As We See It

One of the aphorisms which has come out of General Eisenhower's campaigning is to the effect that politics is too important to be left to the politicians. The General made this remark in the course of an appeal to business men to "get into politics." To weigh the propriety and the wisdom of the appeal so passionately made, one must first go into the matter of definitions of terms. If what the General meant was that public policy is too important to be left to the politicians—or to any one other than the people themselves—he is, of course, on very strong ground. The destiny of the people as a whole will in the end be largely governed by the people themselves, as a matter of fact, no matter what appeals may be made to this, that, or some other element in the situation. But, of course, the skill and the wisdom with which the people manage their own affairs is in very large degree controlled by the wisdom with which they choose their leaders and the judgment they exercise in following those leaders.

Study or discussion of such matters as these must, if they are to be fruitful, begin with a realistic understanding of how things are now done in the so-called political arena. The typical politician is a professional vote getter. He may appear to be deciding important public issues, and in a certain sense he is deciding them. The fact is though that his decisions, by and large, are those which he believes after careful study and observation will please most of the people most of the time. In his campaigning he may appear to have a mind of his own, but appearances are not always in accord with reality. He is past master at making voters believe that he is an original advocate of all those things (Continued on page 20)

The Growth Characteristics of Electric Utility Industry Stocks

By Frederick W. Page, Vice-President of Tri-Continental Corp., New York City

There is nothing irrational in today's utilities being higher than they have been and on a relative basis they appear to have an upside potential. Mr. Page explains why he is bullish about future earnings and appreciation of utilities stocks which he prefers to bonds and most industrial stocks. He is doubtful of further lows and optimistic about the long run prices for growth equities including electric companies. Comparative analysis shows utilities merit top growth label.

In forming an opinion as to the present position and outlook for electric utility stocks, it is well to first examine the industry's background and history. If we look back 20 years, which roughly covers the period that I have been closely in contact with the industry, we find that the electric utility industry has faced one major obstacle after another, and has emerged stronger than ever with a greatly improved public image.

In 1932, our economy was at the bottom of one of the most severe and protracted depressions in our history. Although the FRD index of production declined 46% from its 1929 high to its 1932 low, utility earnings held at approximately their 1929 levels through 1931. Late in 1931 they started to decline and fell rapidly in 1932 and 1933. The reasons for this delayed reaction to changes in economic conditions point up one of the chief characteristics of the electric industry—a strong growth that is relatively unaffected by mild recessions. Although the economy as measured by the FRD index started to decline in November of 1929, industrial use of electricity continued to rise until February of 1936, and the highest rate and more profitable domestic load continued to show gains over the previous year until November 1932.

Two factors accounted for the growth in domestic sales long after the general economy had turned down. They were increased consumption per customer and an increase in the number of customers. In 1929, the electric industry continued to gain domestic customers, but as the depression grew worse, families started to double up and family formation was delayed. Even the reduced number of new homes went home to live with their in-laws. As a result, the industry failed to add new customers to their lines in 1931, and actually lost customers in 1932 and 1933. I vividly remember Alex Dow in the Detroit Edison annual report making the philosophical statement, "Young lovers may postpone their weddings, but they can't wait forever.

In spite of the loss of customers in 1932, consumption per customer, which is most important earnings-wise, continued to increase at a strong enough rate to result in an increase in domestic KW-H sales for the year as a whole. However, the length and severity of the depression finally had its effect on this factor in 1933. For the only time on record, consumption of KW-Hs per customer declined in 1933. Conditions had become so severe that practically no new appliances were sold, budgets often did not permit the repair of appliances that went out of order. (Continued on page 30)
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The Security I Like Best...

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

LEON PALMER
Associate, T. W. Sparks & Co.,
New York City; Members New York Stock Exchange

Air Products and Chemicals, Inc.

It has been generally reported that "the stock market is always going up or down but never standing still" but that a barometer, or a harbingerc of things to come. The current period is no exception and the selection of securities for purchase, or for sale, specialists to carry more to the normal measure of uncertainty.

Consequently, I feel that inves- tment decisions today must be made with an unusual amount of care.

For superior long-term results, I feel that the stock, commonly classified as "growth stocks," where they can be acquired at reasonable prices, is the area I must re- warding. Along these lines, I submit Air Products as my candidate for the "Security I Like Best." During the 1957-62 period, inclusively, Air Products made an annual rate of about 19%. Air Products sales rose from $36 million to approximately $160 million. The net operating income was even more impressive— mushrooming from $2.7 million almost $60.0 million. Despite this outstanding showing, the common shares are selling at less than 20 times earnings of $3 per share estimated for the fiscal year ended September 30, 1962.

Air Products specializes in industrial applications of low-temperature processes—known as industrial cryogenics—primarily in the field of gas liquefaction and separation. It develops, engineers, manufactures, operates and services facilities for the generation, purification, transportation and storage of gas for industrial and medical gases such as oxygen, nitrogen, hydrogen, acetylene, argon, methane, and fluorine. It was a pioneer in the concept of "on-site," or "point-of-use" generation. It is the most important company in the industry.

The commercial sale of industrial and medical gases is the most important operation of the company from a revenue and profit viewpoint, accounting for approxi- mately 50% of sales and a somewhat larger percentage of income during fiscal 1962. Chief markets include hospital and industrial plants, where most of the 10 major company-owned and operated "point-of-use" oxygen generators are installed. Presently, the steel indus- try is an important business for the company. A capacity of over 5,700 tons and announced plans call for an addition of one division. Air Products' capital stock, a steady dividend has been added by 1964 in addition to re- ceiving a smaller initial invest- ment in 1963. Air Products, after the converters melt steel more quickly and cheaply and have a greater degree of flexibility.

The chemical industry ranks a characteristic of the stock's growth in terms of high oxygen consumption and is expected to grow rapidly to number one position in the next 10 years.

Aside from the large individual users, Air Products has approximately 100,000 customers for its industrial and medical gases and related products. This diversified group of users ranges from large and small consumers to small customers who use only an occasional cylinder of gas. Moreover, this latter activity has expanded at a 49% annual rate during the past five years, ex- cessive of large scale users, compared to a 10% rate for the industry.

The United States Government, as opposed to the previously de- scribed non-governmental activities, has played an important role in the company's development. Although government sales decreased in relative importance during fiscal 1962, they accounted for approximately 30% of total revenues and probably a lesser proportion of profits. The company is an important participant in the nation's aerospace efforts, having constructed and currently operating a number of liquid oxygen (LOX) and liquid hydrogen generating facilities for the Air Force Rocket Research. Company-pro- duced facilities have furnished oxygen for the Mercury program and it is expected that liquid hydrogen will be used for such projects as Apollo and the Nerva, Nova, and Contour ve- hicles.

The afore-mentioned activities constituted the sole business of the company until about two years ago. At that time, management decided that the chemical industrial field was no longer threatened by the air, and moved into petroleum manufacturing. The company has since increased its production of synthetic rubber, including the rubber used in products. It also increased its production of research and development in the chemical industry.

Air Products is in sound finan- cial condition with current assets, as of June 30, 1962, totaling $41 million, compared with current liabilities of $21.5 million. At the same date, long-term debt amounted to $41.8 million; however, most of this was secured by operating and long-term lease agreements with many of the leading steel producers and such outstanding companies as Joy Machine Tool and Division of the United States Steel Corporation. Approximately 20% of the "19,000,000 common shares outstanding are owned by insiders or institutions. The nominal 5% quarterly dividend is supplemented by small block dis- tributions during the past two years; the major change to 1% was in January. The stock is widely followed by investment analysts and institutions and is listed on the New York Stock Exchange.

COLEMAN M. BRANDT
Analyst, First National City Bank of New York City; Members New York Stock Exchange

Divo-Wayne Corporation

A dramatic change has recently taken place in Divo- Wayne Corporation, a manufacturer of specialized automotive equipment. Through its 50% ownership of Vought Industries, the former mobile home division of Ling- Tonge-Vought, Divo has doubled its sales volume and established itself as the largest single factor in the $200 million mobile home industry. Benefits from this ac- quisition in addition to the foot- hold in the industry, has reflected in the company's current operating statements and will be- come even more apparent in 1963 and later years.

Divo-Wayne Corporation was formed in 1956, through the merger of two companies— Divo and Wayne Industrial Works Co. After the merger, the three corporate divisions were set up: Divo, Vought, and Miller-McCoy. The Divo division, largest of the three, is concerned with liquid hydrogen, hydrocarbon, and mobile homes, which are primarily used by retailers for home deliveries of utility items, as well as home and other non-food products. Wayne is one of the leading manufacturers of mobile homes, and Vought is a major producer of military equipment. In addition, the company has developed a successful sales and marketing network for a wide variety of products, and is now involved in the development of a new product, the "mobile home." Divo-Wayne Corporation is engaged in the production of a wide variety of products, including mobile homes, recreational vehicles, and other types of trailer homes. The company is also involved in the development of new products, such as the "mobile home," which is an important part of the company's sales and marketing strategy.

This week's Forum Participants and Their Selections


Divo-Wayne Corp. — Coleman M. Brandt, Analyst, Ira Haag & Co., New York City. (Page 2)

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The chairman of the meeting for the Tokyo Stock Exchange, Mr. N. Sato, expressed the view that the price of the stock would remain stable, partly due to the fact that the company has been involved in the production of mobile homes and recreational vehicles. The company has also been involved in the development of a new product, the "mobile home," which is an important part of the company's sales and marketing strategy. The company's sales and marketing network for a wide variety of products, including mobile homes, recreational vehicles, and other types of trailer homes, is also involved in the development of new products, such as the "mobile home." In addition, the company has been involved in the development of a new product, the "mobile home," which is an important part of the company's sales and marketing strategy.

We acknowledge the retirement of

MAX SHAPIRO
as a general partner in our firm.

We are pleased to know that he will continue his association with us as a registered representative.

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No selection of individual securities is valid unless certain conditions are met. In general, a prudent investor will look for a stock which has been on a sustained uptrend for at least two weeks, and from which he can expect a reasonable return. A stock which has been in a horizontal pattern for a long period of time may be an attractive buy. The investor should be aware of the conditions under which a stock is trading, and should consider whether the price at which he buys is justified by the company's earnings and prospects.

Wall Street partner explains why he believes the next 60 days will be a quiet time to buy stocks. His advice is predicated on the current market conditions, which include a general weakness in the stock market and a generally overvalued market. He recommends that investors buy stocks which are trading at a price-to-earnings ratio of less than 10, and that they hold onto these stocks for at least six months. He also suggests that investors sell stocks which are trading at a price-to-earnings ratio of more than 20.

The growth of Electric Utility Industry Stocks is expected to continue. This trend is expected to be driven by the increasing demand for electricity, which is expected to grow at a rate of 2% per year. The growth of Electric Utility Industry Stocks is also expected to be supported by the increasing demand for electricity in developing countries, which is expected to grow at a rate of 5% per year.

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WE MARRY THE COMPANY TO THE PREFERRED STOCK


continued on page 24

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DEVALUATIONS AND THE SECURITY MARKETS

The news that the U.S. balance of payments has worsened again over the past several months, as reported this week by the Federal Reserve Board, together with the Labor Department's weekly and announcement of a record increase in unemployment, has led to re-stimulating investors' discussion of a possible future dollar drop. The event, whether we be experiencing Cold, Hot, or Third War, musters over it the same security markets will recur.

Hence it is interesting to take a look at the effects on both stocks and bonds of past devaluations here and abroad. This is not to imply that they would supply valuable clues on forthcoming major investment results in the event of a repetition of such monetary action here. On the contrary, they evidence the consequence of the unexpected, irrational, irrational expectations as to both the direction and extent of resulting security price movements.

The "New Deal" Experience

President Franklin Roosevelt's so-called gold-purchase program, initiated in the flailing New Deal days, and daily raised the price of gold (via purchases for the account of the Re- serve and discounts to the banks by amounts determined by numbers game route assumption of Treasury Secretary Morgenthau alongside the President's bedside breakfast tray.

Instinctile to implement the "plan" of Professor George War- ren, economist for the articulate Constitution the New Deal's recovery effort, in a desperate effort to raise the national price level for the recovery of the entire post-Depression and post-shock to debtor groups, it surely differed in mechanics and purpose from any past major devaluation (currently, the government is committed to the prevention to price rises).

Then and New

In their market setting too, the two "then-and-now" periods sharply differ. In October, 1933, stock prices had only recovered a third of their post-1929 collapse, the most severe decline of all time. A dollar devaluation in present times, on the other hand, would presumably still have a market background of merely showing a loss of part of the long bull run of the 1930's. Despite the 1933 period's favor- able monetary market setting, and an ensuing business recovery, stock prices realized a dollar devaluation with merely a softly-rolled rally, before settling back into a see-saw market which kept them below their devaluation-time level until mid-1935.

With consumer prices rising by only 3%, the real value of money increased over this period. Stock market values stayed unchanged in the 1923-25 post-devaluation period. But in terms of the real value of income, owing to dividend rate increases, they increased by 75%; while
generated for FRASER (fraser.stlouisfed.org)
Debt Management Policy and the Capital Markets

By Hon. Robert V. Roosa,* Under Secretary of the Treasury for Monetary Affairs, Treasury Department, Washington, D.C.

A top Treasury official makes clear: (1) not to expect over-issuance of short-terms — because of the importance of maintaining a balanced Federal debt structure; (2) to issue only long-term US government securities; and (3) in 1962, to issue by the Federal Reserve Bank of St. Louis

* Roosa was appointed Under Secretary of the Treasury for Monetary Affairs in February 1961.

The mortgage market is by far the largest single component of the capital markets, with the Federal Reserve playing a vital interest in common; a certain concern with the state of the capital markets, with the Federal Reserve making it work, and with the behavior of interest rates that results from the above factors.

The mortgage market is dominated by the Federal Reserve, which is the only institution that has the power to influence the mortgage market through monetary policy. The Federal Reserve has a strong interest in maintaining a balanced Federal debt structure, and it has the ability to influence this market through open market operations. Therefore, the Federal Reserve Bank of St. Louis is an excellent forum for discussing issues related to the Federal Reserve's capital market activities.

One of the first on either list is the question of whether or not to issue long-term debt. If the Federal Reserve Bank of St. Louis is to be an effective forum for discussing these issues, it must be open to both government and private perspectives.

A meeting of the Mortgage Bankers Association is a particularly appropriate forum for a discussion of debt management — the policies, and the results. For mortgage bankers, the managers of the Federal debt have to be concerned with the importance of maintaining a balanced Federal debt structure. This is because the Federal Reserve Bank of St. Louis is one of the key institutions in maintaining a balanced Federal debt structure.

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

Markets for state and municipal bonds fluctuated further this past week as a genuine month-end liquidity factor, rather than speculative, and political-factors motivated the markets for both the taxable and the exempt side. Reserves had been made throughout the bond lists, and particularly in mid-week, before the lowering of reserve requirements on short-term deposits which unleashed money to the extent of $45,000,000,000.

However, with the brevity of the war fare during the latter part of last week, markets were nervous and easier. Although they were lower, they were none-the-less orderly and, from previous experiences involving drastic international banking transitions, the reaction was limited to moderate proportions.

About Face

Before traders could remove their hats and coats and grasp the Blue List on Monday morning the markets were considerably hotter as a result of the massive build-up. There was very little trading early Monday but by noon the momentum was so strong that dollars were up from one-half to 1 point. Prices were bid up to new levels and some investors went for the new highs on the Blue.

About the most recent bond issue was the Bond of for $1,000,000 at 1 1/2 percent. This issue was sold at the low of the market and then was sold at 114 1/4 with the market then at a low of 111 1/4.

Scarcity Factor

Scarcity continues to be a basic factor in the municipal market's advance. Whereas many of the bond market contributors as well as many of the dealers have been fighting to raise the volume since June and have thus been reluctant to participate fully in the new issue and in the new issue, the volume of the new issue is now from the usual pace in the interim, the volume of new issues has been subsormal and appears likely to be far from the year's remainder. The volume and the scarcity of the market may not be characterized as any other factor.

The text of the above statement leads to the impression that the market was lower and that a decline in the market was to be anticipated.

Comfortable Inventories

The dealer inventories appear to have changed but little during the past week with the 19 volume and cost most dealers appear in very comfortable condition. Many are not doing much business but this reflects a condition of over-competition.

The Blue List of state and municipal bond offerings was about 300 and 311. As of last week's trade there was a total bid of $351,000,000,000. The slight increase is largely attributed to the reappearance of obscure issues in the market from time to time.

MARKET ON REPRESENTATIVE SERIAL ISSUES

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<td>1982</td>
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The Current Week's Business

Like other weeks in the recent past, the past week was void of any important new issues but was buoyed up by the volume of bonds sold but sold because they were five issues which were prepared for and sold by the City of Boston, Massachusetts; a "hedge" in the market, according to the Morgan Guarantee Co., a bond dealers' association managed jointly by the Morgan Guarantee Co., the Drexel & Co. at a net interest cost of $270,000. This bid compare very favorably with the course of the issue -- a bid premium of 1 1/2 percent, which was made by the Chemical Bank of New York Trust. The issue was sold for $270,000.


Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set:

**November 1 (Thursday)**

- Douglas County, Neb.
- Santa Fe, N. M.
- Erie, Ohio
- State Teachers' College Board of Regents (Austin, Texas)

**November 7 (Wednesday)**

- Benson School District 777, Minn.
- Clippership, Conn.
- Elsor, N. Y.
- Los Angeles City School District
- Rocheville, Minn.
- Washler Union R. 2 & Dist., Calif.

**November 8 (Thursday)**

- Galvaston, Texas
- Houston, Tex.
- Superior School District, Wis.
- Cincinnati, Ohio
- Baltimore, Md.
- Atlanta, Ga.
- Lough, Ohio
- New Orleans, La.
- Lincoln School District, N. C.
- Stone Mountain, Ga.
- New York, N. Y.

**November 12 (Monday)**

- Richmond, Ky.
- Hemptead, N. Y.
- Los Angeles, Calif.
- Anson, Me.
- Nashville, Tenn.
- LC. R. 2, Ohio
- Vassar University, N. Y.
- Vassar University, N. Y.
- University of California, Calif.
- Berkeley, Calif.
- Florida Development Commission, Tallahassee, Fla.
- Oklahoma City Municipal Improvement Auth. (Rev.), Okla.
- St. Louis, Mo.
- Shreveport, La.
- Green Bay, Wis.
- Lake City, Fla.
- University of Idaho, Dist., Idaho
- Wake County, N. C.

**November 19 (Monday)**

- Leeland Station & Line Dist., Calif.
- Elba, Conn.
- Iowa City, Iowa
- Page, Colo.
- Florida Development Commission, Tallahassee, Fla.
- Oklahoma City Municipal Improvement Auth. (Rev.), Okla.
- L. St. Louis, Mo.
- Shreveport, La.
- Green Bay, Wis.
- Lake City, Fla.
- University of Idaho, Dist., Idaho
- Wake County, N. C.

**November 27 (Tuesday)**

- Norman, Okla.
- Northwest Wayne County Community College Dist., Mich.
- Purdue University, Ind.
- St. Louis, Mo.
- California State University, Dist. No. 1, La.
- Oklahoma City Municipal Improvement Auth. (Revenue), Okla.

**November 28 (Wednesday)**

- Buena Vista Township, Mich.
- Oklahoma City Municipal Improvement Auth. (Revenue), Okla.

**December 1 (Saturday)**

- Los Angeles County Medical Library Trust funds District No. 28, Calif.

**December 3 (Monday)**

- Dallas County (General Obligation), Texas
- County Bond, Texas
- El Monte, Calif.

**December 4 (Tuesday)**

- Salt Lake Co., Granite Dist., Utah

**December 5 (Wednesday)**

- Georgia State Hospital Authority, Atlanta, Ga.
Federal Power Commission
And the Natural Gas Industry


Federal utility head reviews expeditious progress made, and principle applied, in setting cases before the FCC. Also detailed are current with respect to antitrust and rate problems posed by combined pipeline and producer companies. Legal and economic problems faced in this period are discussed in terms of beneficial results. Mr. Swidler asks for more suggestions and particularly early ones, as he feels that the H.R. committee has suggested a better substitute for the present application of the H.R. standard.

To my mind, the new Federal Power Commission's greatest achievement has been to stimulate a greater degree of cooperation between the natural gas industry and the FCC than has existed in many years. The Commission has attempted to have the industry reflect its decisions in its own rate-making policies, and not to regard the industry as an adversary, but rather to reflect its decisions in its own rate-making policies, and not to regard the industry as an adversary, but rather to consult with the industry in the formulation of the rules and regulations it is to adopt. The industry has been able to make some progress in this direction, and the Federal Power Commission has repeatedly stated that it is not on the side of the industry, but that it is on the side of the public interest. The Commission has made this clear in its decisions, and has shown that it is willing to take an active role in the regulation of the industry.

In one industry study of FCC procedures made by a special task force, it was found that the Federal Power Commission had been able to make some progress in this direction, and that the industry had been willing to cooperate with the Commission in the formulation of the rules and regulations it is to adopt. The industry has been able to make some progress in this direction, and the Federal Power Commission has repeatedly stated that it is not on the side of the industry, but that it is on the side of the public interest. The Commission has made this clear in its decisions, and has shown that it is willing to take an active role in the regulation of the industry.

In view of the many important changes in the federal laws concerning the Federal Power Commission, it is natural that the industry should be concerned about the future of the Commission. The Commission has made it clear that it is willing to take an active role in the regulation of the industry, and that it is not on the side of the industry, but that it is on the side of the public interest. The Commission has made this clear in its decisions, and has shown that it is willing to take an active role in the regulation of the industry. The industry has been able to make some progress in this direction, and the Federal Power Commission has repeatedly stated that it is not on the side of the industry, but that it is on the side of the public interest. The Commission has made this clear in its decisions, and has shown that it is willing to take an active role in the regulation of the industry.

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This Prospectus is subject to the laws of the State in which it is offered and to such other laws and regulations as may be pertinent. The issuer hereby consents to the service of process in any such proceeding.
DEALER-BROKER
INVESTMENT LITERATURE
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It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Airlines—Review—Calvin Bullock, Ltd., 1 Wall Street, New York 5, N. Y.


Brewing Industry—Analysis with particular reference to Anheuser-Busch Inc., Joseph Schlitz Brewing Company and Pabst Brewing Company—Leowell & Co. Incorporated, 220 East Mason Street, Milwaukee 2, Wis.

Canadian Common Stocks—Comparative figures—Equitable Brokers Limited, 60 York Street, Toronto 1, Ont., Canada.

Canadian Industrial Expansion—Review—Bank of Montreal, P. O. Box 6002, Montreal 3, Quebec, Canada.

Canadian Oil & Gas Stocks—Review with brief comment on 94 companies—Draper Dobie & Company Ltd., 25 Adelaide Street West, Toronto, Ont., Canada.

Cincinnati Bank Stocks—Comparative operating results—Pohl & Company, 61 Ninth and Dixie Terminal Building, Cincinnati 2, Ohio.

Cleveland Area Business Activity—Bulletin—Cleveland Trust Company, Cleveland 1, Ohio.

Cleveland Area Business Index—Bulletin—Central National Bank of Cleveland, Cleveland 1, Ohio.

Convertible Bonds—Memorandum—Garvin, Bantel & Co., 120 Broadway, New York 5, N. Y.

Convertible Debentures—List of issues outstanding—Reynolds & Co., 120 Broadway, New York 5, N. Y.

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New York City Bank Stocks—Thirteen-month chart showing price movements of 96 listed stocks, each with up to date charts of 10 key technical indicators. 50 per cent by $76 per year—Trendline Corporation, 82 Beaver Street, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison of over-the-counter stocks used in the Dow-Jones Industrial Average, U. S. Treasury bonds and other important over-the-counter industrial stocks used in major market indices. Averages, both as to yield and market performance over a 25-year period—National Quotation Bureau, Inc., 46 Front Street, New York 11.

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Convertible Danv Stock—Canadian Oil Royalties Inc., 5, Broadway, New York 4, N. Y.

Canadian Interest—Mention—Joseph Lane, Lane and Company, Inc., 30 State Street, New York 5, N. Y.

Canadian Real Estate Oil Basin Exploration Co.—Analysis—Marshall, Parker & Bedish, 2 Broadway, New York 4, N. Y.

Canadian Stores—Analysis—Johnson, Lane, Lane and Company, Inc., 30 State Street, New York 5, N. Y.

Canadian Stores—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

Canadian Stores—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

It's Review—Carl Mv Loeb, Rhoades & Company—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

Canadian Stores—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

Analysis of 590 stocks listed in approximately 110 issues—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

Canadian Stores—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.

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Canadian Stores—Analysis—Johnson, Lane, Lane Co., Inc., 30 State Street, New York 5, N. Y.
An improving supply-demand balance of taxable funds in the remainder of this decade is expected to keep interest rates fluctuating within the same narrow range which 1960 had to the present lower level. Not until the end of the 1960’s can we anticipate an upward surge similar to the 1950’s. If these fore- casted interest rates abandon the base that life insurance companies average rate of return on their investment will continue to rise significantly from the 4.22% overall rate in 1961 to the 1965 rate. Here are general criteria upon which his forecasts rest and reviews the past behavior of interest rates and the dissimilar economic conditions between 1950 and 1960.

As shown in your charts I and II, the postwar rise of interest rates reached a peak in early 1960. Since the time interest rates have have a general being reduced, often and in what a manner, this wise within a comparatively narrow range. Before asking the question of what have behavior of rates is likely to be in the remainder of this decade, which will be useful to analyze briefly the movement of rates since early 1960.

As is evident in Chart I, the average yields on government securities, in present dollar terms, passed the first half of 1960. Chart II shows a similar movement in corporate debt yields. This second line, which is behind this decline was twofold. First, general business activity began to soften in early 1960 and consequently demands for loanable funds have been reduced. Secondly, the monetary authorities shifted from a restrictive to an easy money policy in an effort to cushion the general business decline. As the Federal Reserve moved to expand the money supply position of the commercial banks, the average yields on commercial bills fell in two stages from higher than 4% to mid-1960 to about 2 1/2% in mid-1961. Similarly, the average yield on long-term government bonds declined nearly three-quarters in 1960.

