The COMMERCIAL and FINANCIAL
CHRONICLE
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THE LEADING AND MOST INFORMATIVE PUBLICATION IN THE FINANCIAL FIELD . . . ESTABLISHED 1839

Volume 197 Number 6234 | New York 7, N. Y., Thursday, January 31, 1963 | Price 50 Cents a Copy

EDITORIAL

As We See It

President Kennedy has presented some of the long-awaited details about the revisions of our tax laws he would like to see made. It is not always precisely clear what is intended in some particulars, and, of course, no one can say at this time what Congress will do with any of the President's plans or wishes. To render the ultimate outcome of all this touted tax revision still more uncertain is the fact that at more than one point no one will really know what new provisions mean until such time as the courts have ruled on unavoidably technical and complex provisions of law. As all such facts as these become clearer and clearer, and as realization spreads of the fact that any such changes that may finally be made in the law can hardly bear directly upon the amount of taxes this, that, and the other type of taxpayer must pay for a considerable number of months to come at the very best, some of the optimism about the effect of tax changes upon the immediate business outlook tends to fade.

But while at so many points this whole question of the currently proposed tax revision remains in doubt, not to say confusion, one fact of vast importance has once again been made painfully clear. That circumstance is the vast complexity of our income tax system, and the difficulty of making important changes in it without introducing other complexities whether or not any of the old complexities are removed or ameliorated. Any tax on income must, we suppose, be complicated in its application, but there is now, and there has been in the past, all too little effort to introduce as much simplicity in the law as the nature of the case permits. The New Dealers, the Fair Dealers, and *(Continued on page 46)*

Canada's Leading Authorities Evaluate Its Economic Prospects

In articles especially written for THE CHRONICLE, individuals eminently qualified to accurately interpret the course of Canada's economy in the instant year present their views. The commentaries discuss the probable trend of key factors, including course of the money market, capital and consumer expenditures, housing, new developments in the oil, gas and mining industries, and other aspects of the nation's business life. The statements appear herewith:

RT. HON. JOHN G. DIEFENBAKER
P.C., Q.C., M.P., Prime Minister of Canada

The Canadian economy expanded significantly in 1962 with the advance taking place on a broad front. New annual records were achieved in such major economic fields as national output, employment, incomes, consumption and foreign trade.


John G. Diefenbaker

Canada's Gross National Product reached a new high in 1962, exceeding the previous peak of 1961 by some seven to eight percent. With prices rising by only about one and one-half percent over their 1961 level, the growth in real output was the largest since 1956, and among the highest in the post-war period. Expanded production by the manufacturing and mining industries boosted the composite industrial production volume index to new peaks. The average index for the first ten months of 1962 surpassed the comparable 1961 figure by some eight percent. The strong upsurge in the output of durable goods was a major factor in the improvement shown in the manufacturing production index. The extent of the gains in Canadian industrial production is evident in the new records established in the output of such important industrial products as primary steel, sawn lumber, wood pulp, cement, iron ore, asbestos, crude petroleum, natural gas and motor vehicles. The national output was boosted by a good harvest, with substantial gains over the low 1961 yields for such major crops as wheat, oats, rye, barley, flaxseed and mixed grains.

The labor situation improved further during 1962 with employment reaching record levels. New job-opportunities created by the expanding economy exceeded new job-seekers so that unemployment declined substantially from the 1961 levels. For the first 11 months of 1962, employment averaged 177,000 more than for the same period of 1961 and unemployment was an average 85,000 less than one year earlier.

The higher level of economic activity in 1962 brought higher incomes to Canadians, with increased labor earnings and larger farm income contributing to the gain. Personal income in the first nine months of the year exceeded the comparable 1961 total by almost 9½%, labor income being up 6½% and farm net income showing an increase of almost two-thirds. The relative stability of consumer prices and the rise in incomes have meant increased real purchasing power for Canadians and both consumer spending and personal savings have been running ahead of their 1961 levels. Increases in all three components of personal expenditures on consumer goods and services contributed to the 5% increase in its total in the first three-quarters of 1962 compared with one year earlier. *(Continued on page 24)*

CANADIAN ANNUAL REVIEW AND OUTLOOK ISSUE

The Security I Like Best...

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

W. CABELL HOPKINS

President, First Southeastern Company, Columbus, Ga.

Tom Huston Peanut Co.

I have selected Tom Huston Peanut Company common stock as "The Security I Like Best" as it combines to an unusual extent steady demonstrated growth together with superior defensive characteristics.

The Tom Huston Peanut Company is a typical example of a company starting from the most humble beginnings and growing through excellence of product and outstanding management in one generation to a substantial operation on a National scale.

The company had its beginnings in 1925 in a small frame building in Columbus, Ga., with a total personnel of three people. Its single product "Tom's Toasted Peanuts" was sold from a market basket on the streets of the City. Today its main plant is a modern showplace each year attracting visitors from all over the world. This, and the company's other plants in Macon, Georgia, Knoxville, Tennessee, Salem, Virginia and Ft. Worth, Texas, manufacture a complete line of salted peanuts, peanut butter sandwiches, candies, potato chips and other snack food items—over 200 items in all. Most of these items are still sold in 5¢ packages which we feel gives the business its high defensive quality. In recent years, larger packages have been introduced aimed primarily at the important take home trade.

Tom's products are sold by 424 independent distributors operating 1,523 trucks in 44 states. The company ships freshly made merchandise each day direct to the Distributor, both by common carrier and its own fleet of 60 Diesel powered truck-trailers. The Distributors maintain a regular weekly or bi-weekly store door delivery service to some 300,000 retail outlets.

The company's growth record is impressive. Moreover, growth appears to be at an accelerating rate. The following figures are taken from the 1962 annual report. Not included in sales is a sizable brokerage business done in products of affiliated manufacturers.

	Sales	Net Income	Net Inc. % of Sales
1962	$31,150,489	$2,583,555	8.3
1961	25,909,975	2,248,040	8.6
1960	22,033,953	1,631,304	7.4
1959	20,851,185	1,525,788	7.3
1958	18,525,063	1,317,214	7.1
1957	19,743,492	1,237,000	6.2
1956	18,460,375	1,132,054	6.1
1955	16,426,144	975,810	5.8
1954	14,093,197	769,207	5.4
1953	13,420,108	552,118	4.1

No report on Tom Huston would be complete without special mention of the late Walter A. Richards who became President of the company in 1932. From then until his death in July 1961 he steadily brought the company along sound conservative lines to its present position. In the process he developed a fine, aggressive management team ably headed by his son-in-law, J. W. Feighner, who is today carrying along in his footsteps.

The financial condition of the company is excellent, the latest report showing $12,227,000 current assets ($6,663,000 cash and U. S. Government Securities) against $3,527,000 current liabilities.

Stock dividends of 5% were paid in 1956 and 1957, 20% in 1959 and 5% in 1961. Also the stock was split two-for-one in 1946 and five for one in 1962.

There are 1,650,040 shares of stock now outstanding. At the present price of 37 the stock cannot be considered unduly cheap based on the latest earnings of $1.56 and current dividend of 64¢. Nevertheless, we believe that long-term holders will be amply rewarded in the future, as they have been in the past. The stock is traded in the Over-the-Counter Market.

JAMES R. STADLER

Security Analyst, Equitable Securities Corporation, Nashville, Tenn.

Marquette Cement Manufacturing Company

Actual practice may seem to discredit this truism, but the average investor is concerned with preservation of capital. It is just that the thought of quick profits becomes overpowering at times even for the arch conservative. That is why it is easier to sell yourself on a stock that has doubled during the last year than one that has halved. That is why a man will buy at 30 times earnings what he would not buy at 10 times only a year or two ago.

There is a very definite tendency to overlook an industry that is having its problems. Yet, we know that a basic industry, one that the country literally can not do without, eventually works out its problems. What better time to buy into this type of industry than when it is very much deflated, when their stocks are selling at below average multiples and above average yields? Patience is a most important factor for investing in this type situation because it is extremely difficult to pick the bottom. If the investor is a little early but picks the better companies in the industry, then it becomes an opportunity to average down a little more.

