on May 12. 784,899. George T. Pfeleger, director.

**Envirotech Corp.** 3,350 common shares at \$24 open market sale on May 21. 4,000. Wayne L. Dowdey, executive vice president.

**ESL, Inc.** common shares at \$12.75-\$16 open market 4,000 sales on May 1 and 23. 38,271. James M. Harley, director and vice president.

**ESL, Inc.** 6,000 common shares at \$16 open market sale on May 23. 33,043. William J. Perry, director and president.

**ESL, Inc.** 2,400 common shares at \$17-\$19 open market sales between May 23 and 29. 17,784. James F. O'Brien, director, vice president and treasurer.

**Exchange International Corp.** 4,000 common shares at \$11 private sale on May 20. 18,895. Samuel N. Bergman, director.

**Exxon Corp.** 750 capital shares at \$83.25 open market sale on May 13. 2,310. Robert T. Bonn, vice president.

**Exxon Corp.** 1,400 capital shares at \$80¼-\$87¾ open market sales between May 22 and 30. 11,673. Emilio G. Collado, executive vice president and director.

**Fairchild Camera & Instrument Corp.** 1,850 common shares at \$41.25-\$41.38 open market sales on May 21. 0. Frederick M. Hoar, vice president.

**Farmers Group, Inc.** 1,200 common shares at \$51.25 open market sale on May 1. 4,287. Howard B. Hancock, president, Fire Underwriters Association.

**Farmers Group, Inc.** 800 common shares at \$51 sale on May 1. 2,700. Richard G. Lindley, vice president.

**Farmers Group, Inc.** 1,000 common shares at \$57.25 open market sale on May 15. 6,389. Robert E. Jarvise, vice president.

**Federated Department Stores, Inc.** 2,100 common shares at \$44.375-\$46.75 open market sales between May 2 and 29. 251,882. Charles Y. Lazarus vice president and director.

**First International Bancshares, Inc.** 3,180 common shares at \$40.25-\$44.75 open market sales on May 15 and 21. 2,000. Trammell Crow, director.

**Flying Diamond Oil Corp.** 15,000 common shares at \$22-\$22.25 sales on May 29. 29,353. James S. Ray, executive vice president and director.

**Franklin Mint Corp.** 2,250 common shares at \$28 open market sale on May 1. 0. Nelson B. Colton, vice president.

**Franklin Mint Corp.** 3,000 common shares at \$30.75-\$32 open market sales on May 6, 14, and 16. 77,020. Martin F. Walsh, director and senior vice president.

**Gannett Co., Inc.** 5,000 common shares at \$35¼ open market sale on May 15. 38,363. Allen H. Neuharth, president, chief executive officer and director.

**General American Transportation Corp.**

1,600 common shares at \$33¼ open market sale on May 2. 800. Harlan J. Thompson, vice president and director.

**Genuine Parts Co.** 1,500 common shares at \$41 open market sale on May 14. 12,278. John F. Schweikert, treasurer.

**Great Northern Nekoosa Corp.** 1,400 common shares at \$37.50 open market sale on May 2. 35,988. Peter S. Paine, director and chairman of the executive committee.

**Gyrodyn Co. of America, Inc.** 9,450 common shares at \$4-\$4.125 open market sales on May 22. 303,862. Peter J. Papadakos, director, president and treasurer.

**Hall (Frank B.) & Co., Inc.** 20,000 common shares at \$18.25-\$18.50 open market sales on May 29 and 30. 60,000. Cyprian A. Spori Jr., vice president and director.

**Harland (John H.) Co.** 4,000 common shares at \$27.25 sale on May 16. 109,302. H. Grady Wilson Jr., executive vice president and director.

**Hawaiian Electric Co., Inc.** 10,000 common shares at \$21.25 sale on May 8. 28,409. John S.B. Pratt III, director.

**Heublein, Inc.** 2,100 common shares at \$45 open market sale on May 2. Stuart D. Watson, chairman of the board and director.

**Hewlett-Packard Co.** 558 common shares at \$108.875-\$109.50 open market sales on May 23 and 27. 19,954. W. Franklyn Cavier, director, vice president and secretary.

**Hewlett-Packard Co.** 1,000 common shares at \$106 open market sale on May 22. 28,752. Robert L. Boniface, director and vice president.

**Holiday Inns, Inc.** 4,500 common shares at \$12.75 open market sale on May 2. 104,680. William B. Walton, director and vice chairman of the board.

**Holiday Inns, Inc.** 3,540 common shares at \$12.75-\$14.125 open market sales on May 2 and 7. 70,773. Robert A. Lile, director.

**Hon Industries, Inc.** 10,000 common shares at \$11.75 open market sale on May 28. 582,811. C.M. Stanley, chairman of the board of directors.

**Houston Natural Gas Corp.** 1,700 common shares at \$36.75 open market sale on May 5. 775. Elbert Watson, senior vice president.

**Houston Natural Gas Corp.** 11,962 common shares at \$41.50-\$41.75 open market sales on May 12. 72,600. John H. Wimberly, senior chairman of the board of directors.

**Hutton (E.F.) Group, Inc.** 5,000 common shares at \$13½-\$13¾ open market sales on May 13, 14, and 15. 140,088. John S.R. Shad, vice chairman and director.

**Hycel, Inc.** 25,000 common shares at \$4.50-\$4.75 open market sales on May 28. John J. Moran, chairman of the board.

**Illinois Tool Works, Inc.** 5,000 common shares at \$26 sale on May 1. 124,144. Silas S. Cathcart, chairman and director.

**Information International, Inc.** 6,400 common shares at \$10-\$10.25 rule 144 sales on May 16 and 19. 569,435. Edward Fredkin, director and ten per cent stockholder.

**International Multifoods Corp.** 4,000 common shares at \$24¼ open market sale on May 27. 8,500. Lloyd E. Workman, vice chairman of the board.