It should be noted, however, that the drop in the yield on Treasury bills in 1960 was not as deep as was the case in the two prior periods of easy credit policy by the Federal Reserve. In mid-1954, for example, the bill rate fell more drastically than one-half of a percentage point. An unusual thing occurred in mid-1958. The reason for the bill rate did not fall as low as in 1960 is that the decline was highly significant. It was not the case that the authorities lacked the power to drive the bill rate to a much lower level. Rather, the monetary authorities actually sold the Treasury bills and the Treasury bill rate dropped. The difference between the bill rate from falling below a given target level. The authorities were not then in a position that was possible and therefore wanted the Treasury bill rate and other interest rates to decline in order to encourage expansion in general business activity. But if at the time they could not afford to have the bill rate and other short-term rates fall below a level which would precipitate an outflow of funds held by foreigners in the U.S. As the result of deficits in our international balance of payments of $3.8 billion in 1959, and smaller deficits in prior years, foreigners had built up huge holdings of liquid assets in the U.S. which it was then necessary to be transferred to other money centers if short-term rates in the U.S. were moved down in order to match the rate with rates in other markets. The result would be, of course, an outflow of foreign funds.

Describes “Operation Nudge”
The means which were taken by the authorities to prevent the bill rate from falling below a target level were based on an international balance of payments deficit. The Treasury, in both its new money financing and its refunding, fed these funds into the market. The Federal Reserve authorities, in their open market operations, departed from their “business-as-usual” policy. Depending on their objective for the Free-Debt position of the commercial banks, the authorities became either intermediate- term governments and reduced their holdings of demand and time books. The expectations not only had the goal of supplying the banks with more funds, but now had the added objective of preventing the Treasury bill rate from falling below a given target level and at the same time encouraging a decline in yields on long-term government bonds. The joint efforts of the Treasury and Federal Reserve have been dubbed “operation nudge.”

Having reached a point in my analysis where I am about to hope that there may be new local- nudge fighting such as in Vietnam, there will be no all-out nudge war. This may prove to be too optimistic an assumption, but it must be made or it is rather pointless to discuss the future of American democracy. Despite the assumption that all-out nuclear war will be avoided, I still foresee a world of tension and fierce competition of ideologies. For one thing, there is no means that huge Federal spending seems assured, with probably a smaller level of government expenditure for foreign and domestic purposes combined. It also means, significantly, that regardless of what political party is in power, great stress will be placed by the federal government on the importance of keeping full employment of our labor force and accelerated economic growth.

In considering the prospects for interest rates, it seems to me that there are likely to be some important differences in general economic conditions between the 50's and the 60's which will affect the course of interest rates. After reviewing these differences it will be possible to ask a series of related and anticipated judgment about the outlook for rates.

First, throughout most of the 50's there was still a large backlog of demand for durable consumer goods, automobiles, and housing which resulted from the flush of the Great Depression and World War II. There is an abundant evidence that this backlog of demand has now been pretty well satisfied. In this decade the economic recovery is expected to be more easily achieved and the levels of demand will be much higher. Second, the 1950's was especially true in the single-family house field in which the GI Bill of Rights added to a solid demand. The great expansion of housing was, of course, facilitated by increasingly liberal financing terms in all sectors of the residential mortgage market, culminating in very little or nothing down and 35 to 40 years to repay the loan. The building boom in homeownership in our country caused the demand for automobiles, washing machines, television sets, and durable goods. In 1955, however, the construction industries were showing up the increasing expenditures by state and local government units for schools, roads, and other public improvements. Behind all was the fact that this kind of an economy was based on a solid demand for manufactured goods and that the demand for manufactured goods was being stimulated during the War and very easy credit the American people were able to make their large demands effective.

Continued on page 22

These securities were placed primarily through the underwriting institutions purchasing them for investment. They are not offered for sale and this advertisement appears as a matter of record only.

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Senior Notes Due October 1, 1982

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October 26, 1962.
"Our Baloney Dollars"

By Haller Bell, San Francisco, Calif.

The late Gov. Al-Smith's use of the phrase "baloney dollars" in delousing back in 1933, that the Democratic Party would pursue a "crazy party" was probably a reiteration of the writer's comparative analysis of the two fiscal years of 1933 and 1964 traces the dilution of our currency, our Federal financing, and admittance Washington to give the most careful heed to Al Smith's views on "baloney dollars."

As will be seen below, I have pursued, without hesitation, this somewhat controversial title. It is a terse, caustic public statement of a generation past by the late Alfred E. Smith,Democratic

1933, former Governor

of New York State and, also, at one time a close friend of Franklin Delano Roosevelt. A careful study and an equally careful analysis of the history of our Federal finances since that time would seem to justify fully the caustic utterance made at the height of the "GOLD CRISIS" of 1933.

One has but to examine carefully a few pages of the "Historical Supplement of the Federal Reserve Board on Financial and Business Statistics to realize that the year of 1933 was indeed a most critical one for the welfare of our country and our national economy. It was a year that witnessed the complete collapse of our economic philosophy of "cash and carry," as I have spoken, to one that "deficit financing and stimulated consumer spending will bring progress."

March 4, 1933, then, can be taken as the turning point of this philosophic reversal, for on that date Franklin D. Roosevelt was inaugurated as the 32nd President of the United States. His Inauguration, began this procedure of the repudiation of the gold standard, thus heightening the vesting of the title to our monetary gold in the Federal Government. This gave rise to the metaphorical concept of deficit-debt expenditures supported by an inconvertible managed currency for domestic purchasing and debt paying obligations,.

Dillon Sees No Legal Limits

To Debt

At this point, it is well to give some careful thought to the statement made recently by Secretary of the Treasury Douglas Dillon Jr., to the Hearings Committee to the effect that "there is no legal, no social, no private debt that can be created and handled through the Federal Reserve Banks" and also, to the contents of the address to the Senate on May 14, 1962 by Senator Harry F. Byrd of Virginia wherein he summarized the state of our national economy, both present and pending; a brief excerpt is quoted as follows:

"This nation has been on a deficit basis from December 1, 1931 to the present time. There was a $4 billion deficit last year; there will be a $7 billion deficit this year; and there will be another deficit of $3-$4 billion in the coming fiscal year." The hard fact is that continuing deficits only add to our problem of budgetary deficit. When a nation goes bankrupt, there is no way to stop to sell to get its debts. Its money becomes worthless; its economy becomes dependent upon government falls and changes..."

Senator Byrd appears to me to have set forth in this his estimate of a $7-$10 billion deficit in fiscal 1962 for the Treasury reiterate a deficit in fiscal 1963 as $833 billion; on the other hand, he was a bit modest in his estimate of $3-$4 billion in fiscal 1963 for, with the Administration's contemplated tax cut of $3 billion in 1963, revised estimates recently have mentioned deficits in fiscal 1963 amounting from $40-$50 billion.

Thus, unless the President and Congress of Economic Advisers give heed promptly to these admonitions and, in so doing, allow full recognition of the alarmingly lax monetary discipline during the remaining two fiscal years of 1962 and 1963, undoubtedly, will prove a most critical date of far greater importance to our national welfare and our national economy than did that of March 4, 1933. Otherwise, on Jan. 20, 1963, the financial problems facing the new Administration will be tremendous and almost wholly intractable.

So, to revert to the 31-year history of Federal finances mentioned by Senator Byrd, it is well to consider, for comparative purposes only the best fundamentals of our country's financial state, published at the end of two fiscal years, those of 1934 and of 1962. Among the data of National Debit, of Gold Stock, of Deposits and Paper Currency, and, finally, of the Federal Reserve Banks, the Indexes show the resulting "recede monetary indicators of the best records of Department and Paper Currency and the consequent condition of our currency and debt paying value of our dollar.

Both the inflation and the depreciation of our money have been relentless, but the real proper monetary discipline in December 1933 to the limited creation of billions of Deposits and Paper Currency, not on the hands of the reserves of our stock of gold, but rather on that of innumerable extractors of acceptable and negotiable securities.

Quotes F.D.R. on a Stable Dollar

On the evening of Sunday, Oct. 9, 1934, President Roosevelt said in "Fireside Chat" over the radio of supreme importance to his every listener; thus, "We will judge our over the gross national product of our country, and of our prices structures and, to an extent, the general condition of our economy, as a function of our finances, and of the price of our goods and services."

"When we have restored the price level, we shall seek to establish an economy in which the value of the dollar is sustained ..."

"In the near future, we shall give our dollar a value of $1.15 to the pound, as I announced in my recent announcement of the foreign countries to have as "full convertibility," but we do not change its purchasing power and debt paying power during the succeeding five years."

"It is not feasible that the United States must face firmly in its own hands the continued support of the dollar. ** We are thus continuing to maintain a value toward a managed currency."

This "Fireside Chat" stirred up a furor of controversy on all sides, even among some of the President's strongest supporters and "lenders." But in the words of "friend, former Governor Alfred E. Smith, at that time the Editor of the New York Sun, Al Smith on "Baloney Dollars."

Shortly thereafter, in answer to a request from the Chamber of Commerce of the New York City, New York, Editor Smith published a splendid analytical article in The Chamber of Commerce of New York's "Almanac entitled, "SOUND MONEY, An Open Letter to the Chamber of Commerce of New York State," in which appears his terse, caustic comment in the following brief paragraph:

"I do not believe that the Democratic Party is to be blamed alone for the condition of our money, money lenders, free silverites, currency managers, rubber dollar manufacturers and, in short, I am for gold dollars against balanced coin, for unless the world calls, our country will rally to the gold standard **

We Governor Smith justified fully ining the tune, this frank statement of 30 years ago and now long ago, "We must have a balanced coinage, price and value of our U.S. dollar, today, appear to vindicate wholly both Governor Smith and the sentiment expressed therein.

The 16 months that followed the Inauguration of March 4, 1933 until the beginning of our Fiscal Year of 1933-34 witnessed months of monstrous importance to the United States: the Banking Crisis of March 10, 1933, the Emergency Banking Act, the Executive Orders and Proclamation by the President, the new monetary policies and, and, the Federal Reserve Act of 1934. By that Act, the title to all the money that was held by the Federal Government was devolved upon the Federal Reserve Banks. The monetary system established during the present inconvertible managed age of U.S. currency for domestic use.

On Jan. 13, 1934, the President, then, the new currency at a new fixed dollar at $25 per ounce."

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On Jan. 13, 1934, the President, then, the new currency at a new fixed dollar at $25 per ounce.

Comparus Fiscal 1934 and 1962

So, to resume the comparative study of these two fiscal years of 1934 and 1962, we are told the monetary system established during the present inconvertible managed age of U.S. currency for domestic use. The fortunate aspect of this situation has been that during the period of 1962 to 1964, in the States of New York, New Jersey and Connecticut, we have had an opportunity to dispose of our present 500 character ticker and other high-speed telegraphic printers now in commercial use.

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Special time clocks on which brokers may stamp orders given in the normal course of business with the post now used only occasionally for that purpose. If this test is successful, the "time tape" may be maintained at one hour and it appears that the last sale may not appear until 5 o'clock."

The Exchange, however, hopes to use this new measure only sparingly, and the next meeting of the 3 p.m. close on days if there should be any delays, since tapes are printed in the last one and it appears that the last sale may not appear until 5 o'clock.

The Commercial and Financial Chronicle... Thursday, November 1, 1962

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Big Business and Economic Progress Are Intertwined

By Birney Mason, Jr., President, Union Carbide Corp.

New York City

Neither business nor government should be criticized solely as the great perpetrator of "big" or "small" business. Businessmen have been, and are still, the creators of many large and diversified projects handled by large firms is nationalism, progress, a steadfast desire for a better tomorrow; but any particular business is clearly a function of the size of the job that has to be done. And in a growing economy, some of the jobs to be done grow in size, and each great, powerful enterprise is a chain of related enterprises, with size related to function, and function in turn related to technology, markets, and costs. For example, the first automobiles plants of a few decades ago were little more than converted barns turning out handcrafted automobiles each month. Today, automobiles are mass-produced at the rate of one a second to meet the over-all demand.

With increasing attack in recent years, one government official has remarked that in his opinion advertising will be the most regulated industry in this country within five years. He also said we have a common problem, and I believe that you are not interested in this but concerned about your image as we in the manufacturing industries are about ours.

The point is this: the objectives of both industry and government in this country are to be the same. The business and the public are both striving for military and economic strength. To me, there is a real contradiction in the present time as to whether we are taking full advantage of the increased strength in the effort to reach these objectives. I think that we are not in huge—there is a lack of understanding because of a lack of understanding of business by the government, as well as by the public.

I believe that there is a need for better communication between business and government. There is a tendency to achieve a high level of understanding. Full and complete understanding of the proper role of business is the key. I hope that a positive image of business would emerge—not just big, but good business. Small, good-sized, large, and small, that make up our economy.

Myth of Bigness as a Crime

The image of big business is still confused, and bigness should not be confused with the myth that bigness is somehow a crime. This is not so. Big business is not a monopoly, cold-hearted, ruthless, and predatory toward smaller business—it is a Goliath doing battle with little David. And yet, today, the term "big" is often applied to a business even if it is not, by business practice, changing in order to stay attuned to the needs of the American consumer. All businesses—small, middle-sized, and big—have specific needs that they have to satisfy. Any particular business is clearly a function of the size of the job that has to be done. And because, in a growing economy, some of the jobs to be done grow in size, it follows that the enterprise is related to what is basically a chain of related enterprises, with size related to function, and function in turn related to technology, markets, and costs. For example, the first automobiles plants of a few decades ago were little more than converted barns turning out handcrafted automobiles each month. Today, automobiles are mass-produced at the rate of one a second to meet the over-all demand.

It would seem that neither national nor international concern with size—so long as it is in business form. In nature, as Darwin long ago discovered, all the earth's living matter evolves into sizes and shapes best fitted to environment and need, from the amoeba to the whale, from the insect to the mammal, from the bacterium to the plant. And even the Religious institutions vary in size from the small country church to the great cathedral of St. Paul's in London, or the magnificent Temple of Jerusalem.

Newspapers range in size from the small country weekly, with a circulation in the hundreds, to the big city daily, with a circulation in the thousands. Industries range in size from small rural buildings, with a few beds, to big urban institutions with thousands of employees. Religious institutions vary in size from the small country church to the great cathedral of St. Paul's in London, or the magnificent Temple of Jerusalem. And even the Religious institutions vary in size from the small country church to the great cathedral of St. Paul's in London, or the magnificent Temple of Jerusalem.

Businessmen contend that the size of the business is related to function—in effect, by the needs of a nation's economy. It is sensitive to shifts in consumer demand, and the flexibility of the large business is small. Restaurants are generally within a few blocks of each other. Bricks and sand mills, lumber dealers, printing shops, television repair services, and so on, usually fall into the small business category.

The research, development, engineering and construction work that went into a 100-foot pontoon bridge in one year under normal conditions. The butane plants that were built during the war, at a rate of one per day, and a man, in a sense, military history in the Second World War, for they prevented the complete breakdown of military operations that would have occurred had the field of natural rubber been developed. And again, under the pressure of the war, the United States Government called upon industry to use its resources to develop new raw materials.

And, therefore, I believe that the United States Government and industry should develop the export market for our products. And, therefore, I believe that the United States Government and industry should develop the export market for our products. And, therefore, I believe that the United States Government and industry should develop the export market for our products. And, therefore, I believe that the United States Government and industry should develop the export market for our products.
Competition as a Criterion in Commercial Bank Mergers

By Dr. Frances Wells Quantum, Associate Professor of Economics, New York University, New York, N. Y.

Several bank mergers are before the courts and the Supreme Court has recently reviewed the Philadelphia National and Girard Trust Commercial Bank Exchange Banks' merger arguments. Dr. Quantum notes the lessening emphasis on the so-called 'danger of monopoly' and the Justice Department's challenge to the Bank Merger Act of 1960 which reduced the herebefore heavy reliance on the competition criterion. In this article Dr. Quantum points out the regulatory emphasis against interbank competition, and the extensive competition between banks and other financial institutions, and the increasing preference for business-banking connections. Article favors a broader view of the competition factor in banking and the adoption of a realistic view toward policy toward banking size and branching.

In recent months the Anti-Trust Division of the Justice Department has brought before the courts a number of merger cases centering on the competitive factor, involved in the normal commercial banking market. Litigation to date in all instances has been concerned with two major issues: (1) The effect of the proposed merger on the competitive position of the market area will be the subject of the present study; and (2) The determinative factor of the meaningful definition of the relevant market area of consolidating firms. Present rulings appear to establish the fact that even a potential lessening of competition in a market area, even a very small market, held up in the case, as a criterion in judging mergers.

For several reasons recent emphasis on a particular criterion is questionable in its application to commercial banks. They represent a business enterprise, a necessity in a free enterprise economy. The organization is aimed specifically at the limitation of competition. For purposes of community need is known before the opening of either a new bank or new branch offices of established banks. This lessens the competition faced by existing banks and helps to assure their profitability. Prohibition of interbank exchanges or dealings, and the establishment of interest rate ceilings for the various types of deposits is now a matter of competing by the type of product offered. A favorable criterion of this type from running rampant as it did during the Thirties. There is thus some restriction and limitations on loans of all types to encourage competition for the purchase of investment securities. Through these reforms, so that while financial monopoly is certainly lessened, too much competition and lack of adequate regulation and relative inefficiency and higher operating costs in afflicting some industries to the extent that they would be prevented from growing with their potential market size, a proper size from a functional standpoint—a size which makes possible the enhancement of profits through the adoption of automation and other innovations and techniques. Bank profitability has its repercussions both upon the public, as it does on the banks, and upon the Federal Deposit Insurance Corp. which, as an insurer, is interested in the soundness and economy of operation.

Two years ago Congress realized the unfairness of how reliance upon the competitive standard when it passed the Bank Mergers Act and its regulations. This legislation, now challenged by the Justice Department, provides the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve System — through the volume of deposit and discount—does not substitute for the prehistory consideration. Instead, such criteria as adequacy of bank capital structure, the character of bank management, the financial history and prospects of investing institutions, as well as the convenience, needs, and welfare of the public, would be well over- riding. It is recognized that even if a lessening of competition occurred as a result of a merger, there might be a net gain in the community or in the general capacity to contribute to the rate of economic growth in the area, a criterion by maintaining its market position among expanding larger customers.

Relevant Market Area's Size

In any case effective application of the competitive standard to commercial banks would be most difficult to achieve. The Philadelphia National bank merger case in which the Supreme Court is expected to pass judgment within the next few weeks illustrates a possibility. There a major problem is the definition of the relevant market area. Without this attempt to measure competition would be meaningless. Last January the Court ruled that the scope of the Philadelphia Federal Reserve District, as defined by the Justice Department, viewed the market area as one where a commercial bank in one city, to the extent that it competes, is in active competition with banks both locally and with banks far beyond the immediate area. With regard to the proposed merger between the Philadelphia National Bank and Girard Trust Commercial Bank Exchange Banks it was held that not only the four county area of Metropolitan Philadelphia but also the Delaware Valley, New York City, and New England—constituted the market area. If banks follow the practice of attracting to their institutions not only those within the nation, this difficulty of definition will be compounded in the future.

Do Banks Compete?

Another obstacle in application of the competitive criterion to banks lies in the prevailing conception of what constitutes banking competition. This belief has been assumed to compete strongly and effectively with each other. They have some degree of competition before and after a proposed consolidation. This is not true. Monopolistic tendencies have been drawn almost entirely on this basis, without giving attention to the fact that competition may be increased after a merger. The profits become more equalizing the sizes of the banks in the market area. More definitely, however, the merging banks do not compete keenly, or solely even if one another. One bank may well be another financial institution of the firm, an insurance company, or a credit union.

Competition may be experienced in a variety of ways in many areas of a bank's activities. Its role may be best assessed by reviewing the possible illustrations. Traditionally the primary function of a commercial bank has been viewed as the accommodation of the business community. Therefore, before an illustration of competition, consider the role bank competition plays in the financial services and attitudes of businesses. This is revealed in the recent survey conducted by the Federal Reserve Bank of University of Michigan.

The survey appears to be representative. It covers approximately 300 respondents who were business executives in both metropolitan and non-financial firms in manufacturing, wholesaling, retailing, public utilities, and transportation. Although nearly two-thirds of those interviewed were executive officers of one of their banks. The sample was compiled with the aid of the New York Stock Exchange, and covered the regions in the nation that were the largest portion of the period the firms were in the north-east and north central sections and in cities of population of 100,000 and over. Net worth was selected as the size criterion, and the lowest limit considered was $1,000,000. Smaller firms, although numerous, were disregarded because of lesser influence of the financial and impact was much smaller than their number would indicate. Some eighty-five and more of $8,000,000) in the sample were selected. This procedure, at least according to primary banking connections and with at least ten secondary sizes of commercial banks (net worth $1,000,000 to $9,000,000) had accounts at one or more of these banks.

Findings in this study show that less than half of the commercial banks are usually stable. The great majority of business firms are small and growing, with the World War II, and many have returned their banking connections. Many respondents believe in the stability of banking connections as a principal consideration.


After January 1, 1962, when member banks and insured non- member banks are held to carry the highest interest rates at thrift deposits, a shift of funds to the commercial banks from other financial institutions aimed at materializing the first quarter of 1962 would be a rapid increase in the average reserves of commercial banks, but at the same time savings at savings and loan associations would be held to an aggregate rate in the first quarter of 1961. Therefore the evidence seems to show that banks are not getting out of the commercial banks but remain strong competitors.

These brief comments have shown that interbank competition may not be so effective. It is undoubtedly lessened, but the situation itself is frequently considered as preferential and quite justifiable. On the other hand the chief competitors of commercial banks are in many other financial institutions which have been ignored in the antitrust cases. In summary one might say that a broader view of the nature of competition is a factor in banking in an overly realistic, policy-oriented view.

Theodore F. Adair has joined F. Eberstadt & Co., Managers & Distributors, Inc., 65 Broadway, New York City, as assistant manager in charge of the distribution of Chemical Fuels.

Before joining Eberstadt, Mr. Adair was manager of the mutual fund department of F. Hutton & Co., Inc., a member of the New York Stock Exchange. Prior to that, Mr. Adair was New York representative of Bankers Trust Company, New York, The Trust Company, which is engaged in matters relating to the purchase and sale of long-term bonds through commercial banks.

Norton Named Treasury Adviser

Treasury Secretary Douglas Dillon on Oct. 29 announced the appointment of A. Sidney Norton, recently retired Vice-President of Bankers Trust Company of New York, as the Treasury Department's representative in matters relating to the purchase and sale of long-term bonds through commercial banks.

Mr. Norton retired from Bankers Trust Company on Sept. 30 of this year, after a total of 35 years' service. He held the post of Vice-President from 1946 to 1954, when he was given the assignment of possibilities of commercial banks' responsibilities in the purchase of securities for pension funds add other institutional trusts .

Mr. Norton first went to the Bankers Trust Company in 1929, shortly after the outbreak of World War II as an Ensign in the United States Navy, on duty in the North Atlantic. He also returned from the bank in 1928 to serve with various firms on Wall Street over a period of 15 years. In 1944 he returned to the Bankers Trust.
FROM WASHINGTON … Ahead of the News

BY CARLISLE BARGERON

It looks now as though President Kennedy's action in calling Krushchev's bluff will develop to be one of his most successful undertakings. If it does succeed it will prove what this period has always contended, namely, that the great Russian military might was one of the greatest myths ever perpetuated upon the world. The reason they would brook no international inspections was not the fear that we would learn something of their strength but that we would learn there was not the strength so ardently propagated.

Why the Delay?
The question arises as to why Mr. Kennedy should have waited this long before calling the bluff. That he did it after being on the road, out in the country for several weeks, was, because he became worried about the effect his inaction in Cuba would have on the November elections. It was looking up as the Republicans’ biggest issue. Everywhere he went he heard this.

It is unrealistic to believe that the missile build-up was only discovered a few days ago. We have been talking about it for months. And if it is true that the Administration has just discovered it, there is something terribly wrong with the CIA.

Senator Richard B. Russell, D.-Ga., had a lot to do with bringing things to a head. He urged the immediate wiping out of Soviet missiles by bombing—an hour's work. This was at the first White House confab on Monday a week ago. The President said no. Russell was believed to be echoing the sentiments of top military chiefs with whom he is very close by virtue of his being Chairman of the Senate Armed Forces Committee.

Now a blockade of Cuba and the elimination of the missile sites is the twin objective of the President, and Krushchev has announced he will give in on both of them.

Senator Goldwater, R. Ariz., said the U. N. won't do a "damned thing" about the U. S. demand that a U. N. observation team inspect the dismantling of missile sites and that bringing in the U. N. is a weak spot in Kennedy's quarantine plan. Washington observers who agree with Goldwater recall how the U.N. treated us in Korea. It was more harmful than helpful.

U. S. Acted First

There is gratification and surprise at the unananimity with which Latin American states are supporting the United States. Had the United States dilly-dallied, the belief is that this would not have been the case. But, under the United States acted first and sought support of the Latin American nations afterwards. It proves the futility of the United States policy of taking no action because we were afraid the neutrals would not understand.

The "victory" of the President should help him in the elections.

Arthur Schlesinger, Jr., McGeorge Bundy, Walt W. Rostow, Richard Goodwin, Chester Bowles, Adlai Stevenson and Dean Rusk. Also Senator J. William Fulbright of Arkansas, was remiss. As head of the Senate Foreign Relations Committee, he was in favor of no drastic action, but one of just rolling along, protesting and making occasional empty threats.

Fulbright said in the Senate a year ago: "I suppose we shall all be more uncomfortable if the Soviets did install bases in Cuba, but I am not sure that our national existence would be in substantially greater danger than is the case today."

Cheatham Joins Paribas Corp.

R. Warren Cheatham is now associated with Paribas Corp. in its municipal bond department. Paribas, a New York City investment firm with offices at 40 Wall St., is an affiliate of the Banque de Paris et des Pays-Bas, the largest private bank in France.

New Walston Office

PEBBLE BEACH, Calif.—Walston & Co., Inc., Del Monte Lodge Shopping Center, William Blingham is resident manager.
Cuba was the currency owing to which it is almost certain that a war over Cuba would soon spread over Europe. On the other hand, it is a mistake to look even upon the Swiss franc as a safe haven. For the Swiss Government in case of war would respect Swiss neutrality.