For a number of years during and after the war, cement companies had what every corporate President dreams of, a sellers market. As a consequence, prices were high, innovations were few, and operations got a little on the sloppy side. To supply the demand, expansion was the order of the day. Along about 1956, expansion caught up with demand. Demand was and still is expanding but supply simply got out of hand. Research and development has become a primary factor and during the last few years new types of, and new uses for, cement are read about in the papers with increasing frequency. Since the customer is now king, service is the order of the day. Storage terminals are being conveniently located throughout the country. Plant expansion is taking the form of modernization so that costs are coming down. The price war is not over, particularly in the East; but, in general it is becoming less fierce even though it may flair up from time to time in various marketing areas. Earnings of several companies are beginning to show this bottoming out. These companies are getting themselves in training to tackle their piece of the prosperity that we think is building up for the last half of the 60's.

At the present time, Marquette is selling to yield about 5% on an adequately covered $1.80 dividend and it is one of the better quality issues in the industry. Earnings peaked at $3.55 during 1959 and have given ground to the $2.90-$3.00 level expected to be reported for 1962. Assuming economic activity equal to or better than 1962 for the year 1963, we may have seen the bottom of the earnings curve. In any case, 1963 will be—almost for certain.

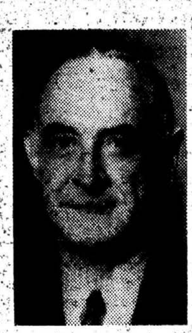
The investor looking for high yield and better than average appreciation potential would do well to purchase Marquette Cement Manufacturing Company in the middle $30's. The downside risk is limited and once earnings turn around, higher earnings multiples will probably be evident for the entire industry. The stock is listed on the New York Stock Exchange, also on the Midwest Stock Exchange.

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

Gen. Clay to Be Lehman Partner

Robert Lehman has announced that General Lucius D. Clay will become a senior partner of the firm of Lehman Brothers, 1 William Street, New York City, subject to the approval of the New York Stock Exchange.



Lucius D. Clay

Gen. Clay from 1947-49 was Commander-in-Chief U. S. Forces in Europe and Military Governor, U. S. Zone, Germany. In 1961-62 he was personal representative of President John F. Kennedy with rank of Ambassador on temporary assignment in Berlin. He is Chairman of the Committee to Strengthen the Security of the Free World.

Named Director

Eugene R. Black, president of the International Bank for Reconstruction and Development (World Bank) for 13 years until his resignation on Jan. 1, has been elected a director of Olin Mathieson Chemical Corporation.

Forms Sakelik Inv.

ROCKVILLE CENTRE, N. Y.—Sylvia Sakelik is conducting a securities business from offices at 96 Hendrickson Avenue under the firm name of S. R. Sakelik Investments.

Tomorrow's Stock Market And Stock Market Valuation

By M. Dutton Morehouse,* *Manager, Brown Brothers Harriman & Co., Chicago, Illinois*

Mr. Morehouse sorts out the factors influencing a stock's value, and predicts this year's stock prices will gear themselves closely to earnings-growth. Moreover, the Chicago branch manager recommends favoring consumer-oriented non-durables, leisure and service industries until the economy's growth resumes in the latter half of the sixties. Further, he believes the investor will continue to keep his post-May, 1962 valuation sights lowered until the next wave of unwarranted overvaluation and "get rich schemes" affect the little man and, again, pushes P/E ratios above their historic highs. The writer is convinced that investors should hold a high proportion of equities in order to participate in the economy's growth. In exploring some of the factors which make the market, Mr. Morehouse opines that in the long run a common stock's true value is the sum of its present and future dividends. He refers to post-WW II periods of market under and over valuation, and to the prediction he made five years ago as to when the "golden sixties" would commence.

The key to common stock prices in 1963, as in 1962, is the value investors will be willing to place on earnings and a correct answer as to whether the sharp break in the late spring and early summer of last year marks the beginning of a long-term downward revision, or merely a temporary interruption in the rate at which buyers have been willing to capitalize earnings.

M. D. Morehouse

Rather than to dwell at length on the development of a specific short-term forecast, I propose to explore some of the factors which I believe make the market. In doing so, I will be touching on areas in which, as far as I know, little definitive work has been done and will be giving you largely my own observations and conjectures; essentially, the sorting out of factors influencing investment value from the speculative frenzy which arises from time to time to bring about those sharp cyclical movements which we fondly term Bull and Bear markets. How does one account, for example, for the drop in common stock prices in 1962? This was a year in which the economy was consistently rising to reach an all-time peak by the year end and in which aggregate corporate profits remained remarkably stable at or close to peak levels all year.

The stock market is like a stage on which the actors are given free reign to play out that native acquisitiveness which impels us to want to make money easily and quickly against a backdrop of national and international long-run economic forces that ultimately establish earnings and true value.

Speculation Vs. Investment

When one looks at the stock market in long-term perspective, we find recurrent waves in which investor psychology builds up to the frenzied state which brings, first, a high degree of overvaluation only to be followed by an equally unwarranted undervaluation of the long-term secular trend of value representative of the growth of our economy.

Not too many years ago there was little factual information available to the outside investor, and common stocks were typically bought on faith. Under such circumstances, one would assume that it might be relatively easy to build up the psychology of anticipation leading to the overwhelming belief that any stock bought today could be sold tomorrow at a higher price. In recent years, with the release of increasingly complete and detailed information by corporate management, the security analyst has flourished. Presumably, he has provided the factual appraisal to permit the stock buyer to differentiate investment from speculation. We do not, however, seem to have overcome the impelling basic desire to "get rich quick". To be sure, I know of no recent offering such as that of a company floated in London at the time of the South Sea Bubble in which the prospectus stated that the purpose for which the company was being organized would be announced later, but we came rather close to this rather incredible offering in the new issue market of 1961.

Defines "True Value"

I accept the theory that in the long run the true value of a common stock is the sum of its present and all future dividends. It is by this means that the investor participates in the long-term growth of our industrial economy. In my opinion, it portrays the reason why common stocks should represent a substantial proportion of every security portfolio. This

Continued on page 32

CONTENTS

Thursday, January 31, 1963

Articles and News

CANADA'S LEADING AUTHORITIES EVALUATE ITS ECONOMIC PROSPECTS

Starting on the cover page, we present the views of leading Canadian Government Officials, Bankers and Industrialists as to the probable course of Canada's economy during 1963. These articles, of course, were expressly written for the *Chronicle* and provide the reader with official, up-to-the-minute information regarding economic trends in Canada.

Regular Features

The COMMERCIAL and FINANCIAL CHRONICLE

Published Twice Weekly Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, PUBLISHER

25 Park Place, New York 7, N. Y. REctor 2-9570 to 9576

CLAUDE D. SEIBERT, President

WILLIAM DANA SEIBERT, Treasurer

GEORGE J. MORRISSEY, Editor

Thursday, January 31, 1963

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.). Other Office: 135 South La Salle St., Chicago 3, Ill. (Phone STate 2-0613).

Second class postage paid at New York, N. Y.

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)

In United States, U. S. Possessions and members of Pan American Union $80.00 per year; in Dominion of Canada $83.00 per year; other countries $87.00 per year.

THURSDAY EDITION ONLY (52 issues per year)

In United States, U. S. Possessions and members of Pan American Union $20.00 per year; in Dominion of Canada $21.50 per year; other countries $23.50 per year.

OTHER PUBLICATIONS

Bank and Quotation Record — Monthly, $45.00 per year (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

OBSERVATIONS...

BY A. WILFRED MAY

PERISCOPING THE NEW TAX PROGRAM

This year's Presidential tax Message to the Congress, because of its propounding of an unprecedented number of drastic provisions, justifies immediate and full attention preliminary to the coming Congressional hearings (Treasury Secretary Dillon will begin testifying before the House Ways and Means Committee February 6, covering the entire run of President Kennedy's proposals).

Although the proposed major all-over reduction in individual rates, the first in 20 years, has been and will be, of course, getting the major share of the public's attention, an unprecedented number of basic changes in other levies, along with reforms, are also advocated. They run the gamut from a thorough overhauling of the capital gains tax, to partial elimination of personal itemized deductions, to total washing out of the tiny dividend income exclusion and credit, to company stock options.