**Kaiser Industries Corp.** 10,000 common shares at \$8½-\$9 sales between May 2 and 12. 5,700. James F. McCloud - no relationship to company given.

**Kaiser Industries Corp.** 200,000 common shares at \$8¼-\$9 open market sales on May 13. 2,026,014. Edgar F. Kaiser, director and chairman of the board.

**Kaiser Industries Corp.** 12,000 common shares at \$10-\$10¼ open market sales on May 15 and 23. 15,972. S.A. Girard, group president and director.

**Kapok Tree Inns Corp.** 11,000 common shares at \$6 open market sales on May 5 and 7. 291,621. William D. Baumgardner, director and beneficial owner of more than ten per cent of the company's stock.

**Lane Co., Inc.** 3,500 common shares at \$18.25-\$19.50 open market sales between May 14 and 27. 51,496. Edward H. Lane Jr., director.

**Longs Drug Stores, Inc.** 19,800 common shares at \$64-\$66¼ open market sales on May 14, 15, and 21. 1,236,153. Joseph M. Long, president, director and beneficial owner of more than ten per cent of the company's stock.

**Lowe's Companies, Inc.** 7,050 common shares at \$42.50-\$43.75 open market sales between May 13 and 29. 32,864. Joe V. Reinhardt, senior vice president and director.

**Macy (R.H.) & Co., Inc.** 2,900 common shares at \$21 open market sale on May 2. 1,000. Ernest L. Molloy, director.

**Mark Controls Corp.** 8,600 common shares at \$23¼-\$25½ sales between May 23 and 30. Gary E. MacDougal, chairman of the board, president and director.

**Marshall Field & Co.** 2,420 common shares at \$17¼-\$26 open market sales between March 23 and May 12. 61,198. Robert L. Paterson, vice president.

**Mary Kay Cosmetics, Inc.** 5,000 common shares at \$21.25 open market sale on May 6. 38,193. Monty C. Barber, director, secretary, vice president and general counsel.

**Mary Kay Cosmetics, Inc.** 11,000 common shares at \$20-\$21.50 open market sales on May 2 and 29. 237,179. J. Ben Rogers Jr., director and vice president.

**McDonald's Corp.** 300,000 common shares at \$54.125 sale on May 22. 6,549,402. Ray A. Kroc, chairman of the board, director and beneficial owner of more than ten per cent of the company's common stock.

**McDonald's Corp.** 9,850 common shares at \$54.125 sale on May 22. 68,586. Fred L. Turner, director, president and chief executive officer.

**Microwave Associates, Inc.** 1,500 common shares at \$24¼-\$24¾ open market sales on May 21. 3,487. Richard T. DiBona, director and executive vice president.

**Millipore Corp.** 15,000 common shares at \$51 open market sale on May 1. 116,648. John H. Bush, chairman of the board and director.

**Millipore Corp.** 800 common shares at \$54.50 open market sale on May 2. 11,312. James L. Dwyer, vice president.

**Minnesota Mining & Mfg. Co.** 1,500 common shares at \$65.75 open market sale on May 15. 17,370. Harry Heltzer, former officer and director.

**Mitchell Energy & Development Corp.** 4,000 common shares at \$16-\$16¼ open market sales on May 28 and 30. 3,121,175. George P. Mitchell, director, president and ten per cent owner.

**Moore (Samuel) & Co.** 20,000 common shares at \$17.25 open market sale on May 21. 427,864. Jay P. Moore, director.

**National Central Financial Corp.** 8,230 common shares at \$15.50 private sale on May 6. 30,049. Lewis E. Lehrman, director.

**National Chemsearch Corp.** 10,000 common shares at \$50¼ open market sale on May 15. 1,631,648. Irvin L. Levy, president, director and beneficial owner of more than ten per cent of the company's common stock.

**National Starch & Chemical Corp.** 2,025 common shares at \$41¼-\$44½ open market sales between May 1 and 8. 97,672. Donald D. Pascal, chairman of the board of directors and director.

**Nichols (J.C.) Co.** 1,088.1 common shares at \$105 private sale on May 1. 28,113.9. Jesse C. Nichols Jr., director.

**Northern Research & Engineering Corp.** 173,350 common shares at \$1.11 private sales on May 9. 0. Jack W. Rizika, director.

**Northrop Corp.** 2,400 common shares at \$24.88-\$25 open market sales between April 25 and 30. 2,600. James Allen, former vice president.

**Northrop Corp.** 7,500 common shares at \$29.63-\$31 open market sales between May 5 and 23. 0. Roy P. Jackson, vice president.

**Northrop Corp.** 2,500 common shares at \$30.75-\$32.50 open market sales on May 5 and 30. 100. James Allen, former vice president.

**Outboard Marine Corp.** 2,000 common shares at \$24.375-\$25.125 open market sales

See INSIDER TRADING, page 30

# Insider Trading

Continued from page 29

on May 22 and 27, 8,800. Robert H. Scott, former vice president.

Owens-Illinois, Inc. 3,500 common shares at \$39 private sale on June 2. 217. Ebon C. Jones, director and senior vice president.

Pacemaster, Inc. 199,950 class A common shares at \$5 private sale on May 14. 0. Dorothy L. Pollock and James T. Pollock, chairman of the board, chief executive officer and beneficial owner of more than ten per cent of the company's common stock.

Pall Corp. 1,000 common shares at \$40-\$40.50 open market sales on May 6 and 7, 7,043. Sidney Krakauer, vice president.

Pay 'N Pak Stores, Inc. 13,000 common shares at \$14.50 open market sale on May 5. 265,795. David J. Heerensperger, director and chairman of the board.

Peavey Co. 3,000 common shares at \$17 1/4-\$17 1/2 open market sales on May 28. 33,295. Marcus W.K. Heffelfinger, director and group vice president.

Penney (J.C.) Co., Inc. 900 common shares at \$59 open market sale on May 7. 2,163. Howard M. Evans, vice president.