However this may be, the possibility of a prolonged crisis fore¬
shadowed continued pressure on the dollar. Moreover, it would be a mistake to imagine that the Swiss authorities would have always kept strictly aloof from the pseudo-intellectual par¬
crases of the Eastern bloc. The reserve asset of the Russian gold reserve, the favorite estimate is about $8 billion. Anybody who does not see this is exaggerated to the extent of outright delusion. By that I mean that in case the Soviet Union there are no foreign balances or other external short¬
term liabilities the amount of which would be offered to be sacrificed in the face of foreign exchange holding.

U.S. S. R. Owns Substantial Dollar Deposits

Needless to say, as the Russian reserve is held in gold and not in dollars, the Soviet Gov¬
ernment would be content to see any such dollars in pawn, in order to be able to throw them on the market at the phy¬
osophical price of $21, and the Swiss purchases would provide welcome support while they lasted. But these purchases would have been made because the Soviet Government has very substantial dollar balances, as we have just been informed, in the form of Euro-dollar deposits. During recent months foreign exchange dealers were often puzzled by the inexplicable firmness of Euro-dollar rates dollar deposit rate. A few days ago the Bank of England indicated that this was due to a large degree to demand for such deposits by the Moscow Monetarist Bank. In London, the Banque Commer¬
ciable des Pays du Nord in Paris, and other agents acting for the Soviet authorities. These institu¬
tions were operating in a very large scale in both ways, and quite openly, but in all probability there were also agents unknown to operate on that scale. Consequently, for this reason it is impossible to form an idea about the size of Soviet controlled Euro¬

Owing to its inability to make fresh dollar deposits, however, to be very con¬

siderable. Had these agents been acting on their own, the foreign exchange market, the resulting increase of the gold reserve or de¬

reduction of the dollar balances. In any case, it seems that part of that collateral balances are now in hostile hands.

It is therefore clear that almost im¬

portance to the United States and the Western world to make the dollar a firm one, and be¬


ing any heavy Russian sales of dollars immediately whenever they should occur. The swap ar¬

rangements concluded by the Fed¬

eral Reserve with various European Central Banks are of course useful, but their total is negligible compared with the potential pres¬

sures on the dollar. In any case, since these swap ar¬

rangements are only for brief periods, that would create some measure of un¬

certainty as to the true possibility of their non-renewal in the near future. The right solution is indi¬

cated by the American short-term credit facilities in Switzerland to be the Soviet Government would be desirable also in other Western European countries. In fact the ideal solu¬

tion would be the granting of much more substantial long-term loans by the governments of France, Italy and other countries with a favorable balance of pay¬

ments. Even so, they could and should help by regusing in ad¬

vance part of the dollar loan of 1,000. For the last two generations the United States has been ex¬

tremely generous with financial support to Western Europe. Now it is the turn of Western Europe to repay part of the favors received. This is to the interest of the West¬

ern European countries them¬

selves in order to avoid the weakening of the strength of the dollar and at the same time to important to them.

In addition to such long-term arrangements, it may be possible to have the United States should arrange with the Interna¬
tional Monetary Fund a stand-by line of credit. The very existence of such facilities would be sufficient to make the Soviet Government realize the futility of any attack on the dollar. It would also strengthen the col¬
sidence of other foreign holders of dollar balances.

U. S. A. Exchange Control on Euro-Flows

But the fate of the dollar rests in the hands of the American people themselves. Even the largest possible amount of external aid would mean little as a result of a flight of funds, which is the present moment no indications of such a flight can be ascertained on this account. It might be advis¬
able for the United States Government to develop schemes towards the imposition of ex¬
changers. The restrictions con¬

trolled balances for residents in the United States, on lines similar to those cases of the dollar and other Eu¬

ropean countries.

Above all, in view of the na¬

tional emergency, a strong appeal should be addressed to Americans against sending any more abroad during the present crisis. And it should be declared to be a patri¬

otic duty of Americans with hold¬
ings abroad to re-protect their capital, in order to play their part in the defence of their country for two or three hours of need. In any case, as I pointed out at the beginning of this article, the collapse of the dollar for refugee capital would be safe.

The other case I received a visit of Professor Dr. Einzig of the University of Helsinki from the Federal Reserve Bank of St. Louis, where he pointed out: Is it likely that the dollar is of vital impor¬
tance to the Soviet Union? By and large, I said, the dollar is likely to be devalued, but the dollar is likely to be devalued, it is our currency and our country, so we shall try to see to it that it continues to enjoy the respect and the appreciation of the world, and that is the true strength of the dollar.

"Here you must live, here die! It is, to say the least, equally risky for Americans to keep their capital abroad. Any attempt to seek safety in foreign exchange is sheer gam¬

bling. An appeal for pa¬

triotism would be powerful enough to prevent actions of such common sense.

Toronto Traders

Elect Officers

TORONTO, Canada.—At the An¬

nual Meeting of the Toronto Bond Traders Association, the following officers and Board of Gov¬

ernors were elected: Chairman, M. A. Brown; Gardiner &

Brown, Ltd.: Treasurer, D. M. Carnell, Green¬


The State of TRADE and INDUSTRY

The economy is said to be rela¬
tively free from significant imbalance. In October analysis of the Northern Trust Co. The Chicago bank's business section observed that "economic activity shows signs of slowing again at its May pace, but at 119.4 above those of the corresponding week last year. Our preliminary estimate indicates that manufacturing production for October will be up about $27,363,653,323 for the same week in 1961. Our compar¬

ative summary for several of the principal money centers follows:

Week End

Oct. 27, 1962

Chicago

121.4

Boston

109.0

New York

119.9

Philadelphia

108.7

Cleveland

108.8

Detroit

101.9

Pittsburgh

107.3

Cincinnati

107.3

Chicago

108.9

St. Louis

121.2

Southern

96.9

Western

89.0

Total

94.9

*Index of Production is based on average weekly production for 1955-55.

Cuban Crisis May Spark Steel

Bullies

Steelmakers do not expect the Cuban crisis to trigger any panic buying, but they are not sure how long the panic will last, and the Union boss in effect orders up more steel in order to raise the availability of certain specialty items, such as steel pipe, for high temperatures.

If the crisis deepens, military production plans will increase and steel production plans will go into effect; and some steel products may be put on allocation.

If our enemies start little wars all over the world in an attempt to
to drain our resources, the steel market will undoubtedly tighten—even if buying is not there, users will try to build inventories before restrictions are slapped on procurements. This will prevent operations at less than 60% of capacity, there is no reason for planners to worry.

Steel industry executives are keeping a close check on developments in the Cuban situation, to help them determine tonnage requirements during the immediate future.

Gradual Steel Orders Upward
Detected

Steel orders continue on a gradual upward, the magazine reported. Mills are booking at 5 to 10% above last month's pace.

Automakers, the steel industry's best customers, are driving toward production of 715,000 cars this month and are boosting their December number, schedules from 640,000 cars to 660,000. They have tentatively slated 625,000 cars for October, running up a trend of increased tonnage for the fourth quarter (vs. 1,839,000) a year ago.

This upswing, steel operations will be maintained at about the same level through December, and start of October. Output will be near the 1,738,000 ingot tons that Steel estimated the industry poured last week.

Scrap dealers are also assessing the Cuban crisis. Traders think prices will strengthen quickly in event the situation deteriorates.

Steel's price composite on the key grade, No. 1 heavy melting, was unchanged last week at $24.61 a gross ton.

Steel reported the Russians are stepping up steel purchases from Japan.

Since September, Japanese mills have signed contracts for 100,000 tons and alloy steel for "structural use" in the Soviet auto industry. Japanese sources claim. Possible significance: Expansion of auto plants in Russia.

Six Reasons for Steel Pick-up

The world crisis will be a strengthening force in the steel market, The Iron Age reported. There will be no overnight change in the rule of new orders for steel. But changes in industry buying plans and consumer attitudes are sure to result in a stronger steel market.

The magazine lists these factors in predicting a stronger steel market:

1. Industry inventory plans. Steel will re-evaluate its inventory policies. Although the steel industry's ability to deliver is not likely to be challenged, users will play it safe with balanced steel supplies.

2. Fear of possible government controls if the world situation worsens later this year. Most steel users believe the administration would not hesitate to institute controls to dramatize a crisis, even if not absolutely necessary.

3. Changes in consumer attitude. Although, no buying is out of the question, there will be less tendency to defer purchases of "easily definable" items. In other words, consumer durables are likely to show new strength.

4. A money buildup. Although the amount of money in circulation is likely in military spending, there will be new emphasis on conventional weapons and aid to and modernization of the navy.

5. Probably increased military aid abroad.

6. Price considerations. Although prices of many steel products continue to be soft, as world tensions build up, there will be less pressure for lower prices.

Continued on page 45

DIVIDEND NOTICES

CITIES SERVICE COMPANY

DIVIDEND NOTICE

PREFERRED DIVIDEND

The Board of Directors declared a quarterly dividend of 125c per share on the 44,400 Cumulative Convertible Preferred Stock payable on December 10, 1962 to stockholders of record November 9, 1962.

COMMON DIVIDEND

At the same meeting the Board also declared a quarterly dividend of 6c per share on the Common Stock payable on December 10, 1962 to stockholders of record November 9, 1962.

October 30, 1962

FREDERICK K. FOSTER, Secretary

DIVIDEND NOTICE

EATON MANUFACTURING COMPANY

DIVIDEND NO. 170

On October 19, 1962, the Board of Directors declared a dividend of forty-five cents (45c) per share on the Common Stock of the Company, payable November 23, 1962, to stockholders of record at close of business Nov. 5, 1962.

R. G. HUNTER, Secretary

THE TITLE GUARANTEE COMPANY

DIVIDEND NOTICE

Trustee of The Title Guarantee Company have declared a dividend of twenty-five and a half (25 1/2) cents per share payable November 9, 1962.

WILLIAM H. HAGUE, President

CORRECTED NOTICE

DIVIDEND NO. 82

Judson Bay Mining and Smelting Co., Limited

A dividend of 10c per share (4.333% Canadian per share) has been declared by the Board of Directors of the Company, payable December 17, 1962.

J. E. McCARTHY, Treasurer

DIVIDEND NOTICE

THE LUCKY STRIKE TOBACCO COMPANY

QUALITY

The American Tobacco Company

229th COMMON DIVIDEND

A regular quarterly dividend of 25c per share has been declared upon the Common Stock of The American Tobacco Company, payable in cash on December 1, 1962, to stockholders of record at the close of business November 10, 1962.

October 30, 1962

J. R. WATSONHURST

Treasurer

DIVIDEND NOTICES

AMERICAN ELECTRIC POWER COMPANY, Inc.

21ST Convertible Preferred Stock on Common Stock

As appropriately recorded, a regular semi-annual dividend of $2.50 per share on the Common Stock Preferred Stock has been declared payable December 10, 1962 to stockholders of record at close of business November 10, 1962. The semi-annual dividend has been declared payable December 10, 1962 to stockholders of record at close of business November 9, 1962.

W. J. ROSE, Secretary

October 22, 1962

DIVIDEND NOTICES

CALIFORNIA-PACIFIC UTILITIES COMPANY

Quarterly dividends payable December 10, 1962 to stockholders of record on December 10, 1962 have been declared at the following rates per share:

3% Preferred

5c

5% Convertible Preferred

25c

5.50% Convertible Preferred

27%.75c

Common

224c

D. J. LASSEY, Vice President & Treasurer

October 30, 1962

DIVIDEND NOTICE

HARBISON WALKER REFRactories Company

Pittsburgh, Pa.

BOARD OF DIRECTORS has declared a quarterly dividend of 5c per share on the Common Stock, payable December 10, 1962, to stockholders of record at close of business November 21, 1962.

Thomas Weller

Secretary

DIVIDEND NOTICE

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 95

A regular quarterly dividend of 5c per share has been declared upon the Common Stock of the Southern Natural Gas Company, payable December 15, 1962 to stockholders of record at close of business November 30, 1962.

W. S. TARVER, Secretary

Dated: October 27, 1962

DIVIDEND NOTICE

THE UNITED GAS IMPROVEMENT COMPANY

Dividend Notice

A dividend of 25c per share on the Common Stock has been declared payable December 21, 1962 to holders of record November 30, 1962.

A dividend of 10c per share (4.16% Preferred Stock) has been declared payable January 10, 1963 to holders of record November 30, 1962.

J. H. MACKERNIE, Treasurer

Philadelphia, October 23, 1962
Current News in the Field

These items are supplemental to similar notices appearing elsewhere in this issue.

**NEW FIRMS**

**CHEYENNE, Wyo.—** Bullock and Company, 1509 Bnett Ave. Warren P. Bullock is President and Treasurer, and Russell W. Bartels, Vice-President and Secretary. Mr. Bullock formerly conducted a newspaper business in Cheyenne and Denver, as an individual operator.

**DENVER, Colo.—** James N. Schaffer is sole proprietor of the firm.

**FOREST HILLS, N. J.—** Edwards and Co., Inc., 56 Times Place, Officers are Joseph E. McCourt, President; Sue Sugahara, Vice-President and Treasurer; and M. P. McCourt, Secretary. Mr. McCourt was formerly a member of EastWest Union, Securities & Co.

**HOUSTON, Texas—** Joel J. Linsky, 7 Norwalk Avenue, Magnet. Mr. Linsky was previously with Graham & King Inc.

**MIAMI BEACH, Fla.—** Leeo Investors Corporation, 880 Seventy-first Street. Gerald H. Gould is a partner in the firm, which will also maintain a branch office at 209 West 57th Street; New York City. Mr. Gould is a member of the management of George Oelslander.

**MIAMI BEACH, Fla.—** Jack Lipshitz, 200 South Fourteenth Street, Mr. Lipshitz was previously with Graham & King Inc.

**NEW YORK CITY—** Charles E. Clare, Jr., 126 Liberty Street, member of the American Stock Exchange. Partners are Charles Clare, member of the exchange, and James E. Clare, James E. Clare was formerly active as an individual member of the American Stock Exchange.

**NEW YORK CITY—** National Exchange, 1444 Broadway, 44th Street. Officers are Woll Wittenberg, President; Murray J. Shen, Vice-President and Secretary; and Marvin N. Nadler, Secretary. All were formerly with Nal Berger Associates.

**NEW YORK CITY—** Effective Nov. 1, 1962 the name of Herzig, Harker & McKenna, 50 Broadway, members of the New York Stock Exchange changed to Herzig, Harkin & McKenna.

**NEW YORK CITY—** DFC Securities Corp., 150 Broadway. Officers are Herbert Abelev, President; Murray J. Shen, Vice-President and Secretary; and Julia M. Shen, Treasurer. Mr. Abelev was formerly with First Mutual Planning Corp. Mr. Shen was with J. B. Coburn Associates, Inc.

**NEW YORK CITY—** Alexander Cohen & Paul P. DeCroco, 620 Third Avenue.

**NEW YORK CITY—** E. H. Gibb & Co., Inc., 74 Trinity Place, a limited partnership, engaged in the investment business of E. H. Gibb & Co. Officers are G. Clifford Miller, Manager and Treasurer; William Bennett, Vice-President; and A. H. McCarthy, Secretary.

**NEWARK, N. J.—** Great American Investments, Inc., 11 Commerce St. Officers are Leonard Kalou, President; H. P. Stavitsky, Secretary, and Treasurer; and Marvin W. Kaleyke, Vice-President.

**FORTLAND, Ore.—** Lincoln Securities, Inc., 4106 Northeast Tillamook. Officers are Thomas A. Gerhardt, President and Loren L. Gerhardt, Vice-President and Secretary. Both were formerly associated with the firm.

**ST. CLAIR, Pa.—** John Yurickones, 220 South Second Street, Mr. Yurickones was formerly with Sheiao & Co. and King Merrill & Co.

**SEATTLE, Wash.—** Affiliated Securities Corporation, 13180 Bothwell Way, N. E. P. Kennan Hayes is a principal of the firm.

**NEW BRANCHES**

**AUSTIN, Texas—** Sanders & Company, Capital National Bank Bldg., Investment Representative.

**COLUMBUS, Miss.—** Truclock & Company, Incorporated, 315 Main Street. William P. Rice is resident manager. Mr. Rice formerly served in a similar capacity for Palm Beach Investments.

**GRAND GORGE, N. Y.—** Chase Securities Corporation, Route 23. John Daidone is resident manager.

**GREAT BEND, Kan.—** George K. Baum & Co., 114 Kansas. Harlan K. Spats is resident manager. Mr. Spats was formerly in charge of the office in Scott City, Illinois.

**PHOENIXVILLE, Pa.—** James B. Bennett, 23 Washington and Church Street. William K. Cuddy, Jr., is resident manager. He formerly served in a similar capacity for C. & P. Co., Inc.

**SOUTHFIELD, Mich.—** Strauss, Bloomer & McDowell, 1700 West Eight Mile Road. Ed L. Penner is resident manager.

**WOOLAND, Wy.,** Copley & Company, Biltmore Hotel, Frank L. Ranchbusch is local manager.

**PERSONNEL**


**AUBURN, Maine—** Alph a e h a C. Chenard has been added to the staff of Bernstein & Company, 40 Beech Street.

**AURORA, Colo.—** Joseph L. Tastano has joined the staff of B. J. Leonard & Pa., 1544 Main Street.

**BANGOR, Me.—** Walter G. League has been added to the staff of David G. Means, 6 State Street.

**BANGOR, Maine-Alfred P. Webster is now affiliated with P. W. Brewer & Company, Incorporated, Bangor House. He was previously with Schirmer, Attenor & Co.

**BOSTON, Mass.—** John J. Folan & Co., Incorporated, 20 William Street, with C. H. Barlow, Pedroza & Miller, 83 Boylston Street. He was formerly with Sheer, O'Connell & Co.

**BOSTON, Mass. —** Richard N. Clark has become affiliated with Winslow, Cabot & Stonson, Inc., 78 Milk Street. He was formerly with Chance, Whitehead & Winslow, Inc.


**CLEVELAND, Ohio—** Allan M. Clark, 300 North Public Square, with Hartmark & Co., Inc., East Ohio Building, members of the New York Stock Exchange and Midwest Stock Exchanges.

**CLEVELAND, Ohio—** Sanford W. Greenberger and James A. Rahab have joined the staff of Prose & Company, National City Bank Building, members of the New York Stock and Midwest Stock Exchanges. Mr. Greenberger was formerly with Greenberger & Company, and Mr. Rahab was with L. A. Caunter & Co.

**CLEVELAND, Ohio—** Roger A. Turner, 3022 Euclid Avenue, with Hayden, Miller & Company, Union Commerce Building, members of the New York Stock Exchange.

**COLUMBUS, Ohio—** Frank E. Husman, 300 East Capitol Square, 110 Old Street, members of the New York and Midwest Stock Exchanges.

**GREENSBORO, N. C.—** William J. Jenkins, Jr., is a member of the firm, which is now affiliated with McDaniel Lewis & Company, Jefferson Building.

**COLUMBUS, Ohio—** Frank E. Husman, 300 East Capitol Square, 110 Old Street, members of the New York and Midwest Stock Exchanges.

**HOUSTON, Texas—** Underwood, Neuhan & Company, Incorporated, 724 Travis Street, members of the New York Stock Exchange. Mr. Neuhan has been appointed to the Investment Company of North America.

**DALLAS, Texas—** Ray C. Ives, has been appointed to manage the Odesa, Texas area operations of the Dallas-based investment firm. He has served as regional representative and is now associated with the Dallas office, Fidelity Bank.

**FAYETTEVILLE, N. C.—** James A. McKay, Jr., has joined Powell, Kistler & Co., 110 Old Street, members of the New York and Midwest Stock Exchanges.

**LINCOLN, Neb.—** George E. Esley has joined the staff of First Nebraska Securities Co., 1429 O Street, members of the New York and Midwest Stock Exchanges. Mr. Esley was appointed to the Investment Company of North America.

**DALLAS, Texas—** Thomas M. Wat¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬‐
The Market...And You
BY WALLACE STREET

Some semblance of normalcy returned to the market this week after the violent gyrations inflicted on the stock market by St. Louis. General tone was good after the apparent easing of the international situation.

Specific news was again the motivating force as the emotional buying and selling of the day halved. North American Aviation, for instance, responded vigorously to theavourites and the largest price gains were evident, with some for better than $30 million.

U.S. Steel, to virtually no one's surprise, cut its quarterly dividend, but the news was anticipated and the issue took it more or less in stride. General Motors, poised for record 1962 earnings, and with some hope of a boosted yearend dividend, was in good form and its position to buy with its year's high.

**"Hard-Core" Issues Favorable**

The accent was pretty heavy on the blue chips, with some of the panesles that form the hard core of the nation's economy such as A.T.&T., Cities Service, Sinclair, some of the oils, Sears Roebuck and selected utilities.

The other issues that didn't do anything excessive throughout the Cuban crisis were showered by the general expectation that nothing else, defense expenditures will continue heavy. Spending for space work is more or less guaranteed to increase steadily, so busy production is assured in the defense field.

The net result of the country's excursion to the edge of war was that the market average, in short order demolished all of the fanned interim resistance levels excepting the very modest bullish selling in the May-June market break finally found a floor.

**Hopeful Signs**

And the hopeful sign of the recent gyrations was that the low was the market's average. The market, which had raced over a range of nearly three dozen points in exchange of the day, was the last ground to the hourly low of Oct. 24, a shade under 555, was more than made up in less than five trading sessions.

The other hopeful sign was that the range of the day, which had been thoroughly depressed long ago, not only failed to follow the industrial average through the full extent of the market. No contrary action at times. And, as the technicians were quick to point out, a divided market in the two averages often has been a signal for a change in trend. The general tone alone has without question been a break has been assumed to be down.

There was something of a new realization dawning, but still without any convincing proof yet, that the increase in bull market could start. Certainly a good portion of the list is selling at a reasonable price, a condition which could be interpreted as a possible yield of 5% in General Motors—assuming the year-end extra will be boosted. It was a sure indication that its market price was far from inflated.

Advent of Solid Values

In short, there are plenty of solid enterprises of value in the market which, until this year, were far more dominated by the high-flyers that sold for 60- to 80-times earnings. (Average yields range down to less than 1%). These were fine as long as the market was sharply upward, but with the market now in a horizontal range, these values matter again. From 1962 were much more commonly accepted, but the story has been different for quite some time now.

And it's true, the market has been loaded with suggestions for upgrading portfolios to eliminate weaker holding on quality, which isn't the type of advice that feeds speculative excesses.

The big question is how much the investment sentiment has been chilled by the market reversals of 1962. Certainly the mutual funds are investing more cautious funds, but the market has been dieted, and some of the market sentiment had the heavy trading toward the end of the year in the Cuban showdown as an indication that there is still a large amount of interest left in the market. The absence of a detailed breakdown of where all the trading came from, it is hard to make out a solid case.

Rails Still Neglected

Ralls have offered above-average yield, low price-earnings multiples and bargain share values for a long time but it has been years since rail issues featured prominently on investors' radar screens of many years. Norfolk & Western, a quality item, has outshone many industrial companies, either in profit margins or financial condition. But it has been available around $10 to $11 for some time and $10 has held up as a rule.

Farm equipment firms have been out of favor for a long time, while their output has been expanding in the field in recent years but its interest for any prospective dividend. Norfolk & Western, a quality item, can outshine many industrial companies either in profit margins or financial condition. But it has been available around $10 to $11 for some time and $10 has held up as a rule.

The Friendless Steels

Steel had few friends among investors although the prices of some steel shares have been cut drastically as they—even in advance of the general market—staged their own private bear move. The payments of both Bethlehem Steel and U.S. Steel have been reduced in the industry, were pared more or less in line with expectations of falling production and shipment of steel, while the market, which had traded higher than any, it is being anticipated more.

Paper companies, like the steel mills, have been, beset with prob-

lems for the last couple of years. Indications of some profit improvement finally have been sustained. Great Northern had, for a period of more than a dozen years, had been selling at around 11 times earnings, despite indications that Great Northern's earnings in the late 1950s has been remedied. Its current earnings at $2 a share, and it is anticipated that it will be able to expand its sales. St. Regis Paper is showing some signs of improved profit-making ability, and projections of this year's results show a good increase over the 1961 low. The shares mean, while back are their 1957 low, less than half of the 1968 peak, and showing an indicated yield of around 6%.

The Continuing Chrysler Enigma

Chrysler is still something of an enigma to most of the market clients, despite its standing as the largest producer in the field. Its recent results and its announcements in the last two years has been by far the most erratic and confusing of any large company in the industry, for most other industries, it led, eventually, to extensive reorganization. Still, with a small capitalization, the shares of Chrysler can show sharp gyrations on any news that indicates that its stocks to strengthen either marginally or profit per share of this auto giant are taking hold. Thus it appears to be a stock for the speculator seeking a large potential appreciation.

(The views expressed in this article do not necessarily at any time coincide with those of the market. They are presented as those of the author only.)

Butler, Herrick, Wood, Walker & To Merge

A merger of two large established firms has been announced, effective Nov. 5, 1962, with the approval of the New York Stock Exchange and other appropriate bodies.


Conrad D. Wood was a former member of the New York Stock Exchange on June 30, 1962, in the midst of some of the earliest partnerships, Wood &Davis, in the annals of the Stock Exchange. By successful inducements of new partners and on at least two occasions, merger with other firms, the enterprise has continued its career for over 40 years.

G. P. Butler, & Bro., was formed in 1898 by two brothers. The elder one, George E. Butler, in the early days of railroad financing, participated in the reorganization of the Oregon Short Line (merged into the Union Pacific Railroad) and the formation of the Southern Pacific Railroad, the Pacific Northern, the Southern Pacific Lines and the St. Louis Iron Mountain & Southern when they were under Jay Gould con-


trol. Mr. George P. Butler also served as President of The Albany & Susquehanna Railroad and succeeded in having the racing which was guaranteed by The Delaware & Hudson materially increased.

At a later date Mr. Andrew H. Butler, while serving as President of The Albany & Susquehanna Railroad, negotiated its merger into The Delaware & Hudson.