Epochal Capital Gains Proposals

This is not to deny the wide importance of the rate reductions, as will be shown below; they would proliferate to affect the proposed changes in the deductibility of charitable contributions, stock options, etc.

The Treasury, via the President, has finally come through with proposed major changes in capital gains taxation; but not in the way the Street generally wants it. As is to be expected, the speculative community does not evaluate the reduction in the maximum rate, from 25% to 19½%, as an adequate *quid pro quo* for the lengthening, of the qualifying holding period from six months to one year.

"Liquidity" (Activity) Still the Exchange's Main Concern

The Exchange regards the doubling of the freezing period as all-important in threatening its dependence on activity. Lengthening the holding period for capital gains would further lock in millions of dollars of capital which should be available for our expanding economy and helping to create new jobs," was President Funston's quick comment, "at the same time it would reduce tax revenues. These two proposals [i.e. 'the freeze' and 'the scraping of the modest relief from double taxation'] are inconsistent with other parts of the program that encourage what the message terms 'a fuller and freer flow of capital'."

In any event, the coming consideration and disposal of this proposal for lengthening the holding period will go far in determining the essential importance attributable to *market liquidity*.

All such concern by the Exchange is irrelevant to the basic motivations tax-wise for imposing a lower tax rate after one year's holding, as motivated by recognition that the *bunching* of more than one year's profits in a single-year's payment should be avoided.

Also of little weight with our stock market-interested citizens are other facets of reasoning basically held to justify the holding periods' differential, including the concept of short-run profits being more *professional* and a business function; along with a slight ancillary notion that such speculative gains carry a coloration of unholyness, if not quite sinful, practice. In England, by way of contrast, capital gains taxation has been nonexistent, until this year's innovation partly on the ground of the *fortuitousness* of stock market speculation.

"Un-Freezing" Via Death

Also directly bearing on the market freezing process are the President's proposals to rescind the existing elimination of capital gains taxation at death and on gifts (excepting those for charitable purposes). The former change removing the present provision's incentive to "senior citizens" to retain profit-accrued investments until death, would constitute an offset to the lock-in complaint of Mr. Funston; and hence should be approved by the Stock Exchange authorities.

In considering the personal hardship angle, it must be realized that the imposition of tax at death would be importantly offset by reduction in the tax accruing on estates, by reason of the consequent shrinkage of the estate size.

In considering the personal ties are questioning the *legality* of the imposition of taxation at death or donation time, on the ground of the alleged fallacy of holding that income has actually so accrued.

Itemized Deductions; A Controversial Proposal

The proposed changes regarding the taxpayer's itemized deductions, in curtailing them to the extent that they exceed 5% of the taxpayer's income, is sure to constitute one of the most highly controversial reform measures. It is understood that this 5% proposal constitutes a compromise with the former intention to bar *all* personal deductions, with an eye on such items as the strategic incurrence of home mortgage interest.

This 5% "floor" may well hinder philanthropic giving; if only in providing a welcome alibi for solicited donors.

In any event, however, a greater deterrent to philanthropic giving would result from the reduction in individual tax rates—with elimination of gifts via "10 or 20-cent dollars."

Action on Stock Options

The proposal for reform in the treatment of stock options is commendable. In treating the gains therefrom as ordinary income from compensation at the amount of the difference between the option price and the value of the stock at the date on which it is exercised; coupled with the avoidance of *"bunching"* against the option-ee by permitting averaging of the profit over the years the option had been held, and instalment paying of the tax bill, represent a constructive compromise.

Imposition of tax at the time of the option's grant, which would be technically more correct, would involve an almost insuperable problem of valuation and prevent any Congressional action on the option front.

* * *

Those citizens sensitive over use of the term "loop-hole" are no doubt pleased with the President's confinement to the term "preferential treatment."

REACTIONS TO INTRANSIGEANCE

The past week's visit here of Jean Monnet, the originator of the Common Market project, to accept New York's Freedom House Award, was highly fortunate in highlighting some of the issues in the West's present crisis. M. Monnet was President of the Coal and Steel Community, from which international economic organization he withdrew to take on his present role as Chairman of the Action Committee for a United States of Europe.

He reminds us that there is nothing novel in the spill-over from the economic to the political spheres, as now instanced in the impact on NATO and the Atlantic Alliance generally as the result of General de Gaulle's intransigeance against Great Britain and quasi-intransigeance versus the United States. M. Monnet attests the predecessor European Coal and Steel Community as "not having been set up just to pool coal and steel, but as a first step on the way to European Union."

Our spokesmen on the Common Market frequently have been finding themselves in a dilemma when publicly commenting on the tentative black-balling of Britain. (Even after Tuesday's seemingly decisive anti-British action, an official French spokesman said "the negotiations have been suspended, not broken off.") If those commenting confirm the indispensability of Britain's "being in," this line will later accentuate the pessimism from an ultimate permanent black-ball. On the other hand, a milk-toast indifferent reaction must play directly into the hands of de Gaulle.

Quite typical is the reaction expressed by Secretary of State Rusk. Maintaining his confidence in the maintenance of the indivisibility of the Western Alliance, and the permanence of the Grand Design, on NBC's Meet-the-Press TV-Radio Program on January 27, he refused to be drawn into discussion of the possible harm to it resulting from M. de Gaulle's intransigeance toward Great Britain and his semi-intransigeance toward the United Staes.

No Word Mincer—He

There is no temporizing along the above lines by M. Monnet (who holds no political office). He minces no words in insisting on the indispensability of Great Britain's admittance to the "Club"—directly in the face of his Chief's black-ball.

"The next step ahead of us must clearly be to complete the unity of Europe including Britain, and gradually develop a strong partnership of equals between the United States and Europe."

"It is more than important, it is essential that Britain should join our European Community under the same conditions as the Six. . . . we must remember that on fundamental issues, as two world wars have proved, Britain is part of Europe. Britain's entry into Europe would be good for Britain, for Europe, for the West and for world peace."

Our Immediate Job

In any event, and pending further international developments, it is most urgent for us and the U. K. to accelerate our individual efforts toward furthering our own foreign trade—as we are doing via former Secretary of State Herter's current mission abroad as President Kennedy's special representative for trade negotiations, with Ambassadorial rank and, by private business.

Also constructive on these lines is the International Chamber of Commerce's U. S. Council new program for the *Implementation of the 1962 Trade Expansion Legislation* relating to the role business must play in broad and fruitful trade with both our Western partners as well as the "developing" nations.

QUOTE-OF-THE-MONTH

"Putting a spender in as Director of the Budget is like using a goat to watch the cabbage patch."—Congressman Thomas B. Curtis, before the N. Y. Chamber of Commerce.

G. H. Walker III To Chicago Office

ST. LOUIS, Mo.—George Herbert Walker III, St. Louis investment banker, has been named resident partner of the Chicago office of G. H. Walker & Co. Mr. Walker is moving to Chicago and will assume his new duties immediately. The announcement was made by William H. Bixby, a managing partner of the firm.

G. H. Walker, III

Mr. Walker has been with the St. Louis office of G. H. Walker & Co. since 1958, and was admitted to general partnership Jan. 1, 1961.

G. H. Walker & Co. is a New York Stock Exchange member firm originating in St. Louis and now having officers in twelve other cities. It was founded in 1900 by the late George Herbert Walker, Mr. Walker III's grandfather. The Chicago office, located at 208 South LaSalle Street, was established in 1960.

Van Schaack Securities

DENVER, Colo. — Van Schaack Securities, Inc. is conducting an investment business from offices at 624 Seventeenth Street. Officers are Thomas B. Knowles, President; Harry J. Kelley, Jr., George K. Hayden, and Charles W. Schoelzle, Jr., Vice-Presidents; Forest A. Foster, Secretary and Treasurer; Andrew J. Konersmann, Assistant Secretary; and Will F. Nicholson, Jr., Assistant Treasurer.