Penney (J.C.) Co., Inc. 2,999 common shares at \$53 1/2-\$54 1/2 open market sales on May 23, 27, and 28. 28,030. William M. Batten, director.

PepsiCo, Inc. 1,000 capital shares at \$68.25 open market sale on May 6. 9,000. Herman A. Schaefer, director and executive vice president.

PepsiCo, Inc. 16,500 common shares at \$66-\$70 open market sales between May 12 and 20. 373,385. Herman W. Lay, director and chairman of the executive committee.

Petrie Stores Corp. 10,000 common shares at \$64-\$66 open market sales between May 2 and 21. 91,590. Hilda Gerstein, president and director.

Petrie Stores Corp. 10,000 common shares at \$64-\$66 open market sales between May 2 and 21. 91,411. Dorothy Stern, senior vice president and director.

Pillsbury Co. 6,732 common shares at \$57 1/2-\$58 1/2 open market sales between May 12 and 20. 63,355. James W. McLamore, director.

Pittston Co. 946 common shares at \$66 1/2-\$66 3/4 open market sales on May 9. 10,973. Joseph B. McNichols, corporate secretary.

Pizza Hut, Inc. 2,000 common shares at \$27.50-\$27.75 open market sales on May 20. 500. Robert L. Logsdan, vice president.

Pott Industries, Inc. 2,300 common shares at \$32 rule 144 sale on May 27. 8,906. John P. Fechter, vice president and controller.

Quaker State Oil Refining Corp. 5,000 capital shares at \$19 1/4-\$21 1/2 open market sales between May 20 and 30. 597,122. James D. Berry Jr., director.

Quaker State Oil Refining Corp. 42,600 capital shares at \$19 1/4-\$21 1/2 open market sales between May 20 and 30. 597,122. James D. Berry Jr., director.

Ranger Oil (Canada) Ltd. 2,000 common shares at \$20-\$21 sales on May 2 and 5. 3,800. Dennis G. Flanagan, senior officer, vice president and treasurer.

Ranger Oil (Canada) Ltd. 2,000 common shares at \$20-\$20 1/2 sales on May 6. 4,200. Kenneth J. Hesketh, senior officer and vice president.

Raybestos-Manhattan, Inc. 2,040 common shares at \$24 1/4-\$26 1/2 open market sales on May 6, 7, and 8. 138,687. William S. Simpson, chairman of the board, chief executive officer and director.

Revco D.S., Inc. 10,000 common shares at \$32.75 rule 144 sale on May 7. 60,439. Harold L. Robinson, director.

Revlon, Inc. 7,000 common shares at \$76.75-\$79.50 open market sales on May 15 and 19. 11,778. Victor J. Barnett, director and executive vice president.

Ryan Homes, Inc. 3,000 class A common shares at \$20 open market sale on June 5. 50,469. Edward J. Waddell - no relationship to company given.

Sambo's Restaurants, Inc. 20,000 common shares at \$17.50 open market sale on May 9. 1,062,227. Sam Battistone Sr., co-chairman of board of directors.

San Fernando Electric Manufacturing Co. 11,900 common shares at \$4.75 rule 144 sales on May 15. 470,091. Donald E. Rubendall, president and director.

Schering-Plough Corp. 1,500 common shares at \$56.75-\$57 open market sales on May 1. 42,565. Harry B. Solmson, senior vice president and director.

Schering-Plough Corp. 24,100 common shares at \$58-\$60.25 open market sales on May 6 and 7. 478,850. Abe Plough, chairman of the board.

Schlitz (Jos.) Brewing Co. 4,500 common shares at \$24.25-\$26.50 sales between May 20 and 23. 154,800. John H. Kopmeier, director.

Scholl, Inc. 6,500 common shares at \$14-\$15 open market sales between May 12 and 15. 14,063. Donald K. Cardy, former vice

president and director.

Seafirst Corp. 5,000 common shares at \$23-\$23.75 open market sales on May 9. 55,200. Richard E. Lang, director.

Sears, Roebuck & Co. 1,000 common shares at \$69 open market sale on May 16. 7,972. William F. McCurdy, vice president.

Seven-Up Co. 1,500 common shares at \$35.75 open market sale on May 22. 700. Orville J. Roesch, group vice president.

Skyline Corp. 7,000 common shares at \$20 1/2-\$24 1/2 open market sales on May 9 and 22. 480,580. Samuel P. Mandell, director.

Standard Oil Co. (Ohio) 8,300 common shares at \$65 1/2 sale on May 6. 48,136. Charles E. Spahr, chairman and director.

Sterling Drug, Inc. 4,000 common shares at \$20.25-\$20.50 open market sales on May 9. 24,730. Robert K. Pfister, director and vice chairman.

Sunbeam Corp. 3,000 common shares at \$18 1/2 sale on May 28. 11,070. H.T. Van Mell, senior vice president and secretary.

Teleded Corp. 8,188 common shares at \$7.50 and \$8.25 sales on May 2 and 5. 167,907. Clyde W. Engle, director.

Teleprompter Corp. 10,000 common shares at \$6-\$6.50 open market sales between May 12 and 22. 34,825. J.D. Wrather Jr., director.

Terra Chemicals International, Inc. 4,000 common shares at \$13.250-\$14.375 open market sales on May 27 and 28. 5,300. Gerald C. Ryan, director.

Texaco, Inc. 12,879 capital shares at \$23 1/2-\$25 open market sales on May 8, 13, and 14. 133,493. Augustus C. Long, director.

Texas Instruments, Inc. 1,500 common shares at \$107-\$109 open market sales on May 20. 508,307. Patrick E. Haggerty, chairman of the board.

Tiffany Industries, Inc. 23,960 common shares at \$4 private sale on May 1. 7,862. Frank J. Leber, vice president.