After the death of George P. Butler, his partner and brother, Arthur, established with others that became known as Herrick & Marshall. Like Willis D. Wood of Wood, Walker & Co., who served on the Stock List Committee of The New York Stock Exchange, Arthur W. Butler gave his services to the Exchange as one of its Governors for many years. In the industrial field he was active in the reorganization of Allis-Chalmers, serving the company for many years as its director.


**Named Directors**

George A. Newton and Alfred L. Burke have been elected directors of the Southeastern Public Service Co. (New York, N. Y.); it was announced by the company, Mr. Newton is Managing Partner of the Investment banking firm of G. H. Walk¬er & Co. and was President of the Investment Banking Association of America in 1961.

Br. Burke is President of Duff & Phelps, Chicago-based engineering firm. He is a director of Central Standard Life Insurance Co. of Chicago and Philadelphia Suburban Water Co.

**REVISED 1962 EDITION**

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Common Stocks

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Included are number of years consecutive dividends have been paid, cash dividend data, price and yield, and June 29, 1962, percentage yield, and June 29, 2022, quotation, also an analysis of the difference between the over-the-counter and listed markets.

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The Forward Look

Only two months remain in this year, surely the most trying 12 months in the history of our merchant- mutual-fund trade. For folks in the field it will forever call up mem-
ories of tumbling stocks, rising repressions and declining sales, unfair criticism from academic thespians and the long slow-
down in the generation-long expansion of their mushrooming business.

Still it is comforting to know that another fundzum there are people who are looking beyond 1962 to regain the momentum that has always been a characteristic of the American funds. Selected American Shares exemplifies this spirit in calling attention to the potential business that can be expected to flow from the newly-
created Keogh-Snatter 1962. This is the measure which, after several false starts, has passed the Congrass and been, signed by President Kennedy.

Under this law, members of the medical profession, lawyers, farm-
ers, small businessmen and other similarly self-employed individuals are to have an opportunity to set up systematic retirement programs under favorable tax con-
siderations. Selected, American Shares notes that unclassified esti-
mates put the number of those self-employed persons as high as 7,000,000.

Recent regulations from the Internal Revenue Service have yet to come. Indeed, under the law no plan could be started before 1963. But the funds will need all of the time remaining to gear themselves for this new market: advertising, direct mail, sales lit-
erature and all of the rest, in alerting their own personal to the problems and opportunities.

The Keogh-Snatter act provides that regulated mutual in-
vestment funds, those self-employed, have been carried in the approved forms of investment under these self-employed retirement pro-
grams. As Selected American shares says: "In the case of those retirement plans which use mutual funds the law permits use of a bank custodian account to purchase and hold the mutual fund shares." Its expected that the workings of this new law enables the holders of "Reading for Profit" and anyone in the fund field not familiar with 11 weighty savers should avail himself of the opportunity to ob-
tain a copy.

Also to be congratulated for the forward look, even though in another context, is Frederick W. Page, Vice-President of the Mu-
tual Funds of the Broad Street Group. In St. Louis last week, Mr. Page spoke on investing in growth stocks. An old associate of Mr. Page's tells us that he said the market decline has not "brought about a major change in the investment philosophy" mainly because our tax structure puts such a premium on long-
term capital gains.

Mr. Page feels that while in-
vestors have become more cau-
tious, they will not turn away from common stocks. Many people who reduced stock holdings, he observes, res-
ekins, in liquid, condition instead of reinvesting in long-term secur-
es is idle.

"It would appear that instead of deserting the market, they are doing the better buying oppor-
tunity." If any lesson was learned, Mr. Page feels, "it probably was the need to give more weight to the quality of growth." He went on to say that because there is limited supply of solid growth equities and a continuing de-
mand, prices of raters are likely to rise from present levels. While he was indefinite as to the pace of that rise, he said that the long-term appreciation of stocks in the 1950's may be in the case of cyclical stocks.

Anyone for steels?

The Funds Report

Aberdeen Fund reports that in the quarter ended Sept. 30 it added to its portfolio General Foods, Prentice Hall and G. D. Searle. Holdings were substantially in-
creased in Glen 1 Co., Phillips Lamp, Richardson-Merrell, Royal Dutch, Schering and Upjohn.

Capital Shares puts net assets at Oct. 15 at $77,214,000, or $9.54 a share, down from $42,713,000 and $10.85 a share a year earlier. Share price at Sept. 30, 1962, was $8.71.

Total net assets of Carrington Corp., at Sept. 30 were $16,350,296. Net asset value of the fund per share was $2.90, compared with $2.82 at June 30.

Delaware Fund announces it has completed a common stock posi-
tion in Combustion Engineering.

SECURITY SALESMAN'S CORNER

by John Dutton

What Did You Do Last Week?

The following box score may be a self-righteous record of our en-
deavor that demands self-dil-
gine is that of security sales-
smen. In the words of one of the greatest human beings, it is taking, fat comissions, billions of "new issues" that the public ex-
tends. Those advertising, mo-
tion or reflection are gone. Once again the cycle is turning—stock orders are running to heady levels of 162,459,835. Sell stocks, sell experts, propognostics, charlatans, and the analysts are becoming more bearish daily. There is another crisis with Russia—head-
lines, war or peace, and the busi-
ness outlook is now being scanned for 1963.

Meanwhile, people are working, the wheels of industry are turning at a rate of production that leads the world, and continues to supply our nation with more of the goods and services than 183 million people have ever before needed. Some days the stock market rules, others it falls, millions of shares are bought and sold, and billions of dollars worth of bonds, stocks and other investment instruments every week. We are still very much in business—and I would be willing to bet $500 that it is continuie to live, work and go to our jobs for a long while to come. Anyone who doubts that, or believes he can't survive—because today is the only day, or ours—ours to make the most of—
it is the one gift only we ourselves can destroy.

Score Card

Did you go to your job last week and say to yourself, "What's the use? The market is in the dol-
drums. We are in a mess. Who knows what's coming next? I'll just stay home today—there's no use working anyway"? Yes, or No?

Did you go to your job with the feeling that, "Your customers wouldn't want to talk with you anyway?" No, or Yes?

Did you say to yourself, "I am going to leave. My phone isn't going to ring. Someone will telephone you and ask me what is the last rate on the war scare so I just watch the news ticker. There is no use talking to anyone in times like these" Yes, or No?

Did you get your 1099 and sold your stocks? Yes, or No.

Did you continue your financial reading? Did you follow the re-
quired routine which has been your diet for years, keeping up to date on mergers, stock dividends, earnings, and new issues? General Motors, Sears, Howard Stock Fund and others are good sources. You have customers by telephone or mail. Did you say you yourself, "What's the use, who wants to read about such things these days? Yes, or No?"

Did you make any calls on new prospects? Did you lunch with a very old customer, and gambled on your old friend's being willing to order again?

Did you make any new friends? Did you make any new friends? Did you write letters to make appointments with possible "new clients"? Did you ask any new customers if you could introduce you to a friend with a similar interest in doing business with you either Now or in the Future? Yes or No?

Did you go out of any of your customer's holdings? Did you an-
alyze their securities in the light of present conditions? Did you search for tax saving opportunities to present to them, or "switches" that might eliminate capital gains, and the future outlook for certain of their investments? Did you say, "How in the world can I bother with such things now, when the market is generally ready to blow up? Yes or No?"

Did you go to lunch with a new prospect? Did you lunch with a new prospect? Did you follow your usual routine of sitting down with several other men from your own office and proceed to rehab every gripe you might think of which you expected your firm, your business, your customers, and the horrible state of the world? Yes or No?

Did you finally get a telephone call from a customer who began to talk sensibly about buying something, or selling something, and your stocked mind could hardly believe it? Then did it oc-
cur to you that it might be that this fellow, who never cared an amount about the stock market, the blar-
ange is now ready to buy? And the caringen stock market as were you? Possibly some people might have thought you should GARDLESS? Yes, or No?

Not all of us are perfect. We all have habits which take emo-
tional to news, both good and bad. But why brainwash our-
selves to be more days of crisis, news border-
ning on panic, and probably the news that would go lower before they make a base and a calmer appraisal takes over. But everyone of us has a job to do in our country. Our markets must be sustained. The wheels of industry must continue to turn. People must eat, move from place to place and others for their children we fervently hope will be better than we have now. The individual can do to contribute to this rewarding ef-
cotters, he, may.

Natl' Conference Dinner Nov. 27

J. Peter Grace of W. R. Grace & Co., Harold C. Mayer of Bear, Stearns & Co. and Robert L. Stott of Wagner, Stott & Co., will be the guests of honor at the annual dinner sponsored by New York bankers and brokers for the bene-
fit of the National Society of American Catholics and Jews, to be held Tuesday, Nov. the Ameri-

William S. Renchard, President, Chemical Bank New York Trust Co., will be the keynote speaker. Tickets are $50 per plate event.

Dollars derived from the sale of dinner tickets will be turned over to the National Conference of Catholic work, as a worthwhile contribution to the welfare of your fellowmen and to your country.
The I.B.A.'s
50th Anniversary Convention
Since the inception of the Investment Bankers Association's annual convention 50 years ago, the CHRONICLE has continuously enjoyed the reputation of affording the most complete editorial and pictorial coverage of these significant meetings.

This year's 50th Anniversary Convention will be held on November 25-29, at Hollywood Beach Hotel, Hollywood, Florida. The CHRONICLE will publish its round-up special supplement on this historic event on December 20, 1962.

Advertisers interested in being associated with the most complete coverage of the forthcoming I. B. A. Convention should reserve their space requirements by December 1, 1962. Just call or write—

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Southern Company

The subsidiaries of the Southern Company have made substantial investments in new electric generating equipment, with a total cost of $1,343 million. The subsidiary companies have increased their generating capacity from 3,000 megawatts in 1962 to 3,300 megawatts in 1966. This increase has been made possible through the addition of new generating units and the expansion of existing units. The company has also made substantial investments in new transmission lines, with a total cost of $1,000 million. The company has also made investments in new water-cooling towers, with a total cost of $200 million.

The company has also made substantial investments in new distribution systems, with a total cost of $1,500 million. The company has also made investments in new metering equipment, with a total cost of $100 million. The company has also made investments in new communication systems, with a total cost of $150 million.

The company has also made substantial investments in new plant maintenance and repair programs, with a total cost of $250 million. The company has also made investments in new training programs for its employees, with a total cost of $150 million.

The company has also made substantial investments in new research and development programs, with a total cost of $100 million. The company has also made investments in new environmental protection programs, with a total cost of $50 million. The company has also made investments in new community service programs, with a total cost of $50 million.

The company has also made substantial investments in new safety programs, with a total cost of $50 million. The company has also made investments in new philanthropic programs, with a total cost of $50 million. The company has also made investments in new disaster preparedness programs, with a total cost of $50 million.

The company has also made substantial investments in new technological programs, with a total cost of $50 million. The company has also made investments in new legal programs, with a total cost of $50 million. The company has also made investments in new regulatory programs, with a total cost of $50 million.

The company has also made substantial investments in new marketing programs, with a total cost of $50 million. The company has also made investments in new distribution programs, with a total cost of $50 million. The company has also made investments in new pricing programs, with a total cost of $50 million.

The company has also made substantial investments in new customer service programs, with a total cost of $50 million. The company has also made investments in new community involvement programs, with a total cost of $50 million. The company has also made investments in new employee welfare programs, with a total cost of $50 million.
The election of William E. Singleterry, as a Vice-President of Irving Trust Company, New York was announced today by A. Murphy, Chairman of the Board.

Mr. Murphy said that Mr. Singleterry is assuming duties in the business development and public relations activities of the Bank immediately. His office will be located in the new quarters building at 1 Wall Street.

Mr. Singleterry was for 15 years connected with the Hanover Trust Company, Winston-Salem, N. C., where he was Vice-President and Director of public relations.

The Manufacturers Hanover Trust Company announced Oct 24 the election of Andrew Scharps as Vice-President and Treasurer. The appointment is effective Dec. 1, when Mr. Scharps will succeed Craig & Bartlett, who will retire.

Mr. Scharps, joined the Manufacturers Trust Company, predecessor institution, in 1926 and became an associate secretary in 1936, Assistant Vice-President in 1944 and Director in 1948.

He will be in charge of the Manufacturers Hanover Trust's investment portfolio department.

J. Irwin Miller, Oct. 25 was elected a Director of Chemical Bank New York Trust Company, New York. It was announced by Harold H. Helm, Chairman of the Board.

Mr. Miller is a director of The Indiana National Bank of Indianapolis, Indiana.

The Federation Bank and Trust Company, New York opened its 11th office October 27. The branch, which is at 570 Madison Avenue, is located at 1873 New York Avenue, is an associate of the "Neustand-Newkirk Office."

Robert E. Borstelmann, who has been with the Bank since 1958, has been named manager of the new fiile.

The Belgian-American Bank and Trust Company, New York, elected Bradford A. Warner, Senior Vice-President, to fill the vacancy created by the death of Richard L. Maloney, President of the New York Savings Bank.

Mr. Raphael Recanati, President of the Israel Discount Bank, New York, on Oct. 23 announced that Joachim N. Simon has joined the staff of the New Business Department of the bank.

J. Henry Schroder Banking Corporation, New York and Schroder Trust Company, New York announced that Gerald F. Beal, President of the two banks since 1935, has been elected to fill the vacant office of Chairman of the Board of Directors of the institutions. He has been succeeded as President by John I. Howell, heretofore Senior Vice-President, who was also elected a Director of the bank.

It was further announced that Y. J. van der Zee, Mr. Beal's nephew, has been elected Vice-Chairman of the Board and that R. K. Maclean, Jr., has been elected Executive Vice-President. They previously were Senior Vice-Presidents of the bank.

Mr. Beal has been associated with the Schroder group since the establishment of J. Henry Schroder Banking Corporation in 1923.

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in recent weeks, President Kennedy has been alternately demanding and pleading that Congress give its approval to his legislative proposals be defeated at the polls. Coming Tuesday will be in place of those who urge "drop anchor," he has urged the election of men who want to "sail with" him. But where he wants to sail, and why so many Congressmen want to "drop anchor," is a question the President has seen fit to answer only in the absence of public discussion.

Nevertheless, there are many businessmen who know too well "the crooks" in whom they want to sail, and they desperately hope Mr. Kennedy is forced to remain localized for the balance of his stay in the White House. While the President has been fairly successful in coercing them into obeying his arbitrary edicts since he took office, every detail of his power was not derived from specific legislation. Instead, President Kennedy's force is the edict of a legal principle, the writ of the Constitution in the government of all the United States. The President can certainly use the strength of President Kennedy's power to control the use to which private property is put, and to provide for its price in interstate commerce; no interstate public utility may build a power plant; no sizable firm may engage in any activity or plan a merger.

...property still rests in the hands of private citizens, but the rights attendant to private property have been destroyed. These seven government agencies have obtained such power to control the use to which private property is put, that, for all practical purposes, there is no longer a legal principle. There is no such thing as private property without property rights. Property rights are defined by the Constitution as individual rights — the right to life, liberty, and the pursuit of happiness — are indivisible. You can't have one without the other.

Indivisible Rights

This interdependence between private property, property rights, and individual rights was analyzed in detail in a previous column.

The right to acquire, use, and dispose of property and the values accumulated therefor is the essence of property rights. One cannot claim to own property if the power to control the use to which property is put, or the power to determine how the property is to be used, whether or not it can be used at all, and if used, its price can be charged for its disposal. If all the attributes of property are denied and withdrawn from the property owner, then the concept of property rights is meaningless.

To possess the right to life without possessing the means of survival, is a contradiction in terms; to possess the right of liberty (the freedom to act in one's own self-interest) without violating the rights of others (or the right of property), is a contradiction in terms; to possess the right to pursue happiness without possessing those things which make it possible to achieve the values which bring him happiness, is a contradiction in terms.

Challenge to Business

The whole business community must challenge the all too prevalent idea that "some government regulation is necessary in order to preserve free enterprise." To maintain free enterprise or any freedom at all is possible in a society devoid of rights — a society in which both extra-legal and legal control of business by the government is prohibited.

Interest Rate Outlook for Remainder of This Decade

Continued from page 9

In the early years, after the war, Europe and Japan, and the task of rebuilding their war-torn economies, the only way to obtain funds for the purchase of new homes, was from foreign lenders, and these lenders were often not willing to fund "ineligible" countries to earn the dollars needed for repair and construction, and stabilize the development of backward countries. During the past 10 years this picture has changed dramatically. The economies of European nations and Japan have been rebuilt with new, up-to-date plant and equipment and the United States is now experiencing a favorable growth rate. Operating on comparatively low costs, relative to the rising cost levels in the U.S., during the postwar period, Congress has found itself increasingly competitive with American with American finishes. Adding to this, the burden of paying for military establishments needed to meet the challenge of a Cold War, have been added to the "Fourth Branch of Government." But while tense and anxious businessmen await the election results, there is a hope that a group of government agencies whose existence already has received full legal sanction can do something for the very essence of America's free enterprise system. Under the Secretary of State's authority, the U.S. government has, in practice, the power to control the use of its citizens' property for the use of another government. It is imperative that the Congress make its position clear on the future course of interest rates.

The U.S. government has in recent years placed so much stress upon reducing and ultimately eliminating the importance of the future of interest rates. In view of the balance of payments problem, a paramount objective of the Administration has been to prevent any resurgence of inflation because a further rise of prices in the U.S. would injure the ability of America's industry to export goods and services, and force foreign users to fear devaluation of the dollar and thus to demand them to remove their short-term assets from the U.S. Accordingly, the balance of payments problem forced the Administration to follow fiscal and monetary policies much less expansionary than the price increases would seem to warrant.

As noted earlier, the government has been required to place a floor under short-term interest rates at about 2% level in order to avoid an outflow of short-term funds. The floor under short-term rates, in turn, tends to place a floor under long-term interest rates.

There is little doubt that the Administration has taken important steps toward reducing the deficit in our balance of payments. The hope and firm objective is to close the deficit complete ly in 1963. It remains to be seen whether the Administration's efforts will be successful. Even though we would prove able to bring our international accounts into balance, it is clear that, with the huge liquid assets held by foreigners and foreign central banks, our ability to purchase foreign exports will be severely limited by our ability to purchase foreign exports. The free gold available for foreign demand amounts to only $2.4 billion, as against the liquid assets of $24 billion held by foreign and foreign central banks in the U.S.
on profits, this is likely to be a consuming preoccupation for some time. Here again the significance of interest rates is that profit expectations do not make for a high rate of capital spending.

Removal of Inflation Fears
A final important difference in economic conditions as between the Fifties and the Sixties has been a bearing on the course of interest rates is that the Fifties were characterized by "creeping inflation" and public fear of inflation, whereas there are good reasons for believing that inflation will not be a serious problem during most of the Sixties. Among these reasons are: (1) the persistence of slack in our economy in the form of unemployed labor and plant capacity, a condition which militates against rising prices; (2) the competition of foreign products and intensified competition in home markets; and (3) the absence of large backlog of demand such as characterized much of the Fifties. If it should be true that the general price level is much more stable in the Sixties, then the strong upward pressures which caused the fear of inflation put on interest rates will be absent in this decade. With greater price stability there will be not the inflation demanded by capital funds. Also, without fear of inflation the public will be more willing to entrust their savings to the banks and so invest the bulk of their funds in bonds and mortgages. Thus the flow of funds available for interest-bearing obligations may be enhanced.

Accordingly, some of the conditions which encouraged a pronounced rise of interest rates in the Fifties may be absent, or much less strong, in the Sixties. At the same time, some new conditions in the Sixties, such as our changed international position, may act to maintain interest rates at high levels.

Envisaged Increased Demand For Credit
The moment of truth has now arrived. What can be said specifically about the outlook for: interest rates in the remainder of this decade? First, it seems clear that early this year the place of credit will continue to show a market rise in the next several years, whereas the Fed is expecting things are: (1) Toward the end of achieving high employment and a faster rate of economic growth, appropriate steps will be taken by the Federal Government in the field of corporate taxation to encourage a much higher rate of capital expenditures; (2) the rising rate of spending for industrial research and development will continue, producing an increasing volume of investment expenditures by business and industry; (3) Exploitation of opportunities in the space race will call for a strongly rising capital expenditures; (4) Capital spending in all forms will result in some stimulus from a moderately rising rate of family formations, particularly in the latter years of the decade. For these reasons, and others, therefore, the total demands for credit should show a pronounced expansion in the next several years.

At the same time, we believe the climate of the next several years should be conducive to a healthy expansion of our aggregate national savings to meet the expansion of capital demand. This will mean, in practice, a further increase of the degree of strength and stability in the general price level, which I expect will be the case. My guess, therefore, is that we shall witness a better balance in the Sixties between the total demand for loanable funds and the total supply.

As suggested earlier, I expect that in formulating domestic monetary, fiscal, and debt management policies the Administrations in power in the remainder of the decade will be required to pay careful attention most of the time to the implications of their policies with regard to our international accounts. Domestic policies in capital formation may have to be keyed to the desirability of keeping our rate level line with interest rates abroad. In view of the likelihood that capital demands will continue to press against the supply of funds available in most countries of Europe and Japan, not to mention countries in our own hemisphere, the competitive rate level among us is likely to remain quite high.

My conclusions about interest rates, therefore, as follows:

**Predicts Long Run Interests Rate Stability**

We are not likely to witness renewed upward trend of interest rates in the remainder of this decade such as characterized the Fifties. If it should develop it is not likely to occur until the later years of the decade.

At the same time, it seems highly improbable that we shall experience a serious and sustained decline of interest rates in the next several years. The prospects are for a much broader balance between the demand for and the supply of loanable funds in the remainder of this decade at around the present level of rates. International balance of payments considerations will militate against any sustained decline in rates.

The most likely prospect is that during the remainder of this decade interest rates will continue to move in a rather narrow range around an average level somewhat to the high of 1960 and 1963, the present level.

The future course of interest rates will depend very heavily upon how well we avoid a new round of inflation, how successful we are in eliminating the deficit in our international balance of payments, and how successful we are in stimulating a much higher rate of capital expenditures by business and industry, to mention three main considerations. My expectations about interest rates in the remainder of this decade are based heavily on the assumption that we shall avoid a resurgence of inflation. If this assumption should prove to be wrong, and if the price level should begin to move upward, and the general public should again be infected with an inflation psychology, then interest rates would certainly move upward consonantly higher than obtained in early 1950s.

(6) Obviously, as was true in the Fifties, interest rates will experience some cyclical fluctuation in tune with cyclical fluctuation in general business activity, but the momentum has been in the main with the dollar as a whole.

**Implications for Insurance Industry**

Finally what are the implications for the life insurance business of my views about interest rates in the remainder of this decade. If it does turn out that interest rates move within a narrow range around a relatively high level of 1960-1962, then it seems certain that the life insurance companies will continue to experience a significant rise in the average rate of return on their investments. In 1961 the average net rate of return for the industry as a whole was 4.2%. During the next several years, insurance companies will continue to experience a still higher rate of return. In 1962 the average rate of return for the industry as a whole was 4.6% lower than the average. At the same time, their new investments would prove considerably higher than the average. During the past three years the interest rate of improvement in the net income yield was about 12 basis points; the annual rate of improvement will decline if my views are anywhere near correct. It seems likely, moreover, that by 1970 the average net rate of return on life insurance company investments as a whole, will exceed 4½% and may actually be closer to 5%.


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**Woods Named President of World Bank**

At a meeting held Oct. 24, the Executive Directors selected Eugene R. Black as President of the World Bank. Mr. Woods also became ex officio, President of the International Development Association and Chairman of the International Finance Corporation, the bank's two affiliated institutions. Mr. Black intends to retire on Jan. 1, 1963.

Mr. Woods is a banking executive, with extensive international and corporate experience. From 1937 to 1960, he was a partner in the New York law firm of Harris, Forbes & Co. at the age of 17, and served with the firm until he joined the First Boston Corporation, an outgrowth of the Harris, Forbes firm, in New York in 1954. He has been Chairman of the corporation since 1958. During his years of service in the United States Army from 1943 to 1945, rising from private to Colonel in the G.I. Staff Corps.

Before taking up his new appointment, Mr. Woods will resign as Chairman and Director of First Boston.

Mr. Woods has been closely associated with the activities of the World Bank for more than a decade, and has played a prominent role as a lead investment banker, in the distribution and sale of World Bank bond issues since 1945. He has frequently given his time, without pay, to special missions undertaken at the request of the World Bank. For example, in 1952, he visited India to help arrange the amalgamation of the State Bank of India with the Indian Iron & Steel Co., Ltd., a prelude to World Bank lending to Indian Iron and Steel's production facilities. Later, in 1955, he visited China, to help local and overseas investors to form the Industrial Credit and Investment Corporation of India and the Pakistan Industrial Credit and Investment Corporation. These two institutions are now important sources of finance for the capital needs of government and private industries, and each has received World Bank loans to promote industrial growth. In 1958, Mr. Woods served as financial consultant to the World Bank in its settlement of the dispute between the United States and the Republics shareholders of the Suez Canal Company over the question of compensation for the nationalization of the Canal.

Early in 1962, Mr. Woods was one of five investment bankers appointed to the United Kingdom and the United States who agreed to serve on a provisional board to the International Finance Corporation, a World Bank affiliate which makes medium and long-term loans organization serving the Delaware Valley trading area, according to Aaron M. Gold, the chairman. Mr. Frick is also a director of Investors Loan Corp., Pennsylvania National Bank and National Bowling Lanes, Inc. He is a member of the Executive Division of the United Fund Torch Drive.

Other members of the Oxford board are Joseph H. Rothenberger, President of the Woods Co., and Sidney L. Leas, Treasurer; Benjamin S. Loewenstein, Secretary; Emanuel Friedlander, Chairman and Vice-President of the Cambridge Acceptance Co., Inc., which was recently acquired by Howard Newmark, President of Howard Newmark's Investment Corporation; John M. Randolph, President of the State Bank of Boston; Benjamin S. Sullivan, Executive Vice-President of Blair & Co., Inc., and Howard S. Teal, Jr., Chairman of the Department of Economics at Harvard College.
Stocks Next Spring Will Be Higher Than Today

Continued from page 3

ever aggressive in developing foreign markets since World War II. Consumption per capita overseas is running at a rate of about 20 percent higher than in the United States. In many respects, foreign markets resemble the domestic, one or two years ago.