Science Stock Investing Requires Sound Evaluation

By Raymond Frankel, *President, Technological Investment Management Corp., New York City*

Caution is the key word in this extensive checklist of what to guard against in sizing up science stocks' investment potentialities. Mr. Frankel briefly reminisces on the not too long ago unwarranted, sensational rise of and traumatic disappointments in science-oriented companies in order to make doubly clear the higher order of investment skills required in this field compared to non-science area. Evaluation of science companies is said to demand two kinds of knowledge — viz., the usual investment knowledge and, additionally, competency in technical matters. Those not equipped to finance a technically oriented research department are advised to contract the services of organizations equipped to span the two diverse fields of investment competency. The names of such organizations, including Mr. Frankel's, are supplied.


Raymond Frankel

Investors have experienced a shattering disillusionment in last year's market break. After having mustered the courage to invest in the intriguing yet esoteric science-oriented companies, institutions and individuals alike have discovered that the descent in prices can be as breath-taking as the ascent. Particularly disturbing has been the sensation of finding one's favorite company unable to achieve any solid earnings base after years of research expenditure.

Investors have come to realize that glamour is not synonymous with growth and that investment in technical industries necessitates thorough evaluation of the technology involved, its applications and markets, competition, product profit possibilities and of course the overall business ability of company management to capitalize on the potentialities involved.

To deserve the appelation of a scientific company, a concern must not just function within a scientific milieu; it must have the capability within its organization of making technical advances in its field.

Misnomers in Science Corporations' Names

In the midst of the 1960-1961 boom in glamour stocks I had brought to me for investment consideration a "cryogenic" company. Examination showed that this glamour concern was simply a fabricator of vacuum-tight containers used for the transport of liquid gases. Previously it would have been considered merely a competent sheet metal fabricator. It knew nothing of the technology of cryogenics, yet in the indiscriminate excitement of the bull market in scientific stocks this company was accorded a price-earnings ratio far beyond that which it would have normally received.

On another occasion the owner of a small company seeking financing described the company's product line as "consisting of precision electromechanical devices employing electromagnetic transmission. . . ." Pressed further he stated that the company produced solenoids, a respectable product, but hardly warranting the obfuscating haze of his involved scientific description.

A company to achieve stature in any technical field today must have not only broad production capability but the ability to adapt its product to customer applications and to successfully market in competition with diverse technologies and even outmoded but traditional industry operating procedures.

The graphic arts field is a good example of an area where improved technologies have had to await adjustments in traditional labor practices and printing procedures before achieving commercial applications. The suppliers of publishing equipment face the particular frustration of being dependent upon the relations between printers and their unions for the successful application of economically desirable changes now technically possible.

Computers, both analog and digital, afford a particularly good example of a field wherein the manufacturers' capability in production has traditionally exceeded customers' ability to utilize the new applications. Many purchasers of highly complex versatile programmed computer systems have required substantial time and assistance to reach the point where they could take advantage of the capabilities of the sophisticated equipment. Computer manufacturers have found it necessary to train their customers' technicians and to jointly develop product applications. A good example of such a program is to be found in the joint effort of Electronic Associates, Inc. and Phillips Petroleum to adapt analog computer techniques to the control of petroleum refining operations.

There are fields where the demand for scientific advances poses a ready market for achievements of the laboratory. Inertial guidance systems, high vacuum technology, metal purification and pattern recognition are among areas limited more by the ability to achieve research objectives than by the lack of marketability once achieved. Military and space application afford a ready market for advanced microwave devices, micrologic circuits and improved direct current power sources.

A large available market, however, does not necessarily guarantee profitable application. One of the best examples of this problem has been the field of medical electronics. Although much attention and effort has been devoted to applying electronic techniques to diagnosis, prothesis and treatment of medical problems, with one or two exceptions the companies doing such work have found profits elusive. One reason, of course, is the practice among doctors of utilizing custom-designed equipment so that standardization has often been difficult to achieve. It takes a substantial amount of time and effort to complete the sale of equipment which must be approved not only by the doctor using it but often by the hospital staff and sometimes by the administrator of medical grants as well. The consequence has been that the producer of advanced medical equipment has often found itself in the unintentional role of a non-profit corporation.

Uncovering True Profits-Source

A buyer of securities of technical companies must also be careful to examine the source of profits which he is capitalizing. To place a price/earnings ratio of 30 to 40 on profitable activities in an advanced scientific field may well be justified but oftentimes the true source of a company's profit may come from a much less publicized and mundane aspect of its business having little prospect for future growth. Where that is the case radical adjustment of the price/earnings ratio accorded the business is required.

Buyers of electronic securities are familiar with the problems encountered by Packard Bell Electronics Corp. two years ago. This company, a recognized leader in consumer, industrial and military electronics equipment had for many years received a substantial portion of its profits from a division selling hardwood doors. When the lumber market collapsed in 1960, not only were the profits of this division lost but the losses sustained in its operations and inventory readjustment were such that they could not be compensated for by the much greater sales of the company's broad electronic activities. Disillusionment of shareholders, accompanied by a deterioration in the company's military and computer activities, has resulted in the fact that the company's stock, even today, sells at an 80% discount from the value accorded it only two years back. The hardwood door division has recently been sold.

The high price/earnings ratio achieved by the stocks of many scientific companies has put them in a particularly advantageous position to acquire less glamorous companies with good earnings through exchange of stock. In some instances companies thus acquired fit logically with the acquirers' technical capabilities and may benefit from the research competence, marketing capability and management strength brought to it through acquisition. In other instances, however, acquisitions have been made without the potentiality of corporate integration of any kind with the result that the quality of earnings are downgraded, the true growth rate of the company severely limited, and shareholders' interest diluted. Moreover, with management's incentive often substantially reduced as a consequence of change in ownership, the acquired company may well prove to be a financial albatross. Numerous instances of this nature can be cited from recent business experiences and the investor is well advised to examine carefully the quality of growth achieved through acquisition in the company in which he invests.

Litton Industries' Acquisition

Litton Industries, which has been overwhelmingly successful in its acquisition program, has on the whole acquired companies which could radically benefit from its own advanced technical abilities. When Litton acquired Monroe, for example, the latter was a huge sprawling office equipment concern with competent production facilities, a broad product line and a valuable sales organization. To this solid, but unexciting operation, Litton was able to bring knowledge of advanced electronic computing and memory storage techniques, miniaturization, etc., which through coordinated research eventually permitted Monroe to offer a substantially advanced and broadened product line. It should be noted that several years were required before the results of this integration were effective and yet the logic of the acquisition, an extremely large one in terms of combined company sales when made, demonstrated a soundness which has since been proven.

A somewhat different type of acquisition was that shown by Texas Instruments' purchase of Metals and Controls Corporation.

Continued on page 47

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The modest purpose of this weekly monologue about the state and municipal bond business has been to inform, in resume form, those who are not following the market place for state and municipal bonds from day to day. Simple, understandable clarity has been our aim.

This week we must, at the outset, quite paradoxically admit that we are not quite sure just where the market stands in relation to last week's level or since the beginning of the year for that matter for the simple reason that, at present, more than ever before, there seem to be two market levels; one for new issues and one for shop worn offerings whether they be remnants of new issues or secondary market blocks of bonds.

Price Cutting in Secondary Market Widely Practiced

The Commercial and Financial Chronicle's Index of high grade general obligation 20-year bond yields at the market's offering side averages out at a 2.95% basis this week. The Index stood at 2.938% last week, indicating that the market has fallen back an average of about one-quarter point. Actually the market could be off more than this figure indicates since an undisclosed volume of business has been transacted at cut prices with the terms not generally available.

For example, business in 20-year bonds transacted at down 10 basis points represents a 1½ point cut in price. Thus offerings, other than strictly new issue offerings, are being variously cut to fit the nature of the sporadic demand. With diminished general demand, it has been increasingly difficult to pinpoint a market for this so-called secondary market stuff.

However, the bidding for new issues may be accurately characterized as consistently over-competitive. Although the dealer banks have been almost continuously sanguine in their bidding views and aggressive in their appetites for sizable participations, the dealers have generally been not far behind in their zeal to win new issues and even larger participations. There have been some exceptions among the smaller dealers.