Time, Inc. 1,062 common shares at \$50-\$51 open market sales on May 9. 39,966. Arthur H. Thornhill Jr., vice president.

TRE Corp. 5,000 common shares at \$8-\$10 open market sales between May 27 and 30. 7,424. Aaron L. Kolom, vice president and director.

Uniroyal, Inc. 15,500 common shares at

\$7 1/2-\$7 3/4 open market sales between May 1 and 6. 19,200. John M. Schiff, director.

U.S. Home Corp. 18,900 common shares at \$6-\$6.75 open market sales between May 19 and 30. 891,411. Charles Rutenberg, director and chairman.

U.S. Steel Corp. 1,000 common shares at \$61.50 open market sale on May 16. 1,800. Christian F. Beukema, - no relationship to company given.

University Patents, Inc. 5,377 common shares at an average price of \$7.55 - sale on May 1. 14,653. Otto Gressens, director and chairman of the board.

Vulcan Materials Co. 3,000 common shares at \$32 open market sale on May 28. 32,065. B.A. Monaghan, president and director.

Walker-Scott Corp. 28,712 common shares at \$5 private sales on May 21. 15,323. Robert A. Waller, director.

Warnaco, Inc. 5,553 common shares at \$8.25-\$8.625 open market sales on May 2 and 15. 36,018.6918. John W. Field, chairman of the board and director.

Washington Post Co. 2,500 class B common shares at \$27-\$27 1/2 open market sales on May 5. 500. Gibson McCabe, director.

Westinghouse Electric Corp. 5,000 common shares at \$14 open market sale on May 2. 50,000. John M. Schiff, director.

Whittaker Corp. 15,000 common shares at \$3 1/2-\$3 3/4 rule 144 sales on May 28, 29, and 30. 1,099,008. W.R. Whittaker, honorary chairman of the board and director.

Willamette Industries, Inc. 3,000 common shares at \$18 1/2-\$18 3/4 open market sales on May 8. 808,003. Maurie Clark, director.

Winn-Dixie Stores, Inc. 1,000 common shares at \$39 open market sale on May 23. 665. J. G. Deriso, vice president.

Xonics, Inc. 4,163 common shares at \$18 1/2-\$21 1/2 rule 144 sales between May 12 and 30. 203,989. Bernard B. Katz, chairman of the board of directors, chief executive officer, treasurer and director.

Zale Corp. 2,500 common shares at \$17 1/2-\$18 1/2 rule 144 sales on May 27 and 28. 11,500. Trammell Crow, director.

Zurn Industries, Inc. 5,000 common shares at \$7 1/4-\$8 1/2 open market sales between April 7 and 24. 150,726. Frank W. Zurn, chairman and director.

## 144 Letter Stock

Continued from page 21

as trustee under agreement dated Sept. 9, 1971 for the benefit of Robert J. Goldston. Herman N. Finkelstein is trustee of issuer.

Eastern Gas & Fuel Associates 3,000 common shares at \$144,750 - intended sale on June 3 and thereafter through Lehman Brothers, Inc. Acquired in Jan. 1968 from Dian G. Smith. Herman N. Finkelstein as trustee U-I-T dated Jan. 30, 1968 for the benefit of Dian G. Smith. Herman N. Finkelstein is trustee of issuer.

Emerson Electric Co. 5,000 common shares at \$200,000 - intended sale on June 2 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Feb. 1973 from the company. James M. Conly Jr., president of division.

Emerson Electric Co. 50,000 common shares at \$2,000,000 - intended sale on June 3 through Goldman, Sachs & Co. Acquired in Feb. 1973 from the company. Charles T. Beard, chairman of board of subsidiary.

Fairchild Camera & Instruments 2,425 common shares at \$125,000 - intended sale on June 10 through Dean Witter & Co., Inc. Acquired in Nov. 1971 on the open market and in Aug. 1972 from the company. Warren J. Bowles, corporate vice president.

Fairchild Industries 42,600 common shares at \$383,400 - intended sale commencing on May 28 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Dec. 1969 and April 1970 on the open market. The Wealden Co.

Genuine Parts Co. 5,000 common shares at \$210,000 - intended sale on May 15 through White, Weld & Co., Inc. Acquired in Nov.

1974 from Carlyle Fraser Employees Benefit Fund. Trust Co. Bank, trustee for the company's Pension Trust, under agreement dated Nov. 25, 1974.

Government Employees Insurance Co. 20,000 common shares at \$432,500 - intended sale on June 3 through Goldman, Sachs & Co. Acquired in March 1948 from Cleaves Rhea. David L. Kreeger, director and chairman of the executive committee.

Government Employees Insurance Co. 5,000 common shares at \$101,250 - intended sale on June 5 through Goldman, Sachs & Co. Acquired in March 1948 from Cleaves Rhea. David L. Kreeger, director and chairman of the executive committee.

Gray Tool Co. 10,800 common shares at \$222,750 - intended sale on June 5 through Paine, Webber, Jackson & Curtis, Inc. Acquired in 1947 and 1958 from R.A. Mueller and Louise B. Mueller. Blanche M. Largent.

Gulf Oil Corp. 12,700 capital shares at \$279,400 - intended sale on or after June 6 through Salomon Brothers. Acquired prior to Jan. 1970 from Cassandra Mellon Henderson. Cassandra Mellon Henderson Foundation.

Gulf Oil Corp. 13,100 capital shares at \$288,200 - intended sale on or after June 6 through Moore, Leonard & Lynch, Inc. Acquired prior to Jan. 1970 from Richard P. Mellon. Loyalhanna Foundation.

Harte Hanks Newspapers, Inc. 14,250 common shares at \$206,631.25 - intended sale within two weeks of June 2 through Rotan Mosle, Inc. Acquired in May 1975. See LETTER STOCK, Page 31

### THE Commercial and Financial CHRONICLE'S

### Investors' Information Service

The following companies are mentioned in this issue. If you would like a copy of their Annual Report, please check the company's name and fill in the coupon below.