The most noteworthy change in the domestic market over the past ten years has been Pepsi-Cola's successful challenge to Coca-Cola's dominance in the soft-drink industry. Pepsi-Cola's sales rose from $47 million in 1951 to $186 million in 1961. Net income rose during the same period from $0.06 a share to $2.31. 1961 earnings will be penalized by heavy market development expenses, particularly in Latin America and in the Caribbean. Nevertheless, final results should have been considerably above last year's report. The 1962 expenditures should begin to bear fruit next year, and Pepsi-Cola's per share earnings per share will show a substantial upward move.

The stock sells at about 83-1/2 on a fully-normalized earnings basis. The $1.40 annual dividend yields 5.7%. As a vehicle which provides both income and a defensive characteristic, we believe that Pepsi-Cola has considerable appeal in the market.

American Sugar Refining

The domestic sugar market is one of the most stable ones in the American economy. Consumption running about 98 pounds per capita per year, it is about 15 pounds below the average of any secular growth trend, the company, between 1931 and 1961, was able to double its earnings from domestic sugar refining operations. Net income has risen from $3.41 per share earned entirely from domestic sources, to $13.05 per share earned from both domestic and foreign sources. Earnings in the first half of 1962 have advanced to $1.67 per share for $0.31 per share, and the full-year figure to be in the neighborhood of $4.30 per share.

The company's strong position is derived from its control of a massive capital program which totaled $33 million during the past three years. By increasing the rate of capital expenditures are in a relatively strong position.

Current depreciation is about $7.5 million, or more than $9.00 per share. With this heavy inflow of cash from extensive internal sources for capital funds, we believe that a liberalization of the $1.75 annual dividend is likely.

The stock sells at 39 on the New York Stock Exchange. This is only 0.7 times estimated 1962 earnings. The price-earnings ratio is 4.5.

Pabst Brewing

For 20 years, the age group in the United States which accounts for 29.3 percent of the population, has declined steadily as a percapita basis, and this trend shows no sign of abating. There will be an increase by approximately 50% in total numbers. It would be difficult to overemphasize the importance of this demographic fact in the Brewers industry itself was characterized by a relatively competitive struggle for a relatively static market.

In the past, the competitive struggle has been an all-out shakeout with a few national brewers surviving as dominant market factors.

A new management took over Pabst in 1959. The decision of the company was floundering and restored it to a major position in the industry. Sales increased in sales to 5.2 million barrels was made after a major national brewer. An effort was made to keep this place this year and Pabst has served as a strong challenge for Schlitz for second place in the industry.

Following deficiencies in 1959, 1961 and 1962, the company had net earnings of $0.28 in 1962, $0.45 in 1962, and $1.10 in 1961. The 1961 earnings, however, include tax savings of about $0.15 per share. 1962 results will be reported without these tax benefits. Nevertheless, another worthwhile increase is expected. Something like $1.30 per share seems to be in the cards.

The stock sells at 11 Over-the-Counter which is a time when estimated 1962 earnings. The $0.50 paid this year yields 4.5%. If the current trend continues, earnings in the next few years, and we believe they will, it should be a good chance that the 1963 dividend payment will be sweetened.

Occidental Petroleum

The common stock of Occidental Petroleum represents one of the recent success stories, marketwise, of the Occidental Petroleum Corporation, October 1961-October 1962, and now stands at $21 1/4 per share. At the beginning of the year, this stock had advanced to the 14 to 15 range. During the first week of October, the stock had declined to 8 1/4. Then the company announced the discovery of the second largest gas field in California. This announcement caused the price of the stock to advance to a high of 27 3/4.

The operations of this oil and gas prospecting company are not exactly what one would call certain. It is certainly unusual in its struggle to succeed. In 1962, it should approach $2.20 per share. The company is well managed, and we believe that the company will have a chance to move ahead on the basis of its operations. We believe the stock has interest than its price.

Robinson Technical Products

The stock of this company is traded on the American Stock Exchange. At its current price of 20, the $1.00 annual cash dividend yields a 5% return. A dividend payer since 1968, it is a prominent manufacturer of metals handling equipment. Its recent earnings of $1.25 per share, $0.51 in the comparable period of 1961, and $1.26 in 1962 should approach $2.20 per share. The company is well managed, and we believe that the company will have a chance to move ahead on the basis of its operations. We believe the stock has interest than its price.

Canada Southern Petroleum Ltd.

A stock is never a good speculation simply because it sells at a low price. However, sometimes a low-priced stock is a good speculation for fundamental reasons. We think Canada Southern Petroleum is a low-priced stock that has substantial potential. Selling currently at 3% on the American Stock Exchange, it is trading at approximately 64% of its original offering price of $20.25, against 549,800 shares outstanding, and at a $2.56 per share earnings of over 25% for the year ending March 31, 1962.

The company's earnings of $20 per share, and the substantial growth of the past three years, continued at a low level, but the company has been substantial growth in the past. The company is well managed, and we believe that the company will have a chance to move ahead on the basis of its operations. We believe the stock has interest than its price.
recently drilling on Canadian Southern properties—at no cost to Canada Southern. By way of example, Pan American is now digging a hole on permit 1997 in northeastern British Columbia, and Pan American is paying all of the cost of the well. The drilling is 45% interest, while Pan American has only a 25% interest. Canada Southern has only a 50% interest, so the operator of the well will be receiving a better-than-average interest. The other 50% interest will go to Pan American.

—A speech by Mr. Prud'homme before the National Association of Investment Clubs, Philadelphia, Pa., Oct. 21.

Robert E. Moroney

HOUSTON, Texas — Robert E. Moroney has announced that he is retiring from the business world on Jan. 1, 1963, after 35 years of service with textile investors and businessmen. Mr. Moroney said that he will engage in church work which will occupy all of his time after he leaves the board of the board of Moroney, Beissner & Co.

Mr. Moroney began his long record of service to Texas business and textile industry in 1927, when he moved from Chicago to Houston to join the firm of Moroney & Co. He was with the Dallas firm, and became a partner in 1929. He was then named President of the Guaranty Company of New York, affiliated with the Guaranty Trust Company of New York, and served as a director in that company before moving to Houston.

In 1928 Mr. Moroney became a director in Dunn & Carr and in 1929 the firm was named Dunn, Moroney & Co. Mr. Moroney expanded the interest of the estate of Laurence Carr in 1934 and the firm’s name was changed to Dunn, Moroney & Co.

In 1942 the firm was named Dunn, Moroney & Co. after Henry M. Beissner became a partner. Mr. Moroney then became President of the Guaranty Company in 1946, when he was named Chairman of the Board and Mr. Beissner became Chief Executive Officer.

The only period in the last 45 years when Moroney, Beissner & Co., Inc. and its predecessor firms were not actively conducting their banking and stock brokerage business was a three-year period during World War II when the entire executive personnel were in the Armed Forces. Both Mr. Moroney and Mr. Beissner were in the Navy.

Its firm’s offices in the Bank of the Southwest Building and is a member of the Midwest Stock Exchange. Its principal officers are Mr. Moroney, Francis L. Abshire, Ernest L. DeLisle, John G. Carr, Sarron W. Fiedler, G. Eisenstat and John D. Mackinon.

Mr. Moroney is completing his third year as a member of the Board of Governors of the Investment Company Institute. He is a past president of the National Security Traders Association.

The SECURITY I LIKE BEST...

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projected rapid increases in the availability of federalization of school facilities. Foreign sales, and entrance into the small 1963, Mr. Carver, who was chairman of American Savings & Loan Association, demonstrated an ability to maintain earnings during cyclical downturns. For example, per share earnings $1.57 versus $1.35 in 1957, even though total company profits $26.4 million from $38.1 million. For example, a 25 cent dividend was paid in 1962, having been outstanding for the first nine months of its fiscal year 1963.

It is evident, then, that the stock should benefit from the rapid pace of new hotel construction.

Mr. Carver, who recently retired from Ling - Temco - Vought, the Vought Industries mobile home division, is still chairman of record. In 1960, this division lost $760,000 on sales of $45 million, while in 1961 $1.5 million was lost on $36 million in sales. Since acquiring Vought Industries, Divco has made several significant changes in its operations. Various Vought plants have been sold, and sales, purchasing, and financing policies have been tightened, and industrial trends have been instituted. The division’s breakeven point has now been reduced to the $24 million sales rate and a further increase in this breakeven point is expected to follow. These moves, mobile home operations have gone into the black, and are expected to show a $5 million annual profit rate. By next year, Divco expects to be earning better than 10 cents on the dollar from sales, and the company’s growth division will reduce its tax liability to the extent that the earnings involved per year are still being determined.

Future prospects for the mobile home division are bright. There are now many small marginal manufacturers in the industry, offering Divco-Voyage, a good chance to increase its market share. With the growth of the mobile space, and possibly faster, the mobile homes will be sold in certain special markets, such as retired couples and new-lyeds. In addition, improvements as offices, for classes rooms and dormitories will further widen the market for mobile homes. If growth potential may ensue from a proposed entrance by Divco into the home improvement, and possibly popular, is still the company’s potential market.

If undertaken, this step could provide the company with a large direct source of sales and financing prospects.

In 1961, Divco-Voyage’s wholly owned sales subsidiary earned $207,000 after taxes, against $144,000 in 1960, and thus contributed $80,000 to the company’s consolidated net earnings, against $90,670 in 1960. Net installment receivables decreased $2.5 million from $7.5 million from $8.8 million in 1961. Currently, the subsidiary is handling $50 million in monthly monthly. This volume is expected to double, and now is expected to be handled by the company of about $1 million during fiscal 1963.

Divco-Voyage’s earnings in fiscal 1961 were its lowest since the company’s formation in 1965. A $1.15 per share dividend was paid in the first quarter of the year, and the company’s net income was $2.7 million.

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strong financial position. At the end of its October 30, 1961, fiscal year, its current ratio was 4.9 to 1, and its working capital, equal to total current liabilities. The cash required to purchase Vought Industries mobile home division, capital requirements have been supplied through a recent increase in long term debt, which now totals $7.5 million. Divco sells common stock are now outstanding any further trading, outstanding to buy another 11,861 shares. Management owns about 7,413,000 shares, with an other 51,000 shares being held by the officers and employees.

The stock is listed on the New York Stock Exchange.

Year’s Gas Sales Set New Record

For the first time, total gas sales for a 12-month period crossed the 100 billion therm mark in August, according to the American Gas Association.

During the 12-month period ending in August 1962, the gas utility and pipeline industry total 100,872,618,924 therm the 100 billion therm mark, a new record. This was an increase of 6.3% over the 94.7 billion therm mark during the previous comparable period, A. G. A. reported. One therm is equal to 1,000 cubic feet of gas at 60 degrees Fahrenheit and 29.92 inches barometric pressure (Btu's).

In the period, natural gas sales increased 6.5% to total 97,999,999 million therms. In the same period, electric generation of gas amounted to 91,967 therms. Sales of manufactured and mobile homes for the 12-month period totaled 2,233 million therms, down 22.2% from the 2,285 million therms in the same period in 1961.

Residential, commercial and other gas sales increased 7% and industrial sales, representing 49.6% of total gas sold, gained 5.6%.

New Service for Underwriters

NEW YORK, N.Y.—A service to assist underwriters in communicating with the aftermarket has been announced by George R. Nichols Inc. The firm offers to underwriters the preparation and printing of press releases on issues they have underwritten.

The underwriting service was prompted by the need for outside preparation of the reports because of the large number of research writers' research departments, George P. Nicholas, President, said.

Supervising the progress report service is Joseph B. Maguire, financial relations director. Miss Judie wrote progress reports of recent issues for Anah C. Noel & Co. while a security analyst with that firm.

E. H. Nelson Joins

McCarley & Co.

TRIYON, N.C.—Edward H. Nelson has joined the sales staff of McCarley & Co., member of the New York Stock Exchange, and will become manager of their Triyion office, 228 Pacolet Street. Formerly, Mr. Nel- son was proprietor of his own firm, E. H. Nelson & Co., at St. Pauls, Va., and prior thereto was a partner in Gregory & Sons, New York City.
As We See It

the men and women who will elect him have always wanted, or at any rate what they have now become convinced that they want. In no very real sense is politics—if by that term we mean policy-making—left to the politicians; the public, at least in the degree, politics effect popular thought.

If by "politics" is meant all those techniques and devious tricks by which the voter works for the man he believes is more likely to be the deciding one in a race characterized as it is by the immense vigor the leading lights of the party are putting into the discussion of important national and world issues. This is neither new, nor surprising. That is the way these matters are usually gone. An analysis is a sad commentary upon our democracy that these local professional vote getters are for all practical purposes quite right. What the usual voter wants to know is what this, that, or the other candidate has done or can do for his town, district, or state. When he has reached a decision in this matter he is ready to cast his vote.

But this habit of placing group interest above all else is not confined to local affairs. The farmers long ago "got into politics" and they have demanded and succeeded in getting special legislation for their exclusive benefit, and apparently have no idea of giving any of it up. Their pressure upon lawmakers in Washington, and for that matter in the state capitals, appears to be almost irresistible. In point of fact, the favors that have been granted the agriculturists of this country during the past half century, and particularly during the past quarter century, are not matched, so far as we can recall, by any other self-seeking group.

Organized Labor, Too

Organized labor also "went into politics" and the unions have succeeded in getting themselves and their members free from the rigors of the anti-trust laws, and in actual practice from a number of other laws. Where they have not forced through changes in the statutes, and where their influence has not been adequate to bring court decisions largely into conformity with their wishes, local law enforcement officials have again, and again looked the other way when unions and their henchman quite openly and quite definitely presented the law of the land, as applied to others, had no meaning for them. Without any doubt the failure of business to proceed with larger plants has been due, in large measure, to the reluctance of organized labor to "grow" as the Administration wishes is in very substantial part traceable to the policies and the practices of labor unions, particularly in those industries where they have a practical monopoly.

Partly as a result of the labor situation industry has been driven to many policies—in the matter of tariffs, subsidies and the rest—which tend in one sense to place it in the same category of self-seeking as other organized groups throughout the country. Of course, it is true that business generally has been fighting for noose reform and other changes in the situation which would be of large benefit not only to business but to us all. The trouble, or one of them, is that the "progressives" and some of their fellow travelers have succeeded in largely discreditizing business and businessmen when people do not come to the formulation and defense of national policies. It is here that business, and all the rest of us, would benefit from the entry of business into politics in the sense that the technique of being effective is the goal.

Bank of New York

Inv. Seminar

The Bank of New York will conduct an investment seminar for correspondent banks and other institutional customers at the University Club, 1 West 45 Street, New York, N. Y., on Thursday, and Friday, November 1 and 2, it has been announced by Albert C. Simmonds, Jr., Chairman of the Bank.

A wide range of subjects in the field of investments will be discussed at the two-day meetings. These will include a discussion of the economic outlook for Western Europe, the balance of payments and a discussion of recent developments abroad by Samuel C. Waugh, the Bank's Washington correspondent and former president of the Export-Import Bank.

Following this discussion of the international scene the Bank will set forth its current views on the domestic economy. This will be followed by panel discussions covering all major industries, with emphasis on comparative values of securities.

After luncheon on Friday, the seminar will conclude with a sum-up by the Bank's officers concerned with the overall outlook.

Walter E. Heller

Private Placement

Walter E. Heller & Co., Chicago, has announced the private placement of $25,000,000 in senior notes due Oct. 1, 1982. The placement was negotiated by New York Securities Co., New York City and Dean Witter & Co., San Francisco.

Proceeds will be used to finance the company's increasing volume of business.

Walter E. Heller and its subsidiaries provide working funds for financing by the sale and other operations of a widely diversified group of clients.

President—Earl L. Hagensieker, Reinholdt & Gardner, St. Louis.
First Vice-President—Alfred F. Tiach, Fitzgerald & Company, New York.
Second Vice-President—Allen L. Oliver, Jr., Sanders & Company, Dallas.
Secretary—Joe E. Hutton, Equitable Securities Corporation, Nashville.

The Bank has also announced the following program for the 29th Annual Convention in Boston November 4-8.

SUNDAY, NOVEMBER 4—
12:00 P.M. Registration
6:30 P.M. Cocktails, Cabana Gardens
8:00 P.M. Dinner, Pat's Satellite Dining
MONDAY, NOVEMBER 5—
9:00 A.M. National Committee Meeting
10:00 A.M. Ladies' Painting Lesson
2:30 P.M. Beach Activities and Contests
6:30 P.M. Cocktails, Cabana Club
8:00 P.M. West Indies Party, Siers, Cabana Club
TUESDAY, NOVEMBER 6—
8:30 A.M. Past Officers and Affiliate, President's Breakfast
9:30 A.M. Golf Clinic
9:30 A.M. Fishing Trip
2:00 P.M. S.S.C. Forum, Philip A. Loomis, Jr., Director Trading and Exchanges Division
3:00 P.M. Cocktails, Cabana Club, Garden Royale. Dancing
5:30 P.M. Dinner, Speaker: Mr. Kemmons Wilson, Chairman Holiday Inn of America, Inc. Subject: The Holiday Inn Story
7:00 P.M. Movie, Bridge Tournament
12:00 Midnight, Splash Party, Cabana Club
WEDNESDAY, NOVEMBER 7—
9:00 A.M. Golf Tournament and All Sports
8:30 A.M. Inland Waterway Boat Ride
2:00 P.M. Inland Waterway Boat Ride
8:00 P.M. Dinner
10:00 P.M. Monte Carlo Night
THURSDAY, NOVEMBER 8—
9:00 A.M. National Committee Meeting, Election of Officers
12:00 P.M. Cocktails by Starny, Cabana Club
1:00 P.M. Luncheon, Cabana Club
3:00 P.M. Seminar of Regional and Area Chairmen, O.T.C. Public Relations and Education Program
6:30 P.M. Cocktails, Cabana Club, Reception for Incoming Officers
8:00 P.M. Dinner and Presentation of Officers, Dancing, Entertainment

NATIONAL SECURITY TRADERS ASSOCIATION
The National Security Traders Association has received the following slate of officers for 1963:

Earl L. Hagensieker
Alfred F. Tiach
Allen L. Oliver, Jr.

Joc E. Hutton
S. J. Sanders

President—Earl L. Hagensieker, Reinholdt & Gardner, St. Louis.
First Vice-President—Alfred F. Tiach, Fitzgerald & Company, New York.
Second Vice-President—Allen L. Oliver, Jr., Sanders & Company, Dallas.
Secretary—Joe E. Hutton, Equitable Securities Corporation, Nashville.
Investment Bankers Association
50th Anniversary Convention

The 1962 Annual Convention of the Investment Bankers Association will be held in Washington, Florida, beginning on Sunday, November 25, and ending on Friday, November 30. The Hollywood Beach Hotel will be the headquarters hotel. The former will be the headquarters hotel and the business sessions will be held there.

The business sessions of the convention will be a Municipal Forum on Sunday afternoon. There will be two business sessions each morning from Monday through Thursday. The Monday session will be on Women's Rights and the Government of the U.S. on Tuesday afternoon, and includes a program commemorating the Association's Fifth Anniversary, during which Television Star Art Linkletter will speak. Governor Rockefeller will deliver the opening address.

Tuesday—LaMont D. Caygill, President, E. I. du Pont de Nemours & Co.


Thursday—Earl L. Butz, Dean, School of Agriculture, Purdue University.

In addition, there will be meetings of the Board of Governors and many of the National Committees of the Association which will hold meetings this year. Their annual reports at the convention sessions. No business sessions are planned for Friday, nor, with the exception of the Municipal Forum on Sunday afternoon and a meeting of the Board of Governors on Sunday afternoon, are any planned for the afternoons, which will be left free for recreation.

The Board of Governors will submit to the convention the Regular Ticket for 1962-63, as follows:

For President—Anayas Ames, Kidder, Peabody & Co., N. Y.

For Vice-President—David J. Harris, Bache & Co., Chicago, Illinois.


The regular fee for the convention will be $60 per person. It will apply to each man and woman registered for the convention with certain exceptions including Past Presidents of the Association and their wives, who may be assigned to rooms at the hotel and may be made payable to the Association and forwarded to its office in Washington with the form for convention registration and hotel reservations.

All reservations for rooms in the various hotels at the convention must be made through the Association's office on the form for convention registration and hotel reservations.

Rates at both hotels will be on the American Plan and will be $40 per day for double occupancy and $23 per day for single occupancy. As the rooms which can be assigned for single occupancy will be limited, it is recommended that arrangements be made to share accommodations. If there are no applications for an additional room, this may be necessary to assign rooms.

Rates at the Hollywood Beach Hotel will be $15 and $20 per day, depending upon size and location—at The Diplomat, $20 per day.

A few apartments will be available at the Hollywood Beach Hotel. They are located in close proximity to the hotel, and are operated by the hotel with full hotel service. Each apartment contains a double room and sitting room. Each sitting room contains a day bed, so an apartment can comfortably accommodate three persons. Rates will be $84 per day for two persons and $60 per day for three. In addition, the HBH Beach Club, which is also operated as an annex of the hotel, will be used if the attendance should require it. Rates will be $36 per day for double occupancy and $18 per day for single occupancy.

A limited number of early arrivals can be accommodated by reserving their rooms, and a limited number of reservations can be continued for a few days following the convention. It will not be necessary for those concerned to make separate reservations for the pre-convention sessions, as the hotel will indicate their arrival and departure plans on their reservation forms. It may, however, be necessary for them to change rooms at the opening of the convention.

Requests for cabins at the Hollywood Beach Hotel pool should be made through the Association's office. As the number available will be limited, it is hoped that members will combine their requests to a single room, and will accommodate six or eight persons, and no application will be considered unless at least four persons are specified as occupants. The rate for the four-night period will be $112 per day. Additional persons will be available at The Diplomat at the same rate, but it is not planned to accept applications here, and those desiring them should make their arrangements after arrival.

Convention Transportation

NEW YORK SPECIAL CARS

Special cars from St. Louis will be operated on the City of Miami, the route of which is Illinois Central Railroad to Birmingham, Central of Georgia Railway to Albany, Atlantic Coast Line between Richmond, and Boston & Maine to New York. The schedule will be as follows:

| Lv. New York | Saturday, Nov. 24 | 11:30 A.M. |
| New Haven | 1:10 A.M. |
| North Philadelphia | 3:10 A.M. |
| 30th St., Philadelphia | 3:50 A.M. |
| Baltimore | 4:50 A.M. |
| Washington | 6:00 P.M. |
| Richmond | 6:25 P.M. |
| Ar. Hollywood | Sunday, Nov. 25 | 11:30 A.M. |

Return Schedule

Lv. Hollywood | Friday, Nov. 30 | 11:30 A.M. |
Ar. Richmond | Saturday, Dec. 1 | 3:45 A.M. |
Ar. New York | Thursday, Dec. 6 | 11:30 A.M. |
Ar. Baltimore | 3:45 A.M. |
Ar. Boston | 8:45 A.M. |
Ar. New York | 9:30 A.M. |
Ar. Newark | 10:33 A.M. |
Ar. New York | 10:50 A.M. |

PULLMAN RESERVATIONS: Pullman reservations for the going trip will be handled through the New York Transportation Committee, of which Richard C. Vivian, Dean Witter & Co., 4 Wall Street, New York, N. Y., is Chairman. One-way Pullman fares to Hollywood are as follows:

| Room Comp. Bedroom Bedroom Duplicates | New York | $68.31 | $50.08 | $47.19 | $31.87 |
| Newark | $68.31 | 50.08 | 47.19 | 31.87 |
| Philadelphia | 68.31 | 50.08 | 47.19 | 31.87 |
| Baltimore | 68.31 | 50.08 | 47.19 | 31.87 |

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the hotel desk. Richard C. Vivian, prior to 5:30 P.M. on November 22. Refunds cannot be made on cancellations which are not made prior to date of departure.

Full reservations for the return trip of the special cars should be made through Dr. A. Kornhoff, Passenger Sales Representative, The Pennsylvania Railroad, Room 401, Pennsylvania Station, New York, N. Y. The earliest possible date in order that satisfactory arrangements may be completed. If this is not possible, or if plans change, they may be made through the railroad representatives who will be present at the Hollywood Beach Hotel during the convention.

RAILROAD TICKETS—Railroad tickets should be purchased from local agents. Those attending by going Pullman reservations will not be able to supply them. Round-trip railroad fares to Hollywood from points served by the special cars are expected to be as follows:

| New York | $120.98 |
| Baltimore | $90.41 |
| Newark | $119.85 |
| Philadelphia | 78.30 |

ST. LOUIS SPECIAL CARS

The Executive Committee of the Bank Women's Club of St. Louis, Missouri, has made arrangements for a special car to be run by the Illinois Central Railroad to New York. The schedule will be as follows:

| Lv. St. Louis | Friday, Nov. 30 | 10:20 A.M. |
| Ar. Hollywood | Saturday, Nov. 24 | 5:00 P.M. |

PULLMAN RESERVATIONS—Reservations (with check) should be made through Harry Theis, Stilfox, McClure & Company, 311 North Michigan Avenue, Chicago, Ill., for one-way Pullman fares from St. Louis to Hollywood are as follows:

| Double Room | $49.12 |
| Compart. Bedroom | $52.38 |
| Bedroom Duplicates | $63.75 |
| Single Room | $38.39 |

$22.85
$50.08
$47.19
$31.87
$18.38
$11.45
$8.52

*First $15.00 additional railroad fare *Fares $15.00 and over

It is not planned to operate special cars for the return trip and Pullman reservations for that trip should be made through local ticket agencies.

RACI'ROAD TICKETS—Railroad tickets should be purchased from local agents. The round-trip railroad fare between St. Louis and Hollywood is $104.87.

HOTEL REGISTRATION—BAGGAGE

Registration for the convention hotels will travel on the New York cars and will furnish passengers with suitcases indicating their hotel room numbers. Holders of such suitcases should present them to the floor clerk in the proper floor of the Hollywood Beach Hotel, or at the front desk of The Diplomat, where they will be given their room keys with no registering against the number of bags. The hotel representative will also furnish passengers with baggage tags filled out with their names and hotel room numbers, which should be attached to each piece of baggage. These arrival suitcases will be transported from the station by truck and distributed promptly to the proper hotel rooms. Those arriving on Pullman cars should, of course, register at the front desk of their assigned hotel in the regular way.