Dual Market Could End Abruptly

We emphasize this duality of market since it may seem anachronistic to many readers that the *Chronicle's* Index indicates an easier market situation while new issue advertisements portray a seemingly stronger market condition. This paradox seems not likely to obtain for a lengthy period of time for a variety of reasons. Should heavy new issue volume suddenly develop, new issue bidding would naturally back off some. Lacking a much heavier calendar it seems a fair presumption that presently reluctant investors might be forced to proceed with purchases to the extent that the secondary market would benefit, thus narrowing the now unusually wide spread between new issue offering prices and secondary market bids.

On the other hand, given a normal volume of new issue financing and continued Federal Reserve support in the long-term government bond market, it would appear likely that inventories might slowly be accumulated to an extent requiring eventual general price correction.

Since the calendar continues to be relatively light, and because the Federal Reserve seems not likely to alter its monetary policies in the near future, we prefer to think that new issues will continue to attract highly competitive bidding for an indefinite period, with investors more or less grudgingly forced to follow along. Under these circumstances, inventories are likely to be slowly enlarged but are not apt to become seriously heavy until the market level or levels is 10-20 basis points higher than at present.

The spectre of deficit financing deserves some brief comment if only to keep clear the conscience of this column. We have experienced Federal deficit financing for years and have gradually become accustomed to it and even condone it to a degree. Most agree that it should be ended very soon. Among the states and municipalities deficit financing has been a rarity and indeed it is an illegal procedure in many states. The State of New Jersey has been one of our most soundly administered states financially. Thus far there is no income or sales tax in Jersey although the State experimented briefly with a sales tax in the late 1930's.

New Jersey Poised to Mortgage Future Generations

The State's budget has been approximately trebled since the early 1950's and there is now great pressure for increasing the budget beyond the potential of its limited scope of revenues. Many, including the Tax Policy Commission, recommend a sales tax. Since most of the legislature and many in the Senate are up for election this year, a sound sales or income tax program seems flatly ruled out.

The Governor and his Party, as well as powerful pressure groups, are now pushing a $750,000,000 bond issue, the proceeds of which would underwrite budget deficits for the next few (?) years with the long-term bond issue to be ultimately paid off by New Jersey Turnpike revenues presumed to be available after these bonds are retired in 1972 or thereabouts. Thus the budget crisis would be averted at least for this administration.

We believe our interest in this case transcends personal political considerations; but most of us must be interested in this political impact upon the public morality. Borrowing for future growth is part of our wonderful heritage but saddling a couple of generations with heavy debt charges involving the immorality of a political vendetta just about scrapes the bottom of the putrid political barrel. This sort of stuff should vitally interest bond

Continued on page 58

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.10%
Connecticut, State	3¾%	1981-1982	3.05%	2.90%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.00%	2.85%
New York, State	3¼%	1981-1982	3.00%	2.85%
Pennsylvania, State	3⅜%	1974-1975	2.65%	2.50%
Delaware, State	2.90%	1981-1982	3.00%	2.85%
New Housing Auth. (N.Y., N.Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, California	3¾%	1981-1982	2.25%	3.10%
Baltimore, Maryland	3¼%	1981	3.10%	2.95%
Cincinnati, Ohio (U.T.)	3½%	1981	3.15%	3.00%
Philadelphia, Pennsylvania	3½%	1981	3.25%	3.10%
*Chicago, Illinois	3¼%	1981	3.30%	3.15%
New York, New York	3%	1980	3.10%	3.05%

January 30, 1963 Index=2.95%

*No apparent availability.

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.

January 31 (Thursday)

Chester, Ill.	1,700,000	1964-2002	7:30 p.m.
Kane Co. Oil Type S. D. #129, Ill.	2,875,000	1964-1976	4:00 p.m.

February 4 (Monday)

Cincinnati City Sch. Dist., Ohio	6,000,000	1964-1987	1:30 p.m.
Fremont High Sch. Dist., Calif.	1,410,000	1964-1988	10:00 a.m.

February 5 (Tuesday)

Boulder Co. S. D. No. RE-2, Colo.	6,000,000	1964-1983	2:00 p.m.
Fort Smith Spec. S. D., Ark.	2,500,000	1964-1988	10:00 a.m.
Hinds County Sch. Dist., Miss.	1,000,000	1964-1978	10:00 a.m.
Lafayette, La.	15,545,000	1964-1987	10:00 a.m.
Orange County, Moulton Niguel Water Imp. Dist. No. 1, Calif.	1,750,000	1966-1995	11:00 a.m.
Orange Co., Co. San. D. #12, Calif.	1,810,000	1966-1995	11:00 a.m.
Orange Local Sch. Dist., Ohio	1,875,000	1964-1983	1:00 p.m.
Pensacola, Fla.	2,300,000	1963-1982	10:00 a.m.
Raleigh, N. C.	4,010,000	1964-1992	11:00 a.m.
Richfield Ind. S. D. No. 280, Minn.	2,750,000	1966-1993	8:00 p.m.
San Antonio River Authority, Tex.	1,000,000	1987-1996	2:00 p.m.

February 6 (Wednesday)

Cook County Twp. HSD #207, Ill.	6,800,000	1965-1982	7:30 p.m.
Clinton, Sewer Rev., Iowa	2,500,000	1965-1990	Noon
DuPage Co. Comm. HSD #95, Ill.	3,343,000	1965-1981	8:00 p.m.
Kansas City, Mo.	3,100,000	1964-1983	10:00 a.m.
Miami Util, Tax Serv. Rev., Fla.	3,125,000	1966-1988	11:00 a.m.
New York State Housing Finance Agency, N. Y.	89,000,000	1965-2007	--------

[Underwriting group headed by Phelps, Fenn & Co., and including Lehman Brothers, Smith, Barney & Co., Inc., and W. H. Morton & Co., Inc.]

Oshkosh, Wis.	1,835,000	1964-1983	11:00 a.m.
Tonowanda UFSD No. 1, N. Y.	1,993,000	1964-1983	2:00 p.m.
Woburn, Mass.	1,136,000	1964-1983	11:30 a.m.

February 7 (Thursday)

Baldwin, Big Flats, etc. SD 1, N.Y.	2,595,000	1963-1988	3:00 p.m.
Buffalo, N. Y.	10,960,000	1963-1976	11:00 a.m.
Michigan (State Park Rev.)	1,000,000	1965-1990	11:00 a.m.
Washington Toll Bridge Authority	37,200,000	1963-1985	10:00 a.m.
West Kern Co. Water Dist., Calif.	2,375,000	1965-1993	8:00 p.m.
West Orange S. D., N. J.	1,300,000	1964-1993	8:00 p.m.

February 11 (Monday)

Yakima, Wash.	1,000,000	1965-1983	3:00 p.m.

February 12 (Tuesday)

Danville, Ky.	1,875,000	1965-1993	7:30 p.m.

February 13 (Wednesday)

Bloomer, Auburn etc., SD #1, Wis.	1,200,000	1964-1982	8:00 p.m.
Campbell Co. S. Bldg., Va.	1,845,000	1963-1977	Noon
DuPage Co. Comm. S. D. #99, Ill.	4,050,000	--------	--------
Greenville, Tenn.	1,500,000	1964-1982	11:00 a.m.
State Univ. of Rutgers, N. J.	4,920,000	1964-2001	3:00 p.m.

February 14 (Thursday)

Copley S. D., Ohio	1,340,000	1964-1986	1:00 p.m.
Elk Grove Village, Ill.	3,750,000	1973-1983	11:00 a.m.
Fairbanks, Alaska	2,050,000	1964-1985	2:00 p.m.
Fond du Lac, Wis.	3,215,000	1964-1983	11:00 a.m.
Hamilton County, Tenn.	4,000,000	1974	11:00 a.m.
Monroe Co., N. Y.	12,380,000	--------	--------
Shelby City Sch. Dist., Ohio	1,900,000	1964-1984	Noon
Smithtown Central S. D. #1, N. Y.	2,357,000	--------	1:00 p.m.