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# 144 Letter Stock

Continued from Page 30

from Isabel Harte Trusts, Nos. 1 and 2. Angelo State University Foundation, Inc.

Intel Corp. 1,000 common shares at \$71,000 - intended sale on June 3 through Sutro & Co., Inc. Acquired in Oct. 1969 from the company. Jean Hoerni.

Jefferson-Pilot Corp. 10,000 common shares at \$345,000 - intended sale on June 4 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in 1968 from the company. Southern Life Insurance Co. W.L. Carter Jr., president of Southern Life Insurance Co., is a director of the issuer.

Lowe's Companies, Inc. 2,000 common shares at \$87,000 - intended sale on June 3 through Goldman, Sachs & Co. Acquired in April 1960 from the company. Petro Kulynych, executive vice president and director.

Marriott Corp. 6,000 common shares at \$81,750 - intended sale on June 3 through Folger, Nolan, Fleming, Douglas. Acquired in approximately 1960 from parents and company. Philip B. Marriott.

M C A, Inc. 29,320 common shares at \$1,800,000 - intended sale on May 13 through F. Eberstadt & Co., Inc. Acquired in Oct. 1972 from the company. Edward Ball.

Minnesota Mining & Manufacturing Co. 5,000 common shares at \$340,000 - intended sale on June 5 through Dain, Kalman & Quail, Inc. Acquired in 1929 from various sources. William McKnight.

Modular Computer Systems, Inc. 17,800 common shares at \$284,800 - intended sale on June 3 through C.E. Unterberg Towbin & Co. Acquired in July 1971, June 1972 and Sept. 1973 from the company. Hambrecht & Quist.

Pargas, Inc. 10,000 common shares at \$132,000 - intended sale on June 4 through J.J.B. Hilliard, W.L. Lyons, Inc. Acquired in Nov. 1971 from the company. Perry L. Greer.

Peabody Gallon Corp. 5,000 common shares at \$96,125 - intended sale on June 5 through Hornblower & Weeks-Hemphill, Noyes, Inc. Acquired in Dec. 1972 from John L. Dore' Co. John L. Dore', officer.

Pillsbury Co. 2,250 common shares at \$150,750 - intended sale on June 3 through Piper, Jaffray & Hopwood, Inc. Acquired in Oct. 1972 from the company. Donald V. Moline.

Pott Industries, Inc. 12,227 common shares at \$380,000 - intended sale on June 3 through Bache & Co., Inc. Acquired in Dec. 1969 from the company. Andrew A. Martin.

Purex Corp. Ltd. 10,000 common shares at \$130,000 - intended sale on June 3 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Jan. 1971 from the company. Evangelia Tzelios.

Quaker Oats Co. 10,000 common shares (price not given) - intended sale (date not given but form received at SEC on June 6) through Salomon Brothers. Acquired in 1922, 1923 and 1927 from Robert D. Stuart. The First National Bank of Chicago and Robert D. Stuart Jr., as co-executors of the estate of Robert D. Stuart.

Quaker Oats Co. 10,000 common shares (price not given) - intended sale (date not given, but form received at SEC on June 9) through Salomon Brothers. Acquired in Dec. 1922 and Dec. 1923 from Robert D. Stuart, and in Feb. 1927 from the estate of Robert D. Stuart. The First National Bank of Chicago and Robert D. Stuart Jr., as co-executors of the estate of Robert D. Stuart.

Reed Tool Co. 5,000 common shares at \$125,000 - intended sale on June 6 through White, Weld & Co. Acquired in July 1966 from the company. Edwin C. Shaw.

Riley Co. 6,000 common shares at \$99,000 - intended sale on June 9 through Becker Securities Corp. Acquired in Feb. 1972 from the company. Robert W. McIlvaine.

Rohm & Haas Co. 4,000 common shares at \$312,000 - intended sale on June 3 through Kidder, Peabody & Co., Inc. Acquired prior to 1967 from Otto Haas and Phoebe W. Haas. The William Penn Foundation, ten

per cent stockholder.

Schlitz (Jos.) Brewing Co. 4,500 common shares at \$108,000 - intended sale on May 20 through Robert W. Baird & Co., Inc. Acquired in 1966 from trust for the benefit of Meta U. Kopmeier. John H. Kopmeier, director.

Schlumberger Ltd. 30,000 common shares at \$2,707,500 - intended sale as soon as practicable after June 3 through Lepercq, de Neuflyze & Co., Inc. Acquired in, and prior to 1970 from various trusts. Francois de Menil.

Schlumberger Ltd. 70,000 common shares at \$6,317,500 - intended sale as soon as practicable after June 3 through Lepercq, de Neuflyze & Co., Inc. Acquired in, and prior to 1970 from various trusts. Louise Adelaide de Menil.

Sea Containers, Inc. 5,077 common shares at \$116,711 - intended sale on June 4 through Drexel Burnham & Co., Inc. Acquired in Jan. 1972 from John Furth, Theodore Rosen and Joseph M. Kirchheimer. Miroda Co.

Sedco, Inc. 5,000 common shares at \$180,000 - intended sale (date not given, but form received at SEC on June 9) through Kidder, Peabody & Co., Inc. Acquired prior to 1965 from W.P. Clements Jr. and the company. Jerry P. Cunningham, officer and director.

Storage Technology Corp. 15,000 common shares at \$225,000 - intended sale on June 6 through C.E. Unterberg, Towbin Co. Acquired in Jan. 1971 from the company. FNCB Capital Corp.

Teleprompter Corp. 10,000 common shares at \$90,000 - intended sale on June 3 through E.F. Hutton & Co. Acquired in Feb. 1965 from Western Union Telegraph. J.D. Wrather Jr., director.

Tesoro Petroleum Corp. 12,000 common shares at \$243,000 - intended sale on June 3 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Oct. 1973 from Lucky Stores, Inc. T-Chem Products.