AIR TRANSPORTATION

In view of the number of flights now available, it is believed that those wishing to fly to or from the convention can make their arrangements most satisfactorily through regular channels. Accordingly, no special flights have been arranged.

Nat'l Bank Women Hold Convention

ST. LOUIS, Mo.—More than 500 women bank officers from all parts of the United States and Canada attended the 40th annual convention of the National Association of Bank Women, which ended today, Nov. 1. Miss Hilda K. Ills, a charter member of the President of the National Association of Bank Women, and President of the Bank Officers' Clubs of the County Bank and Trust Company, Blue Island, III., was the presiding officer.

"Banking in a World of New Disasters," the theme of the four-day meeting at the Chase-Park Plaza Hotel, was given the opening session on Monday, Oct. 29. Following a business meeting, Miss Olivia Holt, speech and drama teacher from Xenia, Ohio and the first and only executive director of the National Federation of Business and Professional Women's Clubs, was the featured speaker at luncheon. Her speech, entitled "Don't Be a Square—Be a Square," outlined the personal traits essential to a woman seeking a successful business career. Miss Holt's session was devoted to a series of panel discussions exploring new dimensions in business problems, customer relations, new credit concepts, personnel programs and estate planning, and many other phases of banking.

Featured speakers on Wednesday included the Honorable Calvin D. Johnson, former Congressman and currently Director of Customer Relations for Remington Rand, who spoke on "Computerizing." At the Wednesday morning session was Dean Anderson, Past President of Pilot International, who addressed an audience entitled "Flight of the North." Harry H. Ross, executive assistant, United Electric Company of Missouri, discussed "The Velvet Shackle." And James E. Perry, Assistant Vice-President of the First National Bank of Phoenix, Ariz., commented on new developments in "Demonstrating." A convention highlight was the presentation of the annual Jean Armacost Awards and the NABW Scholarship Award at the luncheon session on Thursday. The presiding officer was Dean Stephen W. Vasquez, School of Commerce and Finance, St. Louis University.

The National Association of Bank Women, now an organization of more than 4,000 women executives in banking, was founded in 1921, at a time when there were few women employed in banking. Approximately two-thirds of all bank employees are women, and there are more than 12,000 women bank officers.

From the above text, create a table for the special cars from St. Louis to Hollywood, listing the dates and times of travel, as well as the fare prices for different types of accommodations.
Debt Management Policy
And the Capital Markets

...Continued from page 5

that appropriate design and frequency of Treasury borrowing operations is necessary. The operation of the repo market may be seen as a way of attaining that goal directly in the short run. 

D. Three Bordering Areas

There are three areas of economic policy in which monetary policy and debt management cross paths. First, there is the relationship between monetary policy and debt management. Secondly, there is the relationship between debt management and the Treasury. Third, there is the relationship between debt management and the Federal Reserve. 

III. Reviews Past 20 Months

Having thus briefly examined the problems of debt management, I would like to review what we have been trying to do in debt management during the past 20 months. Perhaps the best starting point is to examine the economic environment within which monetary policy was initially formulated. 

In January, 1991, we faced a completely different environment from the one we faced in 1989. The Federal Reserve had, of course, several objectives. By placing upward pressure on short-term yields from the supply side of the market, debt management helped enable the Federal Reserve to expand the money supply at a rate consistent with growth in the economy. More recently, it has been argued that the Federal Reserve should focus on the possibility of a deflationary bias in the capital markets, and that this bias could be corrected by further increases in the federal funds rate.

A second general policy area that is common to debt management and monetary policy is the need for helping to create conditions in the credit and capital markets that are conducive to the most appropriate flow of funds into long-term private investment. This is a task that only the Federal Reserve can do in a way that serves the public interest. 

In conclusion, it is important to note that the relationship between debt management, monetary policy, and the Treasury is a complex one. It is characterized by a great deal of interaction and interdependence, and it is one that must be managed carefully in order to achieve the goals of both the Treasury and the Federal Reserve.

The $100 billion or so of indicated borrowing requirements, whether or not there are further budget deficits, will certainly be one of the major issues facing the Federal Reserve and the Treasury in the coming months. It is important that we work together to ensure that the appropriate policies are put in place to address these issues.
been most unusual. Since January 1961, short-term interest rates have been moving within an upward trend. Short-term rates have remained stable or moved lower. The yield on 3-month Treasury bills, for example, has gone up from 2.4% to 3%. Yet corporate bond yields are now at about the same level as a year ago; the yields on better-quality issues were close to the bottom of the range, and rates on municipal bonds have actually become lower. The yield on the yield is 1 1/2% lower than that on 3-month Treasury bills.

The developments in ownership of corporate debt have been equally interesting. While the total debt of all big companies declined from $1,000 billion in 1960 to $900 billion in January 1961, to $800 billion in January 1962, the amount of corporate debt has been increased by $100 billion, or about 12% of the total debt.

Since the beginning of the year, the Federal Reserve has been increasing its purchases of corporate debt. This is the first time in the history of the Federal Reserve that it has purchased corporate debt.

Volume 116 Number 6208 . . The Commercial and Financial Chronicle (1940) 29

Full Disclosure by Banks Endorsed by Schapiro

Head of investment firm dealing in bank stock urges commercial banks to make full disclosure of information to suitors for national commercial banks. Mr. Schapiro predicts that commercial banks will be more likely to be acquired by public companies rather than by private concerns.

In a recent address before the Association for Bank Audit, Control and Operation, in Miami Beach, Morris A. Schapiro, President of M. A. Schapiro & Co., New York, and a long-time advocate of full disclosure in the banking industry, said that he has been encouraged by the recent trend of events.

"We have been hearing a great deal about the possibility of a merger of commercial banks with public companies," he said. "I have been encouraged by the trend of events, and I believe that the trend will continue.

"I believe that the trend will continue because the banks are becoming more and more aware of the importance of disclosure. They are beginning to realize that they cannot continue to operate as they have in the past. They must be more open and transparent in their dealings with the public."
As a result, we very early began to see the impact of what we called the "ruralization" of the local regulation and did our best to lessen the area of state regulatory planning.

War's Impact on Utilities

While the industry was still very much involved with government inactivity and compensation; war threatened in 1957 and finally broke out in 1959. This war was to have a particularly onerous to the utility industry. During World War II, the electric utility industry expanded by an amount of government and residential lighting, and most importantly of all the utilities were a very sharp increase in taxes which is one of the important elements of cost in utility operation. Because of their capital structure and earnings growth, they were particularly hurt by the excess profits tax as were other growth companies.

At the same time, a new discovery that would revolutionize the power industry. The present of the country's largest industrial companies told us that this was a hush hush war development that would obsolete all power plants. He had sold all of his utilities and advised us to do the same, and as the first was dropped, it became evident what this hush hush development was.

The timing of the obsolescence of power plants became a chief topic of conversation.

COMPARATIVE MARKET PERFORMANCE

Tri-Continental Utility Portfolio vs. D. J. Industrial Average

<table>
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<th></th>
<th>Tri-Continental Utility Portfolio</th>
<th>D. J. Industrial Average</th>
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</tr>
<tr>
<td>1961</td>
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</tr>
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</table>

UTILITY PORTFOLIO AS OF SEPTEMBER 30, 1962

ED. NOTE: Tri-Continental's electric utility common stock portfolio is managed by two independent companies:

- American Electric Power Co.
- Illinois Power Co.
- Wisconsin Gas & Electric Co.
- Kansas Gas & Electric Co.
- Delaware Power & Light Co.
- Florida Power & Light Co.
- Southern California Gas Co.
- Texas Utilities Co.
- Southern Power Co.
which did nothing to improve investor confidence.

With the end of the war and the return of depressed profit tax, utility earnings soared in 1946 and in many instances this resulted not only in a reduction of the prevailing rate of return. As these earnings became available in 1947, industry was encouraged to work reducing rates. At about the same time the adoption of the federal income tax and the increased costs and the general economic depression caused, as a consequence, there was a period of about 12 months from mid-1946 to 1947 when utility earnings showed some decline. Except for a pause due to the resumption of the full income tax during the Korean War, this was the last time that utility earnings generally failed to rise the year-to-year growth.

In the late 1940s and early 1950s, commodity prices and wages rose sharply. Investors became interested in the utilities because inflation was generally assumed that inflation was harmful to utilities and beneficial to common stocks. However, utilities remained under a cloud marketwise, and the oils and metals were the star market performers.

Financing Problems

During World War II and the early postwar period, industry generally believed that the utility industry, having met the abnormally high cost of operating and expanding demand, would have to carry a greater burden than other industries until growth came up with capacity. Much to almost everyone's surprise, this did not happen and it was only in recent times that it became evident that the industry would be facing a cash problem only in the next few years. From the long-term point of view this was unhealthy not only to the industry but to the consumer if the industry was to attract capital. However, from the short-term point of view these substantial capital requirements gave rise to serious financial problems.

It was at just this time that the breaking of holding company systems began. The idea of a holding company, in which the market for utility stocks. In retrospect, it was unfortunate that the industry did not make proper preparations for this type of bond market that was then available instead of such heavy use of the short-term money markets, which was then relatively depressed. If this had been done, a much better record of growth would have been recorded.

By the mid-1960s there was no longer the same belief in a rate of return. While government competition was still a threat, it appeared that it would not be so well contained in most areas. The breakup of the holding systems and the assumption that the uniform system of accounts were accounted for. On the state level, many commissions granting rate increases rather than ordering rate reductions, and the price-earnings ratios began to expand in both earnings and the price-earnings ratios for future earnings in a number of average investment results.

Present Position of Utility Stocks

There are several reasons why we have to expect on this to become an industry. First of all, the fact that the utility industry faces over a period of about 25 years or the last 30 years. First of all, the fact that the utility industry could overcome all these obstacles and become an important part of the economy is still very much in evidence.

Second, the utility industry can be an important part of the economy.

As for the view of the many uncertainties that distorted investor confidence, it is likely that the market will continue to a position against the background of this history, we find good reasons for an expansion in price-earnings ratios for utilities as compared with 10 years ago.

The final reason that I have is a pattern of price earnings. In today's market, utilities tend to sell at less than their price-earnings ratios than do industrials of comparable quality and with comparable growth records. Just a few years ago this disparity was quite pronounced. However, it has now reduced, and it is even more likely to observe that the price-earnings ratio has declined, in my opinion, is that the market is influenced by the results of the past. From 1939 to the mid-1950s the price-earnings ratio of utilities were adversely affected by the great clouds over the industry. These clouds began to lift with the new shares. Under these conditions the utilities compiled a long list of relatively low price-earnings ratios, and those historical patterns are slow to change. But, in light of the recent improvement in the performance of the utility utilities, there appears to have been very little change in the investment performance of utilities.

Ten years ago, demand or prospective demand exceeded normal levels. Electric utility common stock holding while the prices could easily be raised to offset higher costs. Foreign competition appears likely to continue for the next 20 years, and the investment public stayed out of the stocks.

The Korean War was the shock that spoiled the basic investment philosophy. The Korean War was the shock that re-shaped this philosophy. The public suddenly realized that they could not live in peace at that time. And that, it would be necessary to have a powerful military machine around the world. The speculation of high taxes and the threat of inflation caused many to sell their stocks. The government was to the postwar year. It seemed as though this philosophy had developed, and the threat of inflation lessened for a time. At the same time, common stocks became a strong favorite among the investment management.

In the spring of this year, there were two developments that could not be ignored. First, there was another change in the corporate philosophy that has seemingly again altered this philosophy and turned investors away from stocks, which seemed at that time to be the steel price floor and the break 300 in the Dow record. It was early to determine what effect these two events will have on the long run on investment philosophy. However, it is my feeling that these events, while making the outlook more cautious and careful in their selections, will not turn away from common stocks.

In every single year from 1941 through 1945, the Dow-Jones Industrial Average declined, in effect, by about 10% a year. The average of the industrial average had gains for periods. As stated earlier, the industry is no longer faced with anti-trust actions or other serious anti-trust actions is considered, it is very conceivable that utilities may have better price-earnings ratios.

Another reason for anticipating a considerable profit in the earning growth that has been compiled. As many have been commented on, the earnings of the 20 companies in the Dow-Jones Industrial Average have increased at an average of five times ever since 1938 to 1955.

of these years. As stated earlier, the industry is no longer faced with anti-trust actions or other serious anti-trust actions is considered, it is very conceivable that utilities may have better price-earnings ratios.

In considering the utilities' relative position, their earnings record, the earnings growth, and the investment performance of utility common stocks over a long period of time, it seems to me that they are in a position for a high degree of investor confidence. This investment confidence is reflected in the high price-earnings ratios that have been compiled since 1955. The rate of growth is much larger than that of the Dow-Jones Industrial Average.
Growth Characteristics of Electric Utility Stocks

Continued from page 31

possible error in this thesis depends on Congress. If Congress should materially narrow the spread between taxes on ordinary income and capital gains, the premium for quality stocks enjoyed by growth stocks might be reduced.

At any rate, there is an important element in investing. The investor who has $1,000 in Johns Hopkins bonds and in stocks, and in the stock category he has many alternatives. At the present time, he can get a better yield from bonds than from stocks, so why should he invest in stocks? The only answer is, "to obtain capital appreciation." By and large, he now places much greater security as well as a pension, so is in position to take the common stock risk in seeking appreciation, rather than for as fixed a yield as the bonds or stocks where the prospects of appreciation are rather dim.

There are others that, because of their deflated position, may offer good appreciation potential on any business recovery, but these are often difficult to buy right and sell right and so do not possess the same opportunities as do utility stocks and government bonds. At any rate, strong growth stocks are the ones that are most likely to give the best performance.

In spite of the poor market action of most stocks throughout 1961, spring is nothing wrong with the growth theory. It was obvious throughout 1961 that this popularity among investors looked only at the rate of growth rather than the fundamental values. It is very likely that they learned a hard lesson and will be slow to heed the stock market at the small, second-rate companies the way they did last year. But there is every reason already that they are willing to buy stocks of companies whose earnings in earnings is fairly well assured.

Few Growth Candidates

With this in mind, I tabulated the names of industrial companies that I thought the convince would continue to show a growth in earnings. The risk is. It was surprising to me to find so few candidates. Electric utilities generically shows an industry trend, and an upward trend of earnings for the next five years seems more assured than in the case of almost all categories of industrials. With such a limited supply of solid growth stocks, and a continuing demand, I feel that utility stocks whose earning ratios are somewhat lower than comparable industrial stocks will continue to attract investors with the result that their price-earnings ratios will rise to equal or exceed the industrial ratios.

There has been much comment about the rate of growth of utility earnings. Changes in the last couple of years. In my opinion, this change is due largely to real for many companies, and was due essentially to two non-recurring items. The first is the running off of generating capacity tended to be overbuilt in the late 1950s, resulting in decreased consumption and excess capacity. This idle capacity is costly to the utility and, in some cases, the heavy fixed charges which are the most important element in utility operating costs and which in demand is being met with this excess capacity, and the fixed costs have already been absorbed. In addition, as construction outlays levelled off or turned down, the credit to earnings for interest due on construction with an adverse effect on reported earnings. In many instances, this credit is much larger than the new loans so will no longer be a burden to reported earnings.

The second factor that accounted for a slowdown in the rate of growth is the relatively cool weather in the summers of 1960 and 1961 in areas where air conditioned equipment represents an important load. Those areas experienced hot summers this year and, from reports coming in to us, 1962 reported earnings should show a good shaking, and will indicate that the growth rate has not diminished.

With the demand for electricity and rates fixed, I feel that the growth rate will be the same as it is now and further opportunities for further efficiency in operations where labor content is already relatively low, and with service rates relatively fixed. In the utility business, I feel that utility earnings are sure to grow. I see no reason for unforeseen decline in the rate of growth. With higher earnings and a potential expansion in the price of utility stock, I anticipate higher prices for utility electric common stock over a period of time. For the long-term investor, I feel that the appreciation to be obtained when added to current income makes utility stocks more attractive than bonds and most industrials. Among utility companies that I believe the most about this point of view is that it is presently shared by many others, and an analyst will feel better when he is in the midst of a solid growth stock too.

Despite Increased Investments Abroad Direct Capital-Outlay Rate Declines

American business is planning to spend $4.8 billion in 1962 to expand or improve plant and equipment in foreign countries, the most recent report of the U.S. Department of Commerce, reported after completing its latest survey of sources and uses of funds of direct foreign investment enterprises. The projected rate of these foreign expenditures is 14% above the 1961 amount (domestic plant and equipment expenditures are expected to rise by 8%). Less industrial demand by the companies for expenditures abroad next year show no marked departure from the 1962 level.

Capital outlays by manufacturing firms abroad this year are reported at $1.9 billion, or 11% over 1961's $1.7 billion, the American rate of growth. The increase in the Western Hemisphere is the strongest rise—about $150 million, of which two-thirds is in Communist China.

Outlays abroad for plant and equipment in 1962 will be totaling $5.6 billion, more than the United States' estimated level of $1.8 billion for 1962, and are expected to amount to about this amount for 1963. Expenditures in the Eastern Hemisphere are scheduled to rise in 1962 by more than 20%; this year's growth in the Western Hemisphere is less than 10%.

Mining companies expect to increase capital expenditures by one-fifths from 1961's relatively low amount, to a 1962 total of gains of nearly $400 million. A renewed increase in expenditures in Canada, together with new projects in Africa and elsewhere, more than offset the recent completion of major expansions in Latin America.

Among other industries, capital investment in trade and distribution capacity is rising by one-fourth, to a level of $600 million. This increase is centered in Europe, with the office sector in the Eastern Hemisphere participating to a lesser extent. Service Industries are showing a moderate gain; public utilities and agriculture continue at a moderate level for the past few years. The OBE survey shows.

European Investments Intensified

Manufacturing investments in plant facilities were highest in Germany, amounting to an estimated $432 million for 1962 ($318 million in 1961). In comparison, the rate of capital expenditures in Canada was $391 million; the United Kingdom was in industrial production with $313 million. Other Common Market countries accounted for $160 million of manufacturing plant and equipment. All investment expenditures in Europe this year amount to $957 million, about 20% below last year. This level prevails in the rest of Europe.

Expenditures in Canada, where the increase in new plant and equipment is $400 million, totaled $1.1 billion. Half of the increase is being channeled up the petroleum industry, which is projecting expenditures of $300 million for oil refining and $200 million in the prior year. Expenditures for manufacturing industries are rising by 10% over the 1961 total, and are expected to reach $390 million for 1962. Little change is seen in petroleum or other industries.

For Latin America, the latest Office of Business Economics report shows that United States companies plan total capital outlays abroad in 1962 of about $450 million, down 15% from last year. Petroleum levels off at about $350 million, but capital outlays by manufacturing companies showed increased growth, with the major increase expected to occur in Argentina.

In other areas increased expenditures for oil and mining operations, which account for manufacturing outlays are lagging slightly behind the 1961 amount.

Cash Flow Abroad Cuts Capital Outlay

This generally higher rate of investment in fixed capital abroad tends to raise capital outflows from the United States. However, other sources of financing are growing in importance: depreciation allowances and foreign profits. As a result, the rate of capital outflows in the first half of 1962 show some decline from the 1961 rate, indicating that the investing enterprises are less dependent heavily on these alternative sources for finance the expansion abroad.

The Office of Business Economics noted that the actual 1961 expenditure abroad now reported are somewhat lower in major industries than those previously anticipated by the companies. On the other hand, the projections by the companies of 1962 outlays have been raised significantly. Rates of increase anticipated at this time last year, with most of the gain reported in European investments.

The data comprise part of the overall report on the sources and uses of funds of foreign subsidiary companies and branches to be published in further detail in the September issue of Survey of Current Business, available in a month. The survey is a monthly publication of the Office of Business Economics.

Video Color Corp.

Common All Sold

Naittall & Co., Inc., Minneapolis, reports that its recent offering of 1,000,000 common shares of Video Color Corp., at $1.15 per share has been all sold.

Net proceeds to the company are being applied to the payment of administrative expenses, purchase and installation of equipment, and the purchase of equipment, and the purchase of other properties.

The company of 729 Centinela Ave., Inglewood, Calif., is engaged in the research and development, construction, manufacture and distribution of thin "black and white" and color picture tubes. The tubes are designed for use in various display devices in the electronic, government and industrial fields as well as for use in home television sets.

Now With Newbold

PHILADELPHIA, Pa. — W. H. Newbold's Son & Co., 2151 Locust Street, has been added to the New York Stock Exchange and other leading exchanges, have announced that William H. Goodyear, David M. McClatchy and Tolbert N. Richardson, Jr., are now associated with the firm as registered representatives.

Mr. Goodyear is located in the firm's Harrisburg, Pa., office, Mr. McClatchy in the Philadelphia office and Mr. Richardson in the Haverton, Pa., office.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### AMERICAN IRON & STEEL INSTITUTE

<table>
<thead>
<tr>
<th>Stock</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production of steel</td>
<td>2,077,000</td>
<td>1,700,000</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

### AMERICAN PETROLEUM INSTITUTE

<table>
<thead>
<tr>
<th>Product</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil and condensate</td>
<td>7,350,000</td>
<td>7,270,000</td>
<td>7,150,000</td>
</tr>
<tr>
<td>Gasoline output</td>
<td>8,300,000</td>
<td>8,340,000</td>
<td>8,200,000</td>
</tr>
<tr>
<td>Natural gasoline</td>
<td>5,900,000</td>
<td>6,000,000</td>
<td>5,800,000</td>
</tr>
<tr>
<td>Distillate fuel oil output</td>
<td>10,200,000</td>
<td>10,150,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Total gasoline</td>
<td>17,500,000</td>
<td>17,450,000</td>
<td>17,350,000</td>
</tr>
</tbody>
</table>

### CIVIL ENGINEERING CONTRACTS—ENGINEERING

<table>
<thead>
<tr>
<th>Contract</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total round-lot</td>
<td>11,707,000</td>
<td>11,600,000</td>
<td>11,500,000</td>
</tr>
<tr>
<td>Gas</td>
<td>10,200,000</td>
<td>10,150,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Oil</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Water</td>
<td>400,000</td>
<td>350,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

### DEPARTMENT STORE SALES—FEDERAL RESERVE

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8,410,000</td>
<td>8,350,000</td>
<td>8,300,000</td>
</tr>
<tr>
<td>Apparel</td>
<td>5,900,000</td>
<td>5,850,000</td>
<td>5,800,000</td>
</tr>
<tr>
<td>Furniture</td>
<td>1,500,000</td>
<td>1,450,000</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Electronics</td>
<td>200,000</td>
<td>150,000</td>
<td>100,000</td>
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</tbody>
</table>

### ECONOMIC DEPARTMENT OF THE AMERICAN INSTITUTE OF ECONOMISTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,500,000</td>
<td>4,450,000</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,000,000</td>
<td>1,950,000</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Industry</td>
<td>2,500,000</td>
<td>2,450,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Service</td>
<td>500,000</td>
<td>450,000</td>
<td>400,000</td>
</tr>
</tbody>
</table>

### ELECTRIC RAILWAY RATES

<table>
<thead>
<tr>
<th>Route</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit</td>
<td>0.50</td>
<td>0.495</td>
<td>0.49</td>
</tr>
<tr>
<td>Chicago</td>
<td>0.60</td>
<td>0.595</td>
<td>0.59</td>
</tr>
<tr>
<td>New York</td>
<td>0.70</td>
<td>0.695</td>
<td>0.69</td>
</tr>
</tbody>
</table>

### INDUSTRIAL PRODUCTION INDEX

<table>
<thead>
<tr>
<th>Industry</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>105.0</td>
<td>104.9</td>
<td>104.8</td>
</tr>
<tr>
<td>Mining</td>
<td>104.0</td>
<td>103.9</td>
<td>103.8</td>
</tr>
<tr>
<td>Agriculture</td>
<td>103.0</td>
<td>102.9</td>
<td>102.8</td>
</tr>
</tbody>
</table>

### METAL PRICES (K & H J QUOTATIONS)

<table>
<thead>
<tr>
<th>Metal</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>$1.40</td>
<td>$1.395</td>
<td>$1.39</td>
</tr>
<tr>
<td>Zinc</td>
<td>$0.20</td>
<td>$0.195</td>
<td>$0.19</td>
</tr>
<tr>
<td>Lead</td>
<td>$0.50</td>
<td>$0.495</td>
<td>$0.49</td>
</tr>
<tr>
<td>Silver</td>
<td>$4.00</td>
<td>$3.95</td>
<td>$3.90</td>
</tr>
</tbody>
</table>

### NATIONAL BUREAU OF ECONOMIC RESEARCH

<table>
<thead>
<tr>
<th>Index</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer confidence</td>
<td>95.0</td>
<td>94.5</td>
<td>94.0</td>
</tr>
<tr>
<td>Business conditions</td>
<td>90.0</td>
<td>89.5</td>
<td>89.0</td>
</tr>
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</table>

### U.S. DEPARTMENT OF LABOR

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production workers</td>
<td>4,500,000</td>
<td>4,450,000</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Labor force</td>
<td>150,000,000</td>
<td>145,000,000</td>
<td>140,000,000</td>
</tr>
</tbody>
</table>

### UNITED STATES DEPARTMENT OF COMMERCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>New orders for durable goods</td>
<td>$10,000,000</td>
<td>$9,500,000</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Total new orders</td>
<td>$15,000,000</td>
<td>$14,500,000</td>
<td>$14,000,000</td>
</tr>
</tbody>
</table>

### U.S. BUREAU OF COMMERCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>Previous Week</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total business</td>
<td>$10,000,000</td>
<td>$9,500,000</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Retail trade</td>
<td>$5,000,000</td>
<td>$4,500,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>$5,000,000</td>
<td>$4,500,000</td>
<td>$4,000,000</td>
</tr>
</tbody>
</table>
Aerosystems Technology Corp.  

Air Master Corp.  

American Agriculture Chemical Co.  

American Bond & Banner Co. of New Jersey  

American Cement Co.  

American Fidelity Corp.  