February 18 (Monday)

Chandler Sch. Dist. No. 80, Ariz.	1,050,000	--------	--------
Las Cruces, N. Mex.	1,700,000	--------	--------
Osseo S. D. 279, Minn.	2,000,000	--------	--------

February 19 (Tuesday)

Gulfport Mun. Separate S. D., Ind.	1,850,000	1964-1988	10:00 a.m.
Lake Co. Forest Preserve Dist., Ill.	1,000,000	1965-1974	11:00 a.m.
Los Angeles, Calif.	14,000,000	1964-1983	9:30 a.m.
Melville S. D. R-9, Mo.	1,560,000	1964-1983	8:00 p.m.
New Jersey (State of)	58,000,000	1966-1989	--------
Rosemount S. D. 196, Minn.	1,700,000	1965-1989	1:00 p.m.
St. Louis, Mo.	14,765,000	1964-1983	--------
Triborough Bridge & Tunnel Auth.	100,000,000	--------	--------

[Underwriting group jointly managed by Dillon, Read & Co. Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., W. H. Morton & Co., Inc. and Allen & Co.]

Upland Waterworks, Calif.	1,500,000	1964-1983	7:30 p.m.
Wausau, Wis.	1,700,000	1964-1983	1:30 p.m.
Woonsocket, R. I.	2,000,000	--------	11:00 a.m.

February 20 (Wednesday)

El Paso Sch. Dist. No. 11, Colo.	11,500,000	--------	--------
Norwich City S. D., N. Y.	2,470,000	--------	--------
Rahway S. D., N. J.	3,905,000	1964-1985	8:00 p.m.

February 25 (Monday)

Tempe High Sch. Dist., Ariz.	3,000,000	--------	--------

February 26 (Tuesday)

Buena Park, Calif.	1,800,000	--------	--------
East Point, Ga.	1,995,000	--------	--------
Prince George's County, Md.	12,750,000	--------	--------

February 27 (Wednesday)

Daytona Beach, Fla.	3,500,000	1965-1997	--------

New Issues

January 30, 1963

$108,200,000

City of New York

3%, 2.80% and 2.70% Serial Bonds

Interest Exempt From Present Federal and New York State Income Taxes

AMOUNTS, MATURITIES AND YIELDS*

(Accrued interest to be added)

$11,875,000	1964	1.65%
11,875,000	1965	1.90
11,575,000	1966	2.10
11,575,000	1967	2.25
6,775,000	1968	2.35
5,075,000	1969	2.50
5,075,000	1970	2.60
5,075,000	1971	2.70
5,075,000	1972	2.80
4,725,000	1973	2.85
2,525,000	1974	2.90
2,525,000	1975	2.95
2,525,000	1976	3.00
2,525,000	1977	3.00
2,525,000	1978	3.05
2,525,000	1979	3.10
2,525,000	1980	3.15
2,525,000	1981	3.20
2,525,000	1982	3.25
2,525,000	1983	3.30
450,000	1984	3.30
450,000	1985	3.35
450,000	1986	3.35
450,000	1987	3.40
450,000	1988	3.40
450,000	1989	3.45
450,000	1990	3.45
450,000	1991	3.50
450,000	1992	3.50
200,000	1993	3.50

*Where the yields and coupon rates are the same, the Bonds are offered at par.

Dated February 15, 1963 **Due August 15, 1964-93, incl.**

$54,750,000 3% Bonds, due: $2,525,000 1964-83; $450,000 1984-92 and $200,000 1993.

$25,150,000 2.80% Bonds, due: $2,550,000 1964-72 and $2,200,000 1973.

$28,300,000 2.70% Bonds, due: $6,800,000 1964-65; $6,500,000 1966-67 and $1,700,000 1968.

Principal and semi-annual interest (August 15 and February 15) payable in New York City at the office of the City Comptroller. Coupon bonds in denomination of $5,000, convertible into fully registered bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

Legal Investment for Savings Banks and Life Insurance Companies in the State of New York and for Executors, Administrators, Guardians and others holding Trust Funds for Investment under the Laws of the State of New York.

These Bonds will constitute, in the opinion of counsel, valid and legally binding general obligations of the City of New York, all the taxable real property within which will be subject to the levy of *ad valorem taxes* to pay the Bonds and the interest thereon, *without limitation as to rate or amount.*

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by Messrs. Wood, King, Dawson & Logan, Attorneys, New York, N. Y.

The Chase Manhattan Bank

Chemical Bank New York Trust Company · Manufacturers Hanover Trust Company · Lehman Brothers · Blyth & Co., Inc. · Lazard Frères & Co.

Barr Brothers & Co. · R. W. Pressprich & Co. · Merrill Lynch, Pierce, Fenner & Smith Incorporated · Eastman Dillon, Union Securities & Co.

Goldman, Sachs & Co. · Bear, Stearns & Co. · The Northern Trust Company · Hornblower & Weeks

Ladenburg, Thalmann & Co. · Wertheim & Co. · Hallgarten & Co. · B. J. Van Ingen & Co. Inc. · The First Western Bank & Trust Company Los Angeles

First National Bank in Dallas · Paribas Corporation · Weeden & Co. Incorporated · Bache & Co. · A. G. Becker & Co. Incorporated

The Connecticut Bank & Trust Company Hartford · Federation Bank and Trust Company · Wm. E. Pollock & Co., Inc. · Swiss American Corporation

Adams, McEntee & Co., Inc. · Ernst & Company · Fahnestock & Co. · National State Bank Newark · The First National Bank of Memphis · First National Bank in St. Louis

Henry Harris & Sons Incorporated · New York Hanseatic Corporation · Banco de Ponce Ponce, P. R. · Lebenthal & Co., Inc. · Rauscher, Pierce & Co., Inc.

State Street Bank and Trust Company Boston · Stern Brothers & Co. · Stroud & Company Incorporated · Trust Company of Georgia · American National Bank of St. Paul

The Citizens and Southern National Bank Atlanta · City National Bank & Trust Co. Kansas City, Mo. · Cooley & Company · The Fort Worth National Bank · Halle & Stieglitz

J. B. Hanauer & Co. · Harkness & Hill Incorporated · Hayden, Miller & Co. · National Boulevard Bank of Chicago · Newburger, Loeb & Co.

The Robinson-Humphrey Company, Inc. · Sterling National Bank & Trust Company of New York · Tollner & Bean, Inc. · Tuller & Zucker

Freeman & Company · Moore, Leonard & Lynch · Murray Simons & Co. · Herbert J. Sims & Co., Inc. · Singer, Deane & Scribner

Starkweather & Co. · Sutro Bros. & Co. · Watling, Lerchen & Co.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Auto Industry—Analysis—Goodbody & Co., 2 Broadway, New York 5, N. Y. Also available are comments on the **Tire & Rubber Industry, Heavy Equipment Industry, First Charter Financial, Gulf, Mobile & Ohio, Joy Manufacturing, Minnesota Mining & Manufacturing, Public Service Electric & Gas, Rexall Drug & Chemical** and **Natural Gas Industry.**

Bank Share Opportunities in Growing Areas—Study—Hemphill, Noyes & Co., 8 Hanover St., New York 4, N. Y.

California Bank Stocks—Comparative statistics as of Dec. 31, 1962—J. S. Strauss & Co., 155 Montgomery St., San Francisco 4, Calif. Also available are comparative statistics of selected **West Coast Utility Stocks.**

Canadian Business Guide—An up to date outline of taxation and other matters of interest to those considering establishing a business in Canada—The Bank of Nova Scotia, 44 King St. West, Toronto, Canada; New York Agency, 37 Wall St., New York 5, N. Y.

Canadian Commercial Letter—Information on wide range of Canadian industrial, commercial, financial and agricultural topics—Canadian Imperial Bank of Commerce, Toronto 1, Canada; New York office, 22 William St., New York 5, N. Y.

Canadian Stocks—Selection guide—Gairdner & Co. Ltd., 320 Bay St., Toronto, Ont. Canada. Also available is a bulletin of **Government and Corporation Bond** offerings, and a **Short Term Money Market Letter.**

Canadian Stocks—Memorandum—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y.

Canadian Stocks In 1963—Chart selected—Circular—Draper Dobie & Co., Ltd., 25 Adelaide St., West, Toronto, Ont., Canada.