Texas Oil & Gas Corp. 6,666 common shares at \$124,987.50 - intended sale on June 3 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Jan. and June 1972 from the company. Beech Aircraft Corp. Retirement Plan Trust for Hourly Paid Employees.

Times Mirror Co. 11,000 common shares at \$98,000 - intended sale as soon as practicable and within ninety days of June 2 through Goldman, Sachs & Co. Acquired in April 1970 from the company. Peter O. Lawson-Johnston and Morgan Guaranty Trust Co. of New York, as executors under the will of Harry F. Guggenheim.

Viacom International, Inc. 25,000 common shares at \$234,375 - intended sale as soon as practicable after June 3 through Mabon Nugent & Co. Acquired in April 1973 from William S. Paley. Trust under agreement dated April 16, 1973 in-5 William S. Paley for the New York Community Trust - The William S. Paley Fund of which Morgan Guaranty Trust Co. of New York is trustee.

Weyerhaeuser Co. 2,000 common shares at a unit price of \$42 3/4 - intended sale on June 3 through Schneider, Bernet & Hickman, Inc. Acquired in Jan. 1971 from Lawson Ridgeway. Dallas Community Chest Trust Fund.

White Consolidated Industries, Inc. 5,000 common shares at \$101,250 - intended sale on June 6 through Merrill Lynch, Pierce, Fenner & Smith, Inc. Acquired in Jan. 1973 from Vollmer W. Fries. Rensselaer Polytechnic Institute.

Willamette Industries, Inc. 14,000 common shares at \$270,000 - intended sale on June 1 through Blyth, Eastman, Dillon & Co., Inc. Acquired in Dec. 1972 from the company. Davis Hunt.

Xonics, Inc. 17,000 common shares at \$374,000 - intended sale on June 10 through Morgan, Olmstead, Kennedy & Gardner. Acquired in April 1970 from the company. Andrew P. Prudian.

Zurn Industries, Inc. 21,000 common shares at \$210,000 - intended sale on June 2 through Rauscher Pierce Securities Corp. Acquired in Jan. 1973 from the company. John F. Cipra Jr., trustee under agreement dated Oct. 11, 1973.

# Letters

Continued from page 14

reading chores: Barron's, Business Week, The Economist of London, Forbes, Fortune, the regular general news weeklies such as Newsweek, Time and U.S. News & World Report, and others.

I refer, of course, to your brilliantly conceived and extremely well written Financial News Digest. It tells me what I need to know immediately, at the same time providing me with the references to the articles in their complete form in the original publications from which they have been "digested." The essential "meat" of many articles is so succinctly and well presented that I find it sufficient information on which to make some judgments.

Another of your features which for me is a must is your extensive, in fact complete, weekly listing of insider trading transactions. I wish you much success in the future, knowing it will be yours if you keep it 'steady as she goes' on the course you are now following.

Ronald Crandell  
Davison, Michigan

## Bonds: shades of summer '74

Continued from page 20

This year these type funds have boomed. Sales for the whole industry reached \$1 billion in 1974, but so far in the first five months of 1975, \$800 million were sold. John Nuveen & Co. one of the pioneers of this type of investment, reports that its sales ending in May were \$250 million vs. \$236 million for the year 1974.

One reason for the big explosion of interest in bond funds was pointed out by Nuveen's Chairman John Wendt, "A bond fund currently paying 7.50 per cent interest would mean that an individual in the 50 per cent tax bracket would have to receive 15 per cent taxable interest to be comparable."

The popularity of these funds is also due to the drop in short term interest rates, which has led many individual investors to go long term.

The concept involved in the bond funds is simple. The sponsor puts up the money to buy all the bonds for the portfolio. Then the entire portfolio of bonds is divided into units, and then sold to investors. They are usually priced at \$1,000 per unit, which is an advantage for the small investor, because most municipal issues sell only in \$5,000 blocks. This guarantees each unit holder that only a relatively small portion of his bonds will be invested in one issue.

The Internal Revenue Service has added one hitch to these funds. If the sponsor decides to sell a certain bond, or the issuer calls the issue, then the fund must return to each individual that portion of his portfolio which has been invested in that bond. This involves a great deal of paper work and bookkeeping for the sponsors, however they hope the unit holder will eventually reinvest that money into another bond fund.

This rule has had an amazing effect at Merrill Lynch, one of the larger sponsors of bond funds. Merrill has had to return to unit holders money almost as soon as they got it, because of the IRS rule. In this case, the fund planned to buy a bond issue, but then the issue was cancelled or postponed. The strict IRS rules demand that this money not be invested in any other bond, but it must be returned to each unit holder.

While the bond funds are growing they are nowhere near a major factor in the municipal market. For example, Merrill Lynch has sponsored 39 funds worth over \$1 billion, but last week in the municipal market, over \$1 billion in new issues were sold, and that wasn't even considered a heavy calendar.

The various sponsors have branched out on the bond fund concept, some by just issuing units backed by the securities of one state. Now Merrill Lynch has added another new twist to bond funds. This new scheme is the brain child of Norman I. Schvey, the portfolio manager for Merrill's bond fund department. The concept is to buy deeply discounted corporate bonds, and then as an extra bonus put shares of a mutual fund into the unit. This new form of fund was initially sold early this year, with \$750 worth of discounted bonds, and \$250 worth of shares in the Putnam Investors Fund. The idea is possible, because the bonds are bought at the discounted market price, but are redeemable at the issue price

## Williams approves

To the Editor:

I have very much enjoyed seeing the "new look" of the Chronicle.

Senator Harrison A. Williams, Jr.

## Chronicle feature wins high praise

To the Editor:

Your publication is an excellent source of financial data, particularly the information on corporate bond trading. You have already saved me money by including the current Standard & Poor's and Moody's ratings on all the bond issues that trade. In fact, your publication disclosed to me that an issue slipped from AA to A.