American Fire & Casualty Co.  
April 21, 1962 filed 500,000 of 6% convertible subordinated debentures due 1972, $75,000 common, and 25,000 warrants, to be offered in units consisting of one $100 debenture and 10 shares. Proceeds—For general corporate purposes. Office—2444 Mound St., Cleveland, Ohio. Underwriter—None. Credit—B. H. Rauscher, New York, N. Y. Underwriter—M. W. Rauscher, Chicago.

American Financial Corp.  

American Financial Corp.  

American Metal and Equipment Co.  

American Mutual Life Insurance Co.  
July 1, 1962 filed 1,000,000 common. Price—$5. Business—Company plans to sell "puts" and "calls" and to deal in the options, futures, and forward commodities. Proceeds—For debt repayment, equipment, and general corporate purposes. Office—120 Broadway, New York, N. Y. Underwriter—Baird & Co., N. Y. Underwriter—Jenks, Hayden, Blake & Co., N. Y. Note—This registration will be withdrawn.

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  

American National Bank and Trust Co.  
NEW ISSUE CALENDAR

**November 1 (Thursday)**

Columbia Gas System, Inc.……Debentures
1,250,000 Shares
$2,500,000

**November 5 (Monday)**

Carnegie Lintges, Inc.……Common
100,000 Shares
$1,000,000

**November 7 (Wednesday)**

American Bolt & Screw Mfg. Corp.……Units
6,000 Units
$10,000,000

**November 8 (Thursday)**

American Finance Co., Inc.……Units
100,000 Shares
$1,000,000

International Data System, Inc.……Units
100,000 Shares
$1,000,000

**November 9 (Friday)**

Aerosystems Technology Corp.……Common
1,000,000 Shares
$2,000,000

Industrial Development Bank of Israel Ltd.……Units
1,000 Units
$1,000,000

Russell Stone & Sons Inc., Inc.……Units
50,000 Shares
$500,000

**November 13 (Tuesday)**

American Flag & Banner Co.……Common
2,000,000 Shares
$5,000,000

Wiegand (Edwin L.) Co.……Common
$1,000,000

**November 14 (Wednesday)**

Flower City Industries, Inc.……Common
1,000,000 Shares
$5,000,000

I. P. D. Pharmaceuticals, Inc.……Common
500,000 Shares
$1,000,000

Instromech Industries, Inc.……Common
1,000,000 Shares
$1,000,000

Liverpool Financial Corp.……Common
500,000 Shares
$1,000,000

Met Food Corp.……Debentures
400,000 Shares
$2,000,000

California Life Insurance Co.……Common
2,000,000 Shares
$5,000,000

**November 15 (Thursday)**

Gulf Atlantic Petroleum Corp.……Common
8,000,000 Shares
$40,000,000

Kaiser Aluminum & Chemical Corp.……Common
100,000 Shares
$500,000

**November 16 (Friday)**

Jetrunic Industrial Corp.……Debentures
1,000,000 Shares
$5,000,000

**November 19 (Monday)**

Comet Corporation……Debentures
500,000 Shares
$2,000,000

**November 21 (Wednesday)**

Advance Mortgage Corp.……Common
1,000,000 Shares
$1,000,000

**November 22 (Thursday)**

Erie, Inc.……Common
1,000,000 Shares
$2,000,000

Carnegie Iron Works, Inc.……Common
500,000 Shares
$1,000,000

**November 26 (Monday)**

Cheesman Hill Industries, Inc.……Common
2,000,000 Shares
$5,000,000

**November 27 (Tuesday)**

Plastic Gas & Electric Co.……Bonds
500,000 Shares
$2,000,000

**November 28 (Wednesday)**

Southern Electric Gas Co.……Common
1,000,000 Shares
$2,000,000

**November 29 (Thursday)**

Zero Mountain, Inc.……Common
1,000,000 Shares
$2,000,000

**December 3 (Monday)**

Jamoco Air Conditioning Corp.……Bonds
500,000 Shares
$2,000,000

**December 4 (Tuesday)**

New England Power Co.……Bonds
500,000 Shares
$2,000,000

**December 5 (Wednesday)**

Consolidated Edison Co. of New York, Inc.……Bonds
500,000 Shares
$2,000,000

**December 11 (Tuesday)**

Southern New England Telephone Co.……Debentures
(Bonds to be received) $40,000,000

California Life Insurance Co.……Common
1,000,000 Shares
$3,000,000

**December 12 (Wednesday)**

Advance Mortgage Corp.……Common
1,000,000 Shares
$2,000,000

**December 13 (Thursday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 14 (Friday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 15 (Saturday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 16 (Sunday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 17 (Monday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 18 (Tuesday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 19 (Wednesday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 20 (Thursday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 21 (Friday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000

**December 22 (Saturday)**

Freesia Electric Co.……Common
1,000,000 Shares
$2,000,000
Colonial Board Co.
March 20, 1962 filed 164,000, common, of which 115,000 are payable to name of Underwriter. Price—By amendment (max. $15). Business—Debt; -production and manufacture of electrical equipment and debt repayment. Offer—156 Park Ave., New York, N. Y. Underwriter—Putnam & Co., Hartford, Conn.

Colorado Mining Co.

Costal Corp. (11-19-21)

Country Set Inc.

Cedar Lake Public Service Corp.
March 22, 1962 filed 5,000,000, Price—$1. Business—Company plans to qualify as a public utility and furnish water and sewage disposal services in and around Cedar Lake, Ind. Proceeds — To construct a sewage disposal system. Address—R. N. R. No. 3 Box 28, Cedar Lake, Ind. Underwriter—None.

Centro Industries Corp.

Central Mutual Fund, Inc.
Aug. 29, 1962 filed 190,000 capital shares. Price—Net asset value (max. 5%) plus a 2% sales commission. Business—A mutual fund specializing in life insurance companies as its investment. Offer—110 North State St., Jacksonville, Ill. Underwriter—CN Agency, Inc., same address.

Centinel Semiconductor Corp.

Cheenish Hill Industries, Inc. (11-26-29)

Church Builders, Inc.

Clark Semiconductor Corp.
Aug. 22, 1962 filed 135,045 of 5% subord. debentures due 1977 and 5% subord. debentures to be offered in units of $100 of debentures and 185 shares of $2.50 par. Price—By amendment (max. $12.50). Business—Design, manufacture, and sale of high frequency power transistors and other electronic components and other corporate purposes. Address—Ohio Ave., Baltimore, Md.

Coastal Chemical Corp.

Collins Radio Co.

Comer Radio Co.

Control Dyne, Inc.

ControlDYNE

Country Set Inc.

Credit Development, Inc.

Da Vinci Products, Inc.

Data-Vend Corp.

Deb Inc.
Oct. 23, 1962 filed 200,000 common, Price—$5. Business—For development of precision guided missile equipment, space tro-
to be offered by the company and 80,000 by stockholders. Proceeds—For debt repayment and working capital. Office—417 Fifth Ave., N. Y. Underwriter—Karen Securities Co., Inc., New York.

Diversified Real Estate Trust (11/7/93)

Proceeds—For debt and equity purposes.

Ernst, Inc. (11/21/93)


Fabco Enterprises, Inc. (9/16/93)


Fabco, Inc. (10/21/93)


Falcon National Life Insurance Co. (11/14/93)


Famous Brands of America, Ltd. (11/7/93)

Nov. 29, 1962 filed 125,000 common. Price—$3.50. Business—Sale and distribution of fine wines and related alcoholic beverages to stores and members of the licensed trade. Address—262 Richmond St., Toronto.

Fast-Air of N.Y., Inc. (10/29/93)


Faulkner, Inc. (12/1/93)


Federal Reserve Bank of St. Louis

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Equity Annuity Life Insurance Co. (9/14/93)

Aug. 21, 1962 filed 150,000 common to be offered for subscription by stockholders on a pro rata basis. Price—$5.

Export and sale of artificial floral and foliage arrangements. Capital stock divided into one class of 100,000 shares of which 35,000 are held in reserved capital for future use. Proceeds—For plant and equipment, buildings, land and trees. Address—North Hennepin Ave. and St. Thomas, Virginia Islands. Underwriter—Lieber, Skoob & Co., New York.

Food & Drug Research Laboratories, Inc. (8/27/93)

May 24, 1962 filed 107,000 common, of which 100,000 are offered for subscription by company and 5,000 by stockholders. Price—By amendment (max. $5). Business—Chemical and pharmaceutical research and development of new drugs, cosmetics, chemical and related industries. Proceeds—For debt repayment and capital. Address—Mansfield Ave., and State St., Charlotte, N. C. Underwriter—None.

Forst (Alex) & Sons, Inc. (9/26/93)


Forth Star, Ltd. (11/12/93)


Fourth Star, Ltd. (10/21/93)


Frigidaire Company (10/22/93)


Frigidaire, Inc. (9/7/93)

Oct. 11, 1962 filed 100,000 common, Price—$5.75. Business—Company plans to engage in the manufacture, export and sale of artificial floral and foliage arrangements. Capital stock divided into one class of 100,000 shares of which 35,000 are held in reserved capital for future use. Proceeds—For plant and equipment, buildings, land and trees. Address—North Hennepin Ave. and St. Thomas, Virginia Islands. Underwriter—Lieber, Skoob & Co., New York.

Grenz, Inc. (10/12/93)


Gorlenky & Co., N. Y. (8/27/93)


Gott, Inc. (11/12/93)


Guthrie, Inc. (10/28/93)


Hager, Inc. (10/28/93)


Haig & Haig, Inc. (10/28/93)


Hampton Real Estate (11/21/93)


Hardman & Co. (11/12/93)

March 24, 1962 filed 500,000 common, of which 69,000 are to be offered for the account of the company's parent, Glen Modes, Inc. Price—By amendment (max. $5). Business—Manufacture, sale and leasing of steel supports and seats used in construction. Proceeds—for debt repayment, expansion, research, and inventory. Office—450 Carbon St., Tennesse. Underwriters—Wisconsin, Cohn & Steitler and Laird, Bissell & Meads, N. Y.


Hawaii Real Estate Investment Trust May 18, 1962 filed 1,000,000 shares of beneficial interest consisting of 100 shares of limited and 900 shares of common stock, warrants to be offered in units consisting of one share and one warrant. Price—$10 per share and $10 per warrant. Proceeds—for working capital, expansion, debt repayment and personal corporate purposes. Office—2212 N. Halsted, Chicago, Ill. Underwriter—Van Alstine, Noe & Co., N. Y. Offering—Definitely postponed.


Inst-o-Matics, Inc. (11/19) Sept. 27, 1962 filed 1,000,000 of 6% preference CC shares and 1,500 ordinary AA shares. The AA shares may be purchased only as a part of a unit consisting of one AA and 100 CC shares. The CC shares may be purchased as a part of a unit or separately. Price—For units, $10. Business—Design, manufacture and sale of electronic and electromechanical automation systems. Proceeds—for new products, inventory, and working capital. Office—1401 S. Post Oak Rd., Houston, Underwriter—None.


Investment Management Corp. May 16, 1962 filed 100,000 common to be offered for subscription by stockholders on a 2-for-1 share basis. Proceeds will be offered to the public. Price
To stockholders,$2.50; to the public,$3.50. Business—Manager and distributor for Western Industrial Shares, Inc., a mutual fund. Proceeds.—For debt repayment and general corporate purposes. Offered on Underwriter.—None.


Jan 26, 1962 filed 140,000 shares, of which 125,000 are to be offered by the company and 15,000 shares by stockholders. Proceeds.—For debt repayment and general corporate purposes. Offered on Central Park W., New York, N. Y. Underwriter—Hardy & N., N. Y.

Kenner Products Co. March 9, 1962 filed 542,000 shares, of which 205,000 shares are to be offered by the company and 337,000 shares by stockholders. Price—By amendment (max. $24). Business—Manufacture and selling of consumer goods. Proceeds.—For debt repayment and general corporate purposes. Offer on 947 Newark Ave., Elizabeth, N. J. Underwriter—Kuhn, Loeb & Co., New York.


Kine Camera Co., Inc. Nov. 29, 1961 filed 76,000 shares. Price—$5. Business—International production and marketing of motion picture equipment. Proceeds.—For debt repayment and working capital. Office—890 Broadway, New York, N. Y. Underwriter—Various companies, N. Y. Note—This registration was withdrawn.


Kreamdon Realty & Construction Corp. April 26, 1962 filed 120,000 shares, of which 80,000 are to be offered by the company and 40,000, by stockholders. Price—$10. Business—Manufacture of certain cattle cooling equipment. Proceeds.—For debt repayment and working capital. Offer on 251 N. Main St., St. Louis, Texas, Underwriter—N. Y. Underwriter—Various companies, N. Y. Note—This registration was withdrawn.


Landers (Lew) Title Co. Inc. Nov. 11, 1921 filed 4,000,000 shares of $3 convertible preferred stock. Price—By amendment. Proceeds.—For debt repayment, real estate investments and expansion. Office—77 E. Wacker Dr., Chicago, Ill., Underwriter—Alma F. Halford, N. Y. Offerings—Indefinitely postponed.


Key Foods Corp. March 29, 1962 filed 56,000 shares 6% cum. preferred and four-year common stock purchase warrants to be offered by the company and 4,000 shares by stockholders. Price—By amendment (max. $10). Business—Manufacture of food products. Proceeds.—For debt repayment and working capital. Office—36 E. 42nd St. and N. Y. N. Y. Underwriter—Trinity, New York, N. Y. This registration will be withdrawn.

...
National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. Price—$1. Business—Company plans to engage in family and group life and disability insurance concern. Proceeds—For general corporate purposes. Address—Securities Brokerage Division, Morgan Guaranty Trust Co., New York, N. Y. Underwriter—To be named. Note: The SEC has questioned the accuracy and adequacy of this registration statement.

National Semiconductor Corp.
May 11, 1962 filed 75,000 shares of $5 stock. Price—$7.50. Proceeds—For general corporate purposes. Address—Company's registered office, One Liberty Plaza, New York, N. Y. Underwriter—To be named. Note: The SEC has questioned the accuracy and adequacy of this registration statement.

National Security Life Insurance Co.
March 19, 1962 filed 3,700,000 shares of $100 par stock at $150, of which 80,000 are to be offered by company and 20,000 by stockholders. Proceeds—For equipment, plant expansion, working capital, and other corporate purposes. Address—Securities Brokerage Division, Morgan Guaranty Trust Co., New York, N. Y. Underwriter—To be named. Note: The SEC has questioned the accuracy and adequacy of this registration statement.

National Union Pac. Inc.

National Underwriters Life Insurance Co. of Pittsburgh
Oct. 15, 1962 filed 100,000 shares of $1 stock, being offered for subscription by holders of the common stock of National Union Fire Insurance Co. of Pittsburgh, on the basis of one share for each share held of record Oct. 8, 1962. Price—$10 per share. Proceeds—For general corporate purposes. Address—Company's registered office, One Liberty University Place, Pittsburgh. Underwriter—None.

National Underwriters Security Life Insurance Co.

Nuclear Science & Engineering Corp.
Feb. 17, 1962 filed 1,000,000 shares of $1 par stock. Price—By amendment (max. $7). Business—Research and development and sale of radioactive isotopes and other nuclear scientific equipment; measurement; production of radioactive isotopes and other nuclear scientific equipment. Proceeds—For equipment, plant expansion, and other corporate purposes. Address—P. O. Box 1089, Hartsdale, N. Y. Underwriter—Underwriters—Lehman, Sheff, & Co., N. Y.

Orbit Books, Inc.

Or (J. Herbert) Enterprises, Inc.
March 12, 1962 filed 1,000,000 common. Price—$18.50. Business—Company's subsidiaries manufacture cartridge tape recorders and programs thereof and men's and boys' clothing and shirts. Proceeds—For equipment and working capital. Address—Address—Opelika, Ala.

Outlet Mining Co., Inc.

Overhill Corp.
Oct. 5, 1962 filed 32,000,000 of first mortgage bonds, 6%, due Jan. 1, 1972, par value $32,000,000 outstanding. Proceeds—For expansion, production and development. Address—320 S. W. Sixth Ave., Oklahoma City, Okla. Underwriter—None.

Pacific Electric Ry. Co.

Pak-Well Paper Industries, Inc.

PamAm Realty & Development Corp.

Parkway Laboratories, Inc.

Peerless Radio Corp.
March 12, 1962 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. Proceeds—for equipment, plant expansion, and other corporate purposes. Address—2700 W. Norristown Ave., Philadelphia. Underwriter—Arnold Mullan, Philadelphia.

Regional Insurance Co.

Regional Travelers Insurers Corp.

Regis Corp.

Regional Travelers Insurers Corp.
Proceeds—For equipment and working capital. Office—Little Falls, Passaic County, N. J. Underwriter—To be announced.

**R F Interiences, Inc.**


Radar Relays, Inc.


Real Properties Corp. of America

Apr.-July 27, 1961 filed 300,000 class A shares. Price—$4. Business—To acquire various properties, such as real estate, general insurance agency and mortgage banking enterprises. Proceeds—For working capital. Office—745 Fifth Ave., N. Y. Underwriter—Stanley Heller & Co., N. Y. Note—This registration will be withdrawn and then resubmitted.

Red-O-Lier Corp.


Regal Factors, Inc.


Potomac Real Estate Investment Trust

July 6, 1962 filed 1,000,000 shares of beneficial interest. Proceeds—to be used for the purpose of acquiring real estate investment trust properties. Proceeds—For investment use. Office—800 Broadway, N. Y. Underwriter—None.

**Police Mutual Corp.**


Regulators Corp.

Jan. 29, 1962 filed 25,000, of which 50,000 are offered for sale. Price—to be determined by Potomac National Bank and 25,000 by Electronic Specialty Co., parent. Proceeds—to be used for the manufacture and marketing of regulating and measuring devices. Proceeds—for the purpose of acquiring real estate investment and working capital. Office—306-68 Adams St., Newark, N. J. Keene & Co., Inc., N. Y.

Richard Gray & Co., Inc.


Richmond Corp.


Resin Research Laboratories, Inc.


**Prosperity Cleaners & Laundry Inc.**


Publishers Co., Inc.

Aug. 29, 1962 filed $3,500,000 of 6% subord conv. debentures to be sold by the company and 25,000 outstanding common shares to be sold by stockholders. Proceeds—for general corporate purposes. Office—155 Broadway, N. Y. Underwriter—Bank of America, New York. Note—This registration will be withdrawn.

**Putnam Management Co., Inc.**


**Putman Management Co., Inc.**


Quick-N-Clean Corp. of Minnesota, Inc.


R. E. D. M. Corp.

June 29, 1962 filed 125,000, of which 50,000 will be offered for sale. Price—to be determined by stockholders. Proceeds—By amendment (max. $15). Business—Engaged in the manufacture of engine parts and research under Department of Defense contracts; also manufactures ball point pens, points, mechanical pencils and desk sets.

R. E. D. M. Corp.

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Tenna Corp.

Shaker Products, Inc.

Sterling Copper Corp.

Trailer Corp., Inc.

Tourist Industry Development Corp. Ltd.

Texas Pacilics, Inc.

United Marine Insurance Co. Ltd.

United Metals (Inc.

Vuma-Rich, Inc.
May 12, 1963 filed 50,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. Proceeds—For the purchase and resale of health and beauty aids, housewares, kitchenware, wearing apparel and other goods. Proceeds—For expansion, new products and other corporate purposes. Office—10 Bering St., Los Angeles. Underwriter—To be named.

Wells, B. & M. Corp.

Western Pioneer Corp.

West Penn Power Co. (Inc.

Western States Real Estate Investments

White Photo Offset, Inc.

Wheelor & Ryan, Inc.

Window Electronics, Inc.

Wisconsin Gas Transmission Co.

Wolfe Products, Inc.
Federal Reserve Bank of St. Louis

**Massachusetts General Life Insurance Co.**

**Montana-Dakota Utilities Co.**

**New England Power Co.**

**Norfolk & Carolina Telephone & Telegraph Co.**
Virginia

**Wilmington Bank, Inc.**
Oct. 29, 1962 filed 50,000 common, of which 37,500 are to be offered by company and 12,500 by a stockholder. Price—By amendment (max. $3). Business—Manufacture of etched aluminum foil; the company also produces and leases automatic writing machines and is a manufacturer of capacitors. Proceeds—for loan repayment, equipment, plant expansion, etc. Office—300 Figueroa St., Los Angeles, Calif. Underwriter—N. C. Underwriter—None.

**Workman Electronic Products, Inc.**

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**Effective Registrations**

**The following registration statements were declared effective by the SEC. Details, where available, will be carried in the Monday issue of the "Chronicle."**

**American Kocher Provisions, Inc.**
100,000 common shares offered at $5 per share by Reuben Rosé & Co., Inc., New York.

**American Phoenix Co.**
340,000 class A shares offered at $10 per share by Trotter, Singer & Co., New York.

**California Finances Inc.**
$5,000,000 of 5% convertible subordinated debentures due Dec. 1, 1982, offered at $100 per unit by Securities & Loan Associates, Inc., 320 Montgomery St., San Francisco.

**Clark Equipment Co.**
80,000 common shares offered at $25.75 per share by Enke, Penta & Co., New York.

**Florida Power Corp.**
100,000 shares of 4.375% cumulative preferred offered at $100 per share by Reynolds, Smith & Co., New York.

**Hunt Engineering Co.**
100,000 6% convertible cumulative preferred and 100,000 common shares offered at $100 per unit by Eastman Dillon, Union Securities & Co., Inc., New York.

**Mamone Corp.**
120,000 common shares offered at $26.25 per share by Reynolds, Smith & Co., New York, and Strauss, Bleier & McDowell, Chicago.

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**National Union Life Insurance Co. of Pittsburgh**
100,000 capital shares being offered for subscription by stockholders of the company's parent, National Union Fire Insurance Co. of Pittsburgh, at $15 per share on the basis of one share for each 8 held of record Oct. 8. Rights will be issued at the time of subscription.

**Nebraska Consolidated Mills Co.**

**Southern California Edison Co.**

**Wisconsin Natural Gas Co.**
$5,000,000 of 4% first mortgage bonds, due Nov. 1, 1987, offered at $100 per unit by Smith, Halley, & Co., New York.

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**ATTENTION UNDERWRITERS!**

Do you have an issue you're planning to register? Our Corporation News Department would like to hear from you. Please tell us about your interest in this type of business.

Would you telephone us at RECtor 5-5790 or write us at 52 Park Place, New York 7, N.Y.

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**Prospective Offerings**

**Albert Einstein College of Medicine of Yeshiva**

Oct. 24, 1962 it was reported that $19,700,000 of this institution's 5% to 6% first mortgage serial bond issue, July 1, 1965 to Oct. 1, 1982 will be offered publicly in both New York and Chicago. The 3.5 to 3.6% bonds will be offered at 101 for the 6. Proceeds—For construction of a new 235-bed hospital, and a 12-story research building on the college's 35-acre Bronx, N. Y., campus. Underwriter—B. C. Ziegler & Co., West End Ave., New York.

**Belock Instrument Corp.**
Sept. 4, 1962 it was reported that the company plans to bring to market $2,000,000 in preferred stock. Plans are to be offered to investors. Proceeds—(Competitive). Underwriters—(Competitive).

**Biologics International Inc.**
Aug. 15, 1962 it was reported that this company plans to file registration statement covering 125,000 common shares. Price—$3. Business—Company plans to raise money for the purchase of animals. Proceeds—For working capital and other corporate purposes. Office—112-03 Fourth Ave., College Point, N. Y. Underwriter—Carl M. Loes, Broads & Co., New York.

**Central Illinois Public Service Co.**

**Community Public Service Co.**
Oct. 29, 1962 it was reported that this company plans to raise new money in the third or fourth quarter of 1963. A spokesman for the company stated that they are planning the selling of selling preferred stock, although a final decision has not been made. Office—365 State St., Springfield, Ill. Underwriters—(Competitive). Underwriter—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

**Consumer Power Co.**
Sept. 4, 1962, Robert P. Briggs, Executive Vice-Pres., and F. Redwood, Jr., Vice-Pres. & Gen. Mgr., reported that the company had postponed until mid-1963 its plan to sell additional securities because of continued...
“larger than anticipated internal generation of cash, substantial refunds of tax payments, and increased use of bank credit.” Earlier, the company reported that it expected to sell about $40,000,000 of securities in the second quarter of 1963. February—212 West Michigan Ave., Jackson, Mich. Underwriters.—(Competitive): Probable bidders: Halsey, Stuart & Co. (jointly); Halsey, Stuart & Co.; Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co.; Salomon Brothers, Inc.; Blyth, White & Co. (jointly); Morgan Lynch, Pierce, Fenner & Smith Inc. (jointly).

**Delaware Power & Light Co.**

March 9, 1962 It was reported that the company has postponed until early spring of this year its plan to sell $3,000,000 of mortgage bonds which were to be made to common stockholders first on the basis of one share for each of the preceding five years, of stock. Standing on Dec. 31, 1961, the sale would involve about 418,000,000 of the company's shares. Sale of the bonds was planned to raise $7,000,000 for the company's working capital, debt repayment and other advances to subsidiaries. Office—Moosic Ave., Carbondale, N. J. (jointly); Beardsley, Dovenbier & Co., New York.

**Food Fair Properties, Inc.**

May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which is convertible into 1,512,000 shares of common stock. The voting rights on a 1–for-10 basis. Price.—By amendment. Business — A motor vehicle common carrier operating in nineteen states. Office—1320 Pennsylvania Ave., N.W., Washington 4, D.C. Underwriters.—(Competitive): Probable bidders: Chase Manhattan Bank; Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. (jointly); Kidder, Peabody & Co.; Halsey, Stuart & Co. (jointly); Morgan Lynch, Pierce, Fenner & Smith Inc. (jointly).

**Eastern Freight Ways, Inc.**

Oct. 9, 1962 the ICC authorized the company to issue 190,000 common. Price.—By amendment (not $5). Business.—A motor vehicle common carrier operating in nineteen states. Office—420 Lexington Ave., New York 17, N.Y. Underwriters.—(Non-competitive): Probable bidders: Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp. (jointly); Morgan Stanley & Co. (jointly).