Cement Industry—Study—Suplee, Yeatman, Mosley Co., Inc., 1500 Walnut St., Philadelphia 2, Pa.

Container Industry—Study with particular reference to **Container Corp., Sealright Oswego Falls Corp.** and **Stone Container Corp.**—Bache & Co., 36 Wall St., New York 5, N. Y. Also available are bulletins on **International Oil Stocks, Royal Dutch Petroleum** and a memorandum on **Revlon.**

European Common Market—Discussion in January issue of "The Exchange"—The Exchange Magazine, 11 Wall St., New York 5, N. Y.—20 cents per copy; $1.50 per year. Also in the same issue are articles on the **New International Look of U. S. Business,** the **Outlook For The Market In 1963,** and brief data on **R. R. Donnelley & Sons Co., Northwest Bancorporation,** and **Nevada Power Co.**

Favored Common Stocks—Quarterly review — Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

High Yield Stocks—Selected list of 46 issues—Edwards & Hanly, 100 North Franklin St., Hempstead, N. Y.

Japanese Construction Industry—Review—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available is an analysis of **Kajima Construction.**

Japanese Market — Review — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is an analysis of **Mitsukoshi Ltd.**

Massachusetts Debt And Tax Data—Including comparative debt statistics and tax data on credits in the Commonwealth of Massachusetts—The First National Bank of Boston, Municipal Department, Boston 6, Mass.

New Orleans Bank Stocks—Comparative analysis — Scharff & Jones, Inc., 140 Carondelet St., New Orleans 12, La.

New York City Bank Stocks—Comparison and analysis of 10 New York City banks for 1962—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Bulletin on breakdown government bond portfolio and sources of income—Laird, Bissell & Meeds, 120 Broadway, New York, 5, N. Y.

New York City Bank Stocks — Comparative figures at Dec. 31, 1962—The First Boston Corporation, 20 Exchange Place, New York 5, N. Y.

Outlook—Discussion—In current issue of "Perspective" — Calvin Bullock Ltd., 1 Wall St., New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 23-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Portfolio of stocks under 30—In current issue of "Pocket Guide"—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Gulf, Mobile & Ohio.**

Private Aircraft Makers—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **New York, Chicago & St. Louis.**

Railroads—Discussion of outlook—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Selected Stocks — List of issues which appear attractive with brief comments on 46 issues—Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pa.

7% Tax Credit And New Depreciation Guidelines — Discussion — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Terminal Hudson Electronics — Memorandum — Baruch Bros. & Co., Inc., 44 Wall St., New York 5, N. Y.

Treasury Refinancing — Report—New York Hanseatic Corp., 60 Broad St., New York 4, N. Y.

World Raw Sugar Prices — Graphic presentation from 1931-1962—Lamborn & Co., 99 Wall St., New York 5, N. Y.

* * *

Air Reduction — Report—Edward D. Jones & Co., 300 North Fourth Street, St. Louis 2, Mo. Also available are reports on **American Cyanamid** and **Diamond Alkali.**

Air Reduction — Memorandum — F. P. Ristine & Co., 67 Broad St., New York 4, N. Y.

Alterman Foods—Memorandum—Coggeshall & Hicks, 111 Broadway, New York 6, N. Y.

Aluminium Ltd.—Study—Jas. H. Oliphant & Co., 61 Broadway, New York 6, N. Y.

Aluminum Company of America—Report—Reuben Rose & Co., 115 Broadway, New York 6, N. Y.

American Broadcasting - Paramount Theatres—Memorandum—Hirsch & Co., 25 Broad St., New York 4, N. Y.

American Can—Comment—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available are comments on **Cities Service, Deere, Libbey Owens Ford** and **Transcontinental Gas Pipe Line.**

American Can — Memorandum — Orvis Bros. & Co., 30 Broad St., New York, 4 N. Y. Also available are memoranda on **Melnor Industries** and **Maytag.**

American Rubber & Plastics Corp.—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available is an analysis of **Texas Eastern Transmission Corp.**

American Viscose — Review — Colby & Co., Inc., 85 State St., Boston 9, Mass. Also available are comments on **Avco, Cities Service** and **S. S. White Dental.**

Anaconda Company — Data — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are comments on **Deere & Co., Lockheed Aircraft, Louisville & Nashville Railroad,** and **Royal Dutch Petroleum** and analyses of **General Motors** and **Corporate Bond Financing Outlook.**

Andrew Jergens Co. Analysis—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

A. J. Armstrong—Memorandum—Shields & Co., 44 Wall St., New York 5, N. Y. Also available are memoranda on **Armco, McLouth** and **National Steel.**

Associated Truck Lines—Report—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Aurora Plastics—Memorandum—Chas. W. Scranton & Co., 209 Church St., New Haven 7, Conn.

Barton Distilling — Comments in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 5, N. Y. Also in the same issue are comments on **Sheller Manufacturing, American Brake Shoe Co., American Biltrite Rubber Co., Stein, Hall & Co., Pillsbury Co., P. Lorillard Co., Public Service Electric & Gas Co., Schering Corp., Purex Corp., Ltd.,** and **Lafayette Radio Electronics Corp.**

Burlington Industries — Comment—Herzfeld & Stern, 30 Broad St., New York 4, N. Y. Also available are comments on **International Telephone & Telegraph, Olin Mathieson Chemical Corp.** and **Rexall Drug & Chemical Co.**

Chicago Transit Authority—Memorandum—Julien Collins & Co., 105 South La Salle St., Chicago 3, Ill.

Coastal States Gas Producing—Bulletin — Purcell & Co., 50 Broadway, New York 4, N. Y.

Frisch's Restaurants — Memorandum—Greene & Ladd, Third National Building, Dayton 2, Ohio.

General Precision Equipment—Memorandum — J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

Government Employees Life Insurance—Memorandum — Coburn & Middlebrook Incorporated, 49 Pearl St., Hartford 3, Conn.

Grumman Aircraft—Comment — Bregman, Cummings & Co., 4 Albany St., New York 6, N. Y. Also available are comments on **Eastern Gas & Fuel.**

M. A. Hanna Co.—Report — H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are analyses of **Swift & Co.** and **Union Pacific Railroad.**

Kendall — Chart Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

E. F. MacDonald & Co.—Report—John A. Kemper & Co., 206 High St., Lima, Ohio.

Marathon Oil Co.—Analysis—McDonald & Co., Union Commerce Building, Cleveland 14, Ohio.

Maryland Cup — Memorandum—Sincere & Co., 208 South La Salle St., Chicago 4, Ill.

Maxam—Memorandum—H. Neuwirth & Co., Inc., 5 Hanover Sq., New York 4, N. Y.

Mine Safety Appliances—Memorandum—Hancock Securities Corporation, 79 Pine St., New York 5, N. Y.

National Aeronautical—Memorandum—G. A. Saxton & Co., 52 Wall St., New York 5, N. Y.

National Research Corporation—Analysis — Bioren & Co., 120 Broadway, New York 5, N. Y.

National Tel-Tronics Corp.—Report—Edward F. Henderson & Co., Inc., 15 William St., New York 5, N. Y.

Nippon Kokan — Memorandum—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are memoranda on **Onoda Cement Co., Sumitomo Electric Industries, Teijin Ltd., Tokyo Electric Power,** and **Toyo Spinning Co.**

Northern Natural Gas—Memorandum—Dreyfus & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **Pacific Lighting** and **Public Service Electric & Gas.**

Oxford Paper Company—Report—Walston & Co., Inc., 74 Wall St., New York 5, N. Y.

N. V. Phillips — Memorandum—Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco 4, Calif.

Potash Co. of America—Memorandum — Boettcher & Co., 828 Seventeenth St., Denver 2, Colo.

Ralston Purina Co. — Review — Vanden Broeck, Lieber & Co., 125 Maiden Lane, New York 38, N. Y. Also available are reviews of **Van Camp Sea Food Co.** and **Du Pont of Canada Ltd.**

Sears, Roebuck & Co.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Sperry Rand — Memorandum — Adams & Peck, 120 Broadway, New York 5, N. Y.