Larry Marshall,  
Marshall Appraisals  
Midland, Mich.

of \$1,000. Thus the investor is guaranteed to get \$1,000 if he stays in the fund until the bonds are called, and the Putnam shares will just be an extra kicker. Doug Harell, sales manager for Merrill's bond fund's reports that this issue was a great success and many more of this type are planned in the future.

## Street's commissions off since 'Mayday' by up to \$1 billion

The Securities industry has lost from \$700 million to \$1 billion at an annual rate in securities commission business since May 1, I. W. Burnham II, chairman of Drexel Burnham & Co. Inc. says.

Burnham says the decline is generally coming out of the institutional area, which probably creates 60 to 70 per cent of the industry's commission income.

Although he says the industry's problems were being masked by the activity of a bull market, "in my opinion every firm has lost something" since the advent of negotiated commission rates.

Burnham says he believed rates should be fixed only on trades under \$100,000, which he said "would help provide the basic viability of the market."

However, Burnham says that there are no figures available on the loss of commission income in May. "But I think the Securities and Exchange Commission should have started investigations into this situation long ago."

Meanwhile, Alan Blanchard, executive director of the SEC says he doesn't think there is much of a chance the agency will return to a system of fixed commission rates. Blanchard says, however, that the commission, which is monitoring the impact of fully negotiated rates on the securities industry, is seeing "some firming" of commission rates.

## Canadian Pacific Limited

### DIVIDEND NOTICE

At a meeting of the Board of Directors held today, a dividend of forty-one cents (41¢) per share on the outstanding \$5.00 par value Ordinary Capital Stock was declared in respect of the year 1975, of which twenty-three cents (23¢) per share is the total proceeds of dividends from Canadian Pacific Investments Limited, representing twenty-one point five cents (21.5¢) per share, and from Canadian Pacific Air Lines, Limited, representing one point five cents (1.5¢) per share, payable in Canadian funds on July 28, 1975, to shareholders of record as at the close of business on June 23, 1975.

By order of the Board,

J. C. AMES,  
Secretary.

Montreal, June 9, 1975.

# A rare mixture of growth and shortage stocks

Continued from page 3

we stand on the inventory cycle seems to be between the prevailing extremes of opinion. There are some economists saying it's all over, and others who say we still have miles and miles and miles to go, well into 1976.

**DeVOE:** In the first quarter of this year the liquidation amounted to around \$18 billion. The figure for the second quarter will be very similar. And it will be virtually a stand off by the fourth quarter.

**CHRONICLE:** All kinds of graphic codes have been used to speculate on the shape of the emerging recovery. We have heard of "U" and "V"-shaped recoveries, Square Roots, saucers. Which do you subscribe to?

**DeVOE:** Have you heard of the "Waffen S" school? It is not an official term. But for the want of a better term we use this to describe the determined band of pessimists who think the economy is on a temporary plateau. The "Waffen S" was the lightningbolt design of the SS troops under Hitler. This describes an economy plunging, then stabilizing before the final Gotterdammerung.

**CHRONICLE:** We will add that one to our collection. It is a gem.

**DeVOE:** Mine is a flattish U-shape. Because I feel there does not seem to be any dynamism in this recovery. The leading sectors of the economy that provided the blast off in the past, aren't to be able to provide it this time. Consumer spending, for example, is going to be improving — but nearly three years of declining real income have got people pretty well spooked. With unemployment hovering at 10 per cent people aren't going to throw caution to the winds and start accumulating things the way they did in the past. In addition, capital spending is still being cut back, and housing is having a subnormal recovery.

**CHRONICLE:** There is a lot of uneasiness about the housing sector. We have very conflicting reports on the rate of recovery.

**DeVOE:** Normally when you have tight money it is anywhere from six to twelve months of steady, easier money before housing takes off. But due to the high cost of houses, the remaining unemployment, it is not likely to show the same dynamism as in the past.

**CHRONICLE:** Don't you get alarmed over the fact that the market is rising very rapidly, when corporate profits are falling quarter after quarter?

**WARREN:** The timing of market moves do not necessarily have a close relationship to the ups and downs of corporate profits. In 1958, heretofore the worst recession, the market turned up before corporate earnings turned down.

**CHRONICLE:** I gather, then, that you are bullish?

**WARREN:** Yes, and we have been since late 1974, when we advised a hundred per cent investment in common stocks.

**CHRONICLE:** What have been your favorites?

**WARREN:** We were heavier than the market in two principal areas. One, growth stocks. To us that means more than Polaroid or Xerox. We have been heavily oriented to consumer goods, like Procter & Gamble, Phillip Morris, Bristol Myers, Merck and Lilly — the last two haven't done particularly well lately — and also IBM, Burroughs, Hewlett Packard. At the same time, we have been light in utility



RAYMOND F. DEFOE, JR.

stocks and financial services. On the other hand, we have been heavier than market in what is generally referred to as the shortage area, although we don't like the term shortage area.

**CHRONICLE:** Does it mean something special to you? After all, these days the hue and cry we heard early in 1974 about shortages seems to have completely died down.

**WARREN:** Lots of shortages can be cured in the short run, through the workings of the price mechanism. The best example of this is sugar, which very rarely stays in short supply more than one growing cycle. As distinct from this, we have been of the view that there will be serious capacity shortages in certain capital intensive areas — like chemicals, paper, non-ferrous metals.

**CHRONICLE:** Is this the bottleneck theory, wherein we shall have a recovery where the economy will be impeded by shortages of some key items?

**WARREN:** In many areas present industrial capacity is not adequate to sustain a full-fledged recovery. Capital hasn't been enticed into these areas for what sometimes called "green field" investments, because the return on investment of these projects is not good, when compared to the cost of money. Presumably, then, this investment won't be made until the incremental return on manufacturing is satisfactory.