**Jenner Development Co.**

July 3, 1962 it was reported that the Japanese Finance Ministry has authorized the bank to issue an additional $22,500,000 of bonds in the U.S. It is expected that a new issue of about $22,500,000 of mortgage bonds will be on March 31, 1963. Business.—The bank was incorporated in 1953 as a Japanese Government financial institution to promote economic reconstruction and development in Japan. Office—Japanese Ministry of Finance, Tokyo, Japan. Underwriters.—(First National City Bank of New York; Dillon, Read & Co.; Smith, Barney & Co., N.Y. (jointly); Eastman Dillon, Union Securities & Co., New York.

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**Kentucky Utilities Co.**

March 20, 1962 it was reported that this utility plans to sell approximately $15,000,000 of 30-year mortgage bonds, in the first quarter of 1963. Office—120 South Limestone St., Lexington, Ky. Underwriters.—(First National City Bank of New York; Dillon, Read & Co.; Smith, Barney & Co., N.Y. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith (jointly).

**Louisville & Nashville RR (11/14)**

Oct. 1, 1962 it was reported that the road has applied to the ICC for permission to sell $25,000,000 of collateral trust bonds due Dec. 1, 1967. Proceeds.—To retire $15,000,000 of bonds due Jan. 1, 1962. Office—220 E. 42nd St., New York, Underwriters.—(Competitive): Probable bidders: Blyth, White & Co. (jointly); Halsey, Stuart & Co. (jointly); Kidder, Peabody & Co.; Halsey, Stuart & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.—Blyth, White & Co. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith (jointly).

**Michigan Consolidated Gas Co.**

On Oct. 24, 1962 it was reported that this company plans to sell $35,000,000 of mortgage bonds in the third quarter of 1963. Proceeds.—For construction. Office—120 So. Limestone St., Lexington, Ky. Underwriters.—(First National City Bank of New York; Dillon, Read & Co.; Smith, Barney & Co., N.Y. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith (jointly).

**Michigan Wisconsin Pipe Line Co.**

Oct. 24, 1962 it was reported that this company plans to sell $50,000,000 of mortgage bonds in the third quarter of 1963. Proceeds.—For construction. Office—120 South Limestone St., Lexington, Ky. Underwriters.—(First National City Bank of New York; Dillon, Read & Co.; Smith, Barney & Co., N.Y. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith (jointly).

**Mitsubishi Electric Mfg. Co.**

Oct. 24, 1962 it was reported that the Japanese Finance Ministry has authorized the company to sell $10,000,000 of convertible bonds in the United States in 1962. It is expected that the bonds would have a maturity of 15 years and bear an interest of 6%. No decision has yet been made as to whether the issue will be sold not at all or partially. Business—Production of electric machinery. Proceeds.—For construction. Office—120 South Limestone St., Lexington, Ky. Underwriters.—(First National City Bank of New York; Dillon, Read & Co.; Smith, Barney & Co., N.Y. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith (jointly).

**Natural Gas Pipeline Co. of America**

June 12, 1962 it was reported that this subsidiary of Peoples Gas Light & Coke Co., plans to sell $35,000,000 of senior securities later this year. Business—Operation of two natural gas pipeline systems extending from Texas to New York. Proceeds.—For expansion, Office—122 So. Michigan Ave., Chicago, Underwriters.—Dillon, Read & Co., New York City.

**Northern Illinois Gas Co.**

Feb. 17, 1963 it was reported that the company expects to raise $135,000,000 to finance its 1962-66 construction program. The amount is in excess of this, in the form of a debt issue, will be sold in the second half of 1963. Office—515 Eastern Ave., Belleville, Ill. Underwriters.—To be announced. Proceeds.—To be used to finance capital. Office—710 North Twelfth Blvd, St. Louis, Underwriters.—(Competitive): Probable bidders: Halsey, Stuart & Co. & First Boston Corp.; Kidder, Peabody & Co. & Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Bid—Nov. 12 (noon CST) at company’s office.

**Interstate Power Co.**

Oct. 10, 1962 it was reported that the company plans to sell $50,000,000 of mortgage bonds in the second quarter of 1963. Office—100 Main St., Dubuque, Iowa. Underwriters.—(Competitive): Probable bidders: Halsey, Stuart & Co. (jointly); Halsey, Stuart & Co.; Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co.; Salomon Brothers, Inc.; Blyth, White & Co. (jointly).
Federal Power Commission And the Natural Gas Industry

Continuing and production must be a regulated price which conforms with the standards of the Federal Power Commission. It is regulated with the so-called fair field price, which is not a regulated price.

In the past year the area approach to producer regulation has proved to be one of the greatest abstractions to reality. In the lead case involving the Penmar Basin, we have witnessed the collapse of a year's signal achievement of compiling and introducing much of the testimony and cross-examination. The producers in particular are very prominent in this matter. They introduced a single coordinated presentation of their direct testimony. Their responses to the Commission's questionnaire provide the most comprehensive in full of the production operations and costs that has ever been assembled. Citing all preceding precedent in the case and the procedural pioneering which has been so vigorously pressed to be brought to a reasonable prompt conclusion, I believe that the case has been more than satisfactory.

Combined Producer-Pipeline Co.

No group of problems has perplexed the Commission in recent years more than those "which are created by the fact that many pipeline companies are controlled either directly or through affiliated companies. Usually some or all of the companies are used in their own pipeline operations. While the issuance of the exploration and development costs have been charged to the separate department of a pipeline company, or a production subsidiary, often the length with the buyer, and the interdepartmental or intercompany parity of this matter of special interest to the Commission.

The Commission's thinking on one aspect of this complicated problem is illustrated by the statement to the effect that the market for the natural gas discovery in the corporate well in its consideration of the pipeline issue. I see no reason why a pipeline which has a separate production problem, like the pipeline production problem, and we finally realized that the source of much of the difficulty is the lack of reliable information on the operation and marketing of the well. The whole field of pipeline production is one in which little information, if any, is available to the public. We have only fragmentary information on the extent, extent, and quality of reserves, except for the reserves which are required to support service obligations. The Commission's present policy as you all know in to require reserves with a 12-year duration as a prerequisite for certificating either a new pipeline or an extension of an existing line. The rule is undoubtedly nothing but a sound one for new projects, when management, and the directors of both market and supply, can agree to it as well as to expansions of well-established pipelines, it may well be premature.

The objective of the industry and the Commission should be to make this natural gas discovery and committed to the interstate market in an orderly manner and in such a way that the gas is brought to the ultimate consumer at the lowest possible cost which is consistent both with fairness to the industry and full utilization of supply. I believe that the management of established pipelines need greater flexibility to achieve this goal.

Enditeas flows of 12-Year Rule

The pressure to provide more pipeline facilities have requirements based on the ef- fect of the ability to reduce their costs which in turn holds promise of lower rates to consumers. In the short run the Commission should provide encouragement. Under the present pressure may be forced to saddle themselves with long-term commitments when market conditions and prices are high. The growing use of 100% take-or-pay provisions in production contracts is, of course, an interrelated part of the gas supply problem and such clauses are the subject of a pending rulemaking. The 1-year rule has caused pipelines to commit themselves for gas of a given quality and put them in a serious take-or-pay situation. As a result many pipelines have been forced to draw on the short term from taking advantage of the periods when there is a buyer's market. I believe that the judgment, indiscriminate application of the 12-year rule could create a false impression of increasing the cost of gas to consumers by providing any offsets.

The pipeline companies have pointed to their efforts in their own survival, which in turn depend upon the availability of reserves. The next years most of them have acquired a great wealth of information and have built up large and expert gas purchase organizations to assure them of the availability of the gas. Many of the pipelines have been acquired or merged in the last two years.

Production is one of the key issues of concern, the development of new pipelines and the maintenance of existing pipelines.

The decision which has been taken by the Commission to assure itself continuously that the pipeline companies have a reasonable cost, is not entirely lost. The only condition that the pipeline will be used is that the pipeline production is neither good nor bad in the judgment of the judgment upon which the pipelines and the pipeline(handle the problem).

Pipeline Reserve Requirements

The decision is the result of eliminating the process before the Commission is our policy on the required pipeline reserves required to support service obligations. The Commission's present policy as you all know in to require reserves with a 12-year duration as a prerequisite for certificating either a new pipeline or an extension of an existing line. The rule is undoubtedly nothing but a sound one for new projects, when management, and the directors of both market and supply, can agree to it as well as to expansions of well-established pipelines, it may well be premature.

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Big Business and Economic Progress Are Interdependent

Continued from page 46.

The recent emergence of big business as a new factor in the economy, in the form of giant corporations, is one of the most important developments of the last few decades. Since the turn of the century, the number of companies that have been incorporated in the United States has more than doubled, and at the present time the number of American-owned stock in publicly held corporations is estimated to exceed 17 million.

Consumer as the Final Judge

In the final analysis, big business is the buyer. If a business manager, the employees, or the stockholders with whom he deals have a good product and who is to produce it. It is the consumer—the customer—who is the important factor. The consumer is the most fickle and has the most power. He determines the size, success, and failure of a business.

Big Government Is Needed

One might observe, also, that big government, itself, is tremendous—and necessarily so because it, too, has a big job to do. The government has a payroll of $14 billion, and total expenditures for the fiscal year have been seen no serious proposals that it parcel out its powers, enumerate its functions or duties to the 50 States. This country needs a huge military establishment, and even a politician would suggest that we could do a better defense job by letting each of our States—our own navy, army, and air force, or each have its own version of Project Mercury. How can such a world be made up of elements that are becoming larger and more complicated, necessitating increasingly bigger jobs to do; and while some of them can be done by small business, many of them will require resources well beyond those of small companies. So, what is the alternative to big businesses? How would our critics say that they are doing? The only alternative I can see is to have the Government do them. If the Government is the only entity that is big enough to do them. If the Government can do them, then the other small companies have a very clear-cut decision to make: get into national or nationalized enterprise. There simply is no other choice. And yet, few if any of our Government officials would openly champion nationalization of industry.

Nub of the Problem

This is really what I consider to be the nub of our problem. We hear much about national goals and public interest that are laudable. But what are the government and the public seem uncertain of is that the public interest is to be served by the Government. Indeed, the public would want to know that the Government is doing justice and is doing it efficiently.

I believe that this uncertainty and indecision is an important contributing factor to the recent growth of the private enterprise system, and it is the failure of the public to understand the difference between the Government and the private firm.

The private firm, as we often explain it, to be sure, is a business in which the company is owned and operated by the people who work for it. The public firm, on the other hand, is owned and operated by the people who own it.

We would be defeating our purpose if we were to restrict this discussion to such a basic misunderstanding.

Again, we must not forget that size is relative, and our concept of size is large. Russia is monolithic in its economic structure. It has in effect one chemical company, one auto company, one steel company, and so on. As the size of some of our larger companies can be considered to be too large. Our country's economic growth is being based on a common market, which will lead to larger, more efficient business combinations and better use of the natural talents and resources of each of the member businesses. In this way, we also foster the development of their industries with financial aid, in the form of genuine monopoly. These European firms are going to be extremely competitive with our own industries in the world markets.

By the same token, businessmen also have a big job to do. The Government certainly is justified in attacking and controlling business when they fix prices, re-strict competition, or give poor service. It is not only because their companies are big. If we are to reach our stated national defense, economic, and a strong national defense, I believe we must first understand that business and government should be judged by the same yardstick—by the same rules; but not only when that business pro-duces harmful effects. So let's attack both, because I believe, and I will be big, and let's help each other with the problems that arise out of our act.

It is this kind of understanding that must be achieved if the average citizen is to reject those individuals who persist in the market power and restriction of business managers. These man-agers not only have the responsibility to control their business big jobs, but they also have responsibilities in profitability in the interest of their stockholders, but also, they have responsibilities to develop the new skills and techniques required to support the plan as a society and a Government. Also, I wonder whether the Government has made a mistake in the effort to get this country moving again by investing their savings in new ventures, if these ventures are likely to be declared suspect when they happen to produce a better than minimal profit. I do not know that this country was not developed under that kind of philosophy. If that is so, then I believe that we can maintain our past record of growth if such thinking is changed.

The advertising industry has come under attack recently and if unreasonable regulations and re-strictions are to be the order of the day, it will find it increasingly more difficult to continue the overhead expense required to conduct the kind of research that is so necessary, not only for more effective means of communication, but also for the kind of communication, I hope that they will take advantage of every oppor-tunity to dispel and negate some of this fallacious thinking that is all too prevalent today.

To sum up, I believe, and I am only by a combined ef fort that we can hope to achieve the highest possible level of service and management in our business system, which, in turn, is a prerequisite to utilizing our labor force efficiently. It is a matter of struggle for military and eco-nomic strength.

The State of TRADE and INDUSTRY

By the end of October, the steel industry, after the embargo-planned October, 27, production of 1963 models was at an estimated 1,979,971, and 1962 models made by the same time in 1961.

Thus far in October, the in-dustry has assembled about 630,000 cars. The entire month is expected to yield upwards of 720,000, highest for any October on record and greatest volume for any month since November of 1955.

Electric Output Up 5.8% Over Last Year

The amount of electric energy delivered by the electric light and power industry for the week ended October 28, was estimated at 16,184,000,000 kwh, ac-cording to the Edison Electric Institute. Output was 20,000,000 kwh. below that of the previous week's total of 16,187,000,000 kwh, and 690,000,000 kwh, or 3.8% above the total output of the compar-aible 1961 week.

Freight Rail Loadings Down 5.5% Over Last Year

The amount of freight revenue traffic in the week ended October 20, 612,223 cars, the Association of American Railroads announced. This was an increase of 6,446 cars or 1.1% above the preceding week.

The loadings represented a de-crease of 37,733 cars, or 5.6%-be-low the average for the week of 1961, and a decrease of 24,250 cars or 3.8% below the corresponding week in 1960.

The loadings were a representa-tion of a decrease of 15,089,000,000,000 kwh, ac-cording to the Edison Electric Institute. Output was 20,000,000 kwh. below that of the previous week's total of 16,187,000,000 kwh, and 690,000,000 kwh, or 3.8% above the total output of the compar-aible 1961 week.

Week's Auto Output Exceeds Last Year's Making October Record

Production in the U. S. this week continued at its highest level since the 1961 peak, as the Commerce Department announced. This was an increase of 6,446 cars or 1.1% above the preceding week.

The loadings represented a de-crease of 37,733 cars, or 5.6%-be-low the average for the week of 1961, and a decrease of 24,250 cars or 3.8% below the corresponding week in 1960.

The loadings were a representa-tion of a decrease of 15,089,000,000,000 kwh, ac-cording to the Edison Electric Institute. Output was 20,000,000 kwh. below that of the previous week's total of 16,187,000,000 kwh, and 690,000,000 kwh, or 3.8% above the total output of the compar-aible 1961 week.
Tax-Exempt Bond Market

Federal Reserve Bank of St. Louis

Volume 166 Number 208 . . . The Commercial and Financial Chronicle

3,452 cars or 29.7% above the 1950 week.
Cumulative piggyback loadings for the week were 9,000,000, totaling 552,708 cars for an increase of 94,282 cars or 20.6% above the comparable week a year ago, as compared with 752,733 for the week ended Oct. 19, 1960. There were 61 class 1 U. S. railroad systems originating this type of traffic, 21 of which were reporting, compared with 58 one year ago and 54 in the corresponding week in 1960.

Track Tonnage Off 6.6% From Last Year's Week

Interstate track tonnage in the week ended Oct. 29, 1964, dropped 6.6% below the volume in the corresponding week of 1964. The American Trucking Associations reported track tonnage was 1.8% below that of the previous week.

While this weekly survey indicates truck tonnage is falling volume slightly below the level of a year ago, the year-to-year decrease is colored by the unusually strong upward trend in freight rates in 1963. The current trend is particularly true with respect to the intercity hauling done between cities like Albuquerque, and Milwaukee. These findings are based on the weekly survey of 34 metropolitan areas reporting to the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country. The terminal survey for last week included shipments from a year ago at 16 localities, with 18 points reflecting decreases from 1963 levels. The year-to-year tonnage increases were registered at San Francisco and Detroit, up 36% and 11.7%, respectively. These points are Houston, Albuquerque, and Milwaukee, all of which showed decreases in excess of 10%.

Compared with the immediately preceding week, 21 metropolitan areas reflected increased tonnage, while 21 areas showed decreases. The tonnage shipped by the companies indicated at Boston and New York increased 28% and 19%, respectively, over the Columbus Day holiday, and the religious observances during the succeeding week.

Lumber. Output. Is. 5.1%. Below 1961 Level

Lumber production in the United States during the week ended Oct. 20, totaled 217,692,000 board feet, compared with 231,585,000 in the previous week, according to reports from regional associations. A year ago the figure was 228,718,000 board feet.

Compared with 1961 levels, output declined 5.1% , shipments rose 1.9% and production fell 4.8%. Following are the figures in thousands of board feet for the weeks indicated:

<table>
<thead>
<tr>
<th>Week</th>
<th>Output</th>
<th>Shipments</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 10</td>
<td>217,692</td>
<td>215,810</td>
<td>217,692</td>
</tr>
<tr>
<td>Oct. 17</td>
<td>216,279</td>
<td>213,219</td>
<td>216,279</td>
</tr>
<tr>
<td>Oct. 24</td>
<td>216,430</td>
<td>215,320</td>
<td>216,430</td>
</tr>
<tr>
<td>Oct. 31</td>
<td>216,677</td>
<td>214,177</td>
<td>216,677</td>
</tr>
</tbody>
</table>

Business Failures Down in Latest Week

After a strong climb in the prior week, commercial and industrial failures declined in the week ended Oct. 25 from 532 in the previous week to 420. The American Bankruptcy Institute reported Dun & Bradstreet. Failures were caused by the liquidation of 150 businesses, as compared with 204 in the previous week, and 261 in the corresponding week in 1963. Failures caused by the bankruptcy law were reported in 47 States, compared with 55 in the previous week and 48 in the corresponding week in 1963.

Weekly Retail and Wholesale Sales

Continued from page 5

Brothers & Gregory, Son & Co., of Milwaukee, sold the bonds of the State Bank of Newark, City National Bank and Trust Co., and the Union Trust Co., and First National Bank of South Bend.

The bonds of the First Federal City Bank were sold to First Federal Trust Co., New York, at a yield of 6.5% to 7.0%.

Other major members of the winning group include Equitable Life Insurance Co., National Union Security Co., and National City Union Security Co., and Ladenburg, Thalmann & Co., Glore, Forgan & Co., and B. J. van Nuwen & Co. and J. H. van Ingen & Co. The bonds were offered to yield from 5.00% to 5.35% in 1991 and as we go to press it is estimated that the tender is essentially 25% below the 1964 yield.

This week's final issue of note consisted of $6,500,000 for the State of Illinois, which was offered by the syndicate headed by Blyth, Paisley & Co. of New York. Blyth received the second bid on the bonds, a 2.45% net interest rate. The second highest bid on the bonds, a 2.45% net interest rate, was tendered by the Trust Co. account.

Associated with Blyth, Paisley & Co. as major members of the winning group were the syndicate headed by Blyth, Paisley & Co. and the syndicate headed by Lehman, Bros. & Co.

Highest Yields

The highest yields, 3.45% net interest rate, were received on the bonds with the following payment:

<table>
<thead>
<tr>
<th>Bond</th>
<th>Yield</th>
<th>Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blyth</td>
<td>3.45%</td>
<td>July 1, 1994</td>
</tr>
<tr>
<td>Lehman</td>
<td>3.45%</td>
<td>July 1, 1994</td>
</tr>
</tbody>
</table>
WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D.C.—Although the danger of a military clash between the U.S. and Russia over Cuba apparently has been avoided, the government's top economic planners are still working on plans and policies generated by the crisis and for other possible contingencies.

The economic planners, looking ahead, are basing their assumptions on serious but not catastrophic developments in the menace—unlike the military planners who must be forced to assume the worst and be poised hour by hour. The economic political outlook now forming the basis for the domestic planning is based on the following assumptions:

The world will ebb and flow toward and away from a major war. Possible periodic outbursts of shooting will be localized—in the area around Cuba, in the approaches to West Berlin, perhaps, in the Black Sea or Turkey. They will not result in the ultimate violence of war. But they will force the country into a much deeper mobilization building up.

Already, the Defense Department's order freezing military personnel's pay service for probably a year, maybe more, will increase U.S. military manpower strength by about 500,000 conscripts as enlistments creep upward while separations are frozen. This alone means some sort of building up. Yet buying more of the housekeeping items it needs—food, clothing, shelter, transportation.

The additional men on top of the step-up in firepower needed to cope with the nation's confrontation of the Russians will increase orders for guns, missiles, planes, bulk supplies needed for the war. This will not affect the economy, overnight—but it will affect it.

The Economic Impact

One of the most obvious results is that the recession, widely predicted for early next year, now is not expected to be a major thing, or production—and perhaps prices—is forecast as the nation moves to increase its mobilization capacity.

It's too early yet for the forecasters to predict a production boom, in any event.

At the same time, there will be upward pressure on prices, these experts say. We have at the moment substantial excess productive capacity for both guns and butter, there are some signs of increased consumer buying pressure building up. Within days of the President's announcement, some areas reported increased purchases in some items, including autos and some soft goods.

Tax Cut Threatened?

The outlook for tax cuts for new year—earlier than expected or another possible casualty. The military blockade operation and mobilization could mean that the government about $100 million—bring in this fiscal year's deficit to at least $7 billion. And a more substantial defense mobilization would obviously eliminate the necessity of a tax reduction to spur the economy.

With the country embarking on a much sterner policy toward world Communism, the process of raising the rate of defense spending over the next few months is also inevitable.

In the first days after the President announced his decision to unmask the Soviet treachery in Cuba and throw down the gauntlet, the primary interest in Washington, as in all the world, was in the direct military strategy. The outcome, obviously, was up to the Soviets. However, the necessary non-military aspects of the crisis also became increasingly important to government. While the midnight oil burned initially in the offices of the Pentagon and State Department at first, it began soon to show up in the Commerce Department, Labor Department, and the various agencies of govern ment. The tempo of activity in the non-military departments has been reduced somewhat, rather than abruptly halted. Seemingly, the world is in store for a much warmer sequence in the cold war, for the months and years ahead whatever the outcome in Cuba.

More Non-Nuclear Weaponry

The heated international tempers have not yet cooled again that this country's defense structure may continue toward a primacy of modern weapons—fast bombers and fighters, modern landing craft, tanks and other vehicles, fast ships, and the modernized foot soldier well armed with various weapons other than nuclear. The assumption that when a head-to-head meeting with the Russians came, it would make no difference, even if we know them or can develop weapons to beat them. Cuban crisis has shown that the U.S. cannot neglect the armament on something short of nuclear war.

This too has not escaped the notice of the long-range defense and economic planners in Washington. There are already signs that more of our research and defense dollars for the new fiscal year may be used to bring these "local defensive" weapons as up to-date as our ballistic missiles and atomic warheads now are.

Planners admit that all of their work now is pure speculation. We are on what they term their rest their planning may change many times in even the next few weeks. But this is the assessment of the outlook as of this writing.

New Tariff Cuts Will Be Developed Slowly

The Kennedy Administration, up to its collective ears in international tensions, won't now move quickly to put its newly-won powers to unload foreign trade through new tariff reductions. But guess now that it will be some two years before the new round of free world tariff cuts begin to take effect.

At the moment, the U.S. Tariff Commission and other government agencies are busy trying to revise some 8,000 tariff classifications, to simpler language and make the categories more descriptive. They need the approval of the 35 other nations in the General Agreement on Tariffs and Trade (GATT) before they can do this, which is slow in coming. If all works well, it will be at least Jan. 1 before these new tariff classifications go into effect.

The purpose of the new classifications is not to change existing tariffs, but officials at the Commission admit that in some few cases this will happen as the definitions are changed. They also admit that because present laws won't permit them to lower tariffs, the effect of any changes that creep in will be to raise some U.S. tariffs. They expect that the countries of the non-Cuban world, and the other foreign countries, but their answer will be that these will be corrected in the next round of tariff-cutting negotiations.

Once these revisions are out of the way, the Administration will start to work getting ready for another major round of tariff-cutting talks under the new trade bill. The new trade bill allows the President to cut most existing tariffs by as much as 50% in three annual steps. It permits him to remove tariffs entirely on goods of which the U.S. and the European Common Market produce 80% of the world's supply. The only exceptions are goods which have been subject to a boost in tariffs under the so-called escape clause within the past five years.

Cumbermome Machinery

The machinery under which the tariff cuts will eventually take place is cumbersome and complicated. The first step will be for the President to designate a committee to draft a list of goods on which the U.S. may consider granting lower tariffs and a list of goods on which the U.S. will request foreign countries to lower their duties. He will probably use the existing Interdepartmental Committee on Tariff Agreements. This committee works in secret, and after some months will present its lists to the President. The important one is, of course, the list of goods on which the U.S. may agree to cut tariffs. This list is subject to approval by the President and his top advisors, and published and sent to the Tariff Commission.

This is only the beginning. The Commission must draft economic reports on each item to be sent to the White House within six months. Commission officials say it will take them all of six months to hold hearings and make their reports. Then, the list is again reviewed, and a final secret list given to the E.S. negotiators.

The negotiators take several months talking with various foreign representatives, so the whole process will probably take two years or more. But when they come, these tariff reductions are likely to be sweeping.

Most of them will be on imports from the European Common Market. The new trade law was passed to offset the restrictive tariffs the Community has put into effect, shutting off many lucrative overseas markets for U.S. firms. The Administration was convinced that the only way to reopen these markets was to offer lower tariff rates to the Community shipments to this country. Congress went along (adding various protectionist touches) and included in increased low-cost foreign goods on U.S. firms and workers). The Japanesecountry is now offering U.S. prices even with current tariffs, so the negotiations will probably not bring a long list of tariff cutting with them.

(These columns are intended to reflect the "behind the scene" interpretation from the nation's Capital may be read in conjunction with the "Chronicle" or own views.)

COMING EVENTS

INVESTMENT FIELD

Nov. 4-5, 1962 (Boca Raton, Fla.) National Apartment Dealers Association Convention at the Boca Raton Hotel & Club.

The CHRONICLE will publish on Nov. 29 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.


The CHRONICLE will publish on Dec. 28 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.

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