**CHRONICLE:** What stocks do you like in this area?

**WARREN:** In the last few quarters we have liked Amax, Utah International. We recently added Alcan — not in the expectation that the aluminum business is going to be very good for the next several quarters. But its price seemed at a discount, a stiff discount, considering the earnings possibilities over the next several years. The weighting of chemical, metals and papers in the Standard & Poors aggregate is between 10 and 11 per cent. We on the other hand have been as high as 25 per cent in this group over the last year.



EDWARD H. WARREN, JR.

Right now, however, we are cutting back on this commitment. Not because we have any change of heart about our analysis; but because in the last few months many of them have performed much better than the market, and they are temporarily a little too rich in price.

**CHRONICLE:** Since you foresaw the present rally, we'd like to ask you if there were any surprises in the way that it has unfolded.

**DeVOE:** Oh yes there have been several — three in fact. The biggest surprise was that for the first time in the history of the stock market, the recovery was not propelled by the institutions. The figures show quite conclusively that it was the public that started buying, looking for values in December and January. And it was not until mid or late February that the institutions were dragged in, kicking and screaming. The second surprise was the rapidity of the rise. The third surprise has been the resilience of the "bad news market." Whenever there is bad news about earnings or dividends, the reaction in the market has been that it could have been worse: now the bad news is out of the way, okay to buy the stock. I think the institutions are more prone to this kind of approach. In the last few months we have seen a divergence between the prices of the big capitalization companies, and the overall market.

**CHRONICLE:** How serious will the decline in profits and the continuing flow of bad news become?

**DeVOE:** The decline in corporate profits will probably come out at around 25 per cent by the end of the year. A good part of that decline stems from the absence of inventory profits. They were \$35 billion in 1974. This year they will be around \$7 billion. For 1976 there will not be a dramatic rebound to 1974 levels. But I expect to see a 15 to 20 per cent increase.

**CHRONICLE:** Your stock market recommendations are to stick to growth stocks, and cyclical shortage stocks. Isn't there something inconsistent, almost schizophrenic in this strategy?

**WARREN:** No, I don't think so. The way we rationalize our approach is to concentrate on inflation as a long-term threat. These two areas of stock provide the best inflation-resistant characteristics. Sound, growing businesses are as good a way of protecting oneself against the ravages of inflation as I know of. We don't say you have to be in one or the other. Both are good possibilities.

**CHRONICLE:** Where could your market forecast be vulnerable to error? Or, put another way, what is your worst-case scenario?

**DeVOE:** Look at the best case-scenario first. Unfortunately it is not very acceptable politically, with a national election coming up late next year. This would be a very slow recovery unemployment hitting 10 per cent in July or August of this year, and coming down only very gradually. This would mean that the rate of

inflation would be in the three to five per cent range. This would create a healthy recovery, and the economy would further defer the double digit inflation scenario, which would, in part, be caused by the capacity bottlenecks we talked about earlier. In terms of the best case scenario the stock market might be a little overextended, over the short term. And if it were to materialize, the market might go off 50 to 100 points temporarily, but then go into a sustained and powerful recovery.

**CHRONICLE:** What's your worst-case scenario?

**DeVOE:** The worst case is if the Administration and Congress start providing multibillion programs this summer. Unemployment will be high. Against this background, we might hear the refrain that "inflation is not a problem anymore," so that these programs are permissible. Then we'd have eight to ten per cent rates of real growth into 1976. The limits of industrial capacity would not be reached until after the election. Then we'd have a stop and go syndrome of the kind that has caused so much disruption in the business system and from which we have suffered since about 1965. That would guarantee that the Federal Reserve would then step in and cool the economy, by tightening the monetary reins, which could happen in 1977. Then we'd have another recession, maybe as early as 1978.

**CHRONICLE:** On the basis of the public's participation in the market, do they believe in the better-case scenario?

**DeVOE:** It is hard to say. The public came in mainly searching for values in high yielding stocks. The indication I get is that the public is not inclined to stay around that long in individual issues. After all, over the last two years almost any stock in any industry you bought would have been wrong, if held too long. The public I think has a great propensity to trade these days, which is reflected in the higher volume figures. And of course associated with this is the tremendous pick-up in the options market, which is spilling over into listed stocks.

**CHRONICLE:** What is your forecast on the averages?

**WARREN:** From this level, we think, future moves should be considered intermediate in character. We don't see a further, major, upward move from here, of the order of 50 per cent or more. What we shall see is a 15 to 20 per cent advance.

**CHRONICLE:** Over what period of time will this rally persist?

**WARREN:** That is hard to say. The threat of inflation hasn't gone away, that is clear. An inflation of five to eight per cent in 1976 is not unlikely. This would lead to bond rates of around eight to ten per cent — in other words rates that would not be greatly improved over what we have now. And if that is the case, there will be a definitely low ceiling on price-earnings ratios. Also, until it is completely clear that there will not be "crowding out" phenomena by corporations and the government in the bond market, investors won't go for high price-earnings ratios.

**CHRONICLE:** So bonds are a short term speculation, for those, like yourselves who don't think inflation is going to be licked. What is the best we can hope for on the inflationary front?

**DeVOE:** I have wagered with some people that the consumer price index might actually decline on a month to month basis, in the next quarter or so. This is reasonable, especially after what has happened in the wholesale price area. This could lead to a temporary euphoria in the bond area, with people crying out "Inflation is dead!" But I don't think that will last, because it is only dormant.

**CHRONICLE:** So where do we turn from here? I'm sure that a lot of investors are worried about whether this market rally is telling us good news. Can it be believed?

**DeVOE:** We have done a lot of analysis on the stock market's track record as an indicator of recessions and recoveries. In the post-war recessions and downturns it has shown a 50 per cent record of accurate predictions. But it has a 100 per cent record in forecasting recoveries. Each pick-up in the market has come five to six months before the onset of the recovery. So I think it is pretty clear what it is now trying to tell us.

## THE CHRONICLE

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