Stelber Cycle — Memorandum — Lloyd Securities Inc., 150 Broadway, New York 38, N. Y.

Strolee of California Inc.—Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring St., Los Angeles 14, Calif.

Swingline—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Technical Information Reproduction Industry—Discussion—Irving Weis & Co., 505 Park Ave., New York 22, N. Y.

Texas Gulf Producing — Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

Tip Top Products Company — Analysis — Mitchell & Company, 120 Broadway, New York 5, N. Y.

Toro Manufacturing Corporation — Analysis — Piper, Jaffray & Hopwood, 115 South Seventh St., Minneapolis 2, Minn.

United Keno Hill Mines Ltd.—Report — Draper, Dobie & Co., Ltd., 25 Adelaide St., West, Toronto, Ont., Canada.

Volkswagenwerk, A. G.—Report—D. H. Blair & Co., 5 Hanover Sq., New York 4, N. Y. Also available are reports on **Champion Spark Plug Co.** and **City Products Corp.**

Vulcan Containers (Canada) Ltd. — Analysis — Equitable Brokers Ltd., 60 Yonge St., Toronto 1, Ont., Canada. Also available is an analysis of **Milton Brick Co. Ltd.**

Warner Co.—Analysis — Gerstley, Sunstein & Co., 211 South Broad St., Philadelphia 7, Pa. Also available is an analysis of **Murray Corporation of America.**

Weyerhaeuser Co. — Analysis — Currier & Carlsen Inc., 210 West Seventh St., Los Angeles 14, Calif. Also available is an analysis of **H. K. Porter Co.**

Whirlpool — Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y. Also available are memoranda on **Filtrol, Avco** and **American Export.**

Aluminium, Ltd.

By Dr. Ira U. Cobleigh, Economist

Reviewing the recent history of this massive low cost Canadian producer of aluminum, and outlining some basis for belief that its common stock might, if patiently held, gain market attitude.

The market has sometimes been described as a symphony of securities in which various sections play loud and clear, while others rest; and certain individual issues solo spectacularly for a time only to fade into the background and be displaced by other negotiable instruments. Six years ago, the aluminum issues were playing fortissimo, but more recently have been quite muted; and a virtuoso among them, Aluminium, Ltd., scarcely heard at all in the current bull fiddling. This major equity sold at 53⅛ in 1957 on earnings only about 12c higher than the estimated per share figure for 1962. Today, Aluminium common sells at a modest 23 and reflects scarcely at all the $1 billion investment in new facilities made during the past decade.

Spectacular Rise in Production

The advance of aluminum as a lightweight industrial metal has been quite spectacular. In the United States alone, annual production rose from 114,000 tons (of 2,000 lbs.) in 1930, to 206,000 in 1940. Then war demands motivated a vast long-term upsurge in production which reached 719,000 tons in 1950, and exceeded 2,100,000 tons last year. The United States accounts for about one-half of the total annual production of more than 4,000,000 tons in the Free World. Canada's Aluminium, Ltd. is the dominant producer among other nations, and alone turned out an estimated volume of around 730,000 tons in 1962—the highest yearly production in its history.

From the above you can perceive the magnitude of growth in this industry, and a demand factor that caused a number of newcomers to enter the field. Due to competitive strivings for markets, profits have lagged woefully behind these huge gains in total output. The case for Aluminium, Ltd. competitively, however, is quite attractive. It is believed to be the lowest cost producer in the Free World benefiting from its own 4,650,000 hydroelectric power supply and huge reserves of bauxite which it mines directly or through affiliated companies, in seven countries. The company, which now has total installed smelting capacity of 750,000 tons annually could swiftly expand this to 1,000,000 tons, if or when demand might justify it.

Diversity of Demand

While some over-capacity in the industry has depressed prices and lowered profits in recent years, there is good evidence of a powerful long range uptrend in demand—in the electrical industry for wires and cables; in aluminum foil for wrapping and packaging; in the motor industry for engines, motor parts, bodies, trailers; in transportation for railway cars and floating equipment units; in the traditional building industry for windows, doors, screens, roofs, siding, fixtures and fences; in aluminum pots and pans, which began to be sold door-to-door some 35 years ago and most recently, in supplying part of the 9 billion annual beer can market.

In the United States per capita consumption of aluminum is 23 pounds a year. Among other modern industrial nations average use is only about one-third of that; so that steadily rising use abroad can be most significant. Aluminium, Ltd. derives 70% of its primary sales from outside of North America.

We have indicated above a dependable long range increase in the worldwide demand for aluminum. Addition to present production capacity does not seem likely or economic, so that existing low cost producers may now be in a position to increase their sales and, quite possibly, to improve their profit margins. Prices, which for the past three years have competitively reflected overcapacity, now appear to be stabilized. In the United States, an ingot price of 26c in December 1960 was reduced to 24c in September 1961, and to 22c last December. On this last price, Aluminium, Ltd. can make a comfortable profit; and higher prices might have a quite dramatic effect on earning power.

Enlarged Fabricating Capacities

Apart from its magnitude, and its efficiency in production, Aluminium, Ltd. is steadily building up a "captive" market by expansion of its own fabricating facilities. Of capital expenditures, which totaled about $160 million for 1961 and 1962 combined, around 55% was spent on increased fabricating capacity. On January 24th, Mr. Nathaniel V. Davis, President of Aluminium, Ltd., announced the acquisition of Central Cable Corp. of Jersey Shore, Pa. for 204,315 shares of Aluminium common (about $4.7 million in market value). Central Cable is a specialist in the manufacture of aluminum wires and cables for the utility industry with sales of about $11 million in 1962. This acquisition is designed to improve coverage of the electric conductor market in the United States.

Earnings

Aluminium, Ltd. is expected to record a substantial improvement in earnings for 1962. Per share net, which was $1.00 for 1961, may reach $1.25 for 1962, covering present 60c dividend more than twice over. On this basis, an increase in cash dividend distribution in 1963 is within the range of probability. Dividends have been paid in each year since 1939.

There are 30,662,472 common shares of Aluminium, Ltd. listed NYSE. The current quotation of 23 is lower than the market lows for any year between 1955 and 1962. Thus, historically, this equity is underpriced and would seem to give at its present price but meager recognition to the indicated 25% increase in net for 1962, the massive plant improvement and expansion in recent years, the upswing in the demand for aluminum, and superior coverage of markets through enlarged worldwide fabricating facilities.

A decade ago, aluminum issues were broadly regarded as "growth" stocks. They were indeed, but as often occurs in industries of great promise and global market demand, "everybody wants to get in the act." So, for a period, aluminum production capacity was overbuilt, and had to wait for demand to catch up. This seems to be what is happening now; and a great low cost company, like Aluminium, Ltd., selling its products in more than 100 countries all over the world, would now seem favorably placed to improve its profit margins and expand the return to its stockholders generated from its $2 billion in assets (before reserves).

Forms Danor Co.

ARLINGTON, Va.—Paul D. Orlich is engaging in a securities business from offices at 2523 Wilson Boulevard under the firm name of Danor and Company.

Just How Fast Will the Economy Grow in 1963?

By Grover W. Ensley, *Executive Vice-President, National Association of Mutual Savings Banks, New York City*

Dr. Ensley foresees over-all steady but slow growth this year and faster rate, or fullsome growth, through better utilization of economic data and tools at our disposal. The mutual savings banks' economist and executive head doubts Administration's tax proposals can be made effective before 1964, and he looks forward to the following to more than overcome the imponderables we face to provide a lift during 1963: (1) increased Federal and state municipal spending; (2) continued rise in consumer spending; (3) a rise in profits and a pickup in business spending later in the year; and (4) some rise in housing starts from 1.4 million last year to 1.5 million this year. Ample mortgage funds for housing and downward pressure on rates are expected, and most savings institutions are seen attracting high level of savings in 1963.

The economy will go forward in 1963—but not fast enough to make a dent in the nagging high rate of unemployment. Nor will it grow enough to make full use of the nation's productive capacity. At the same time, there will be little inflation to worry about. And there are some encouraging signs that I will touch on later.

Dr. Grover W. Ensley

It will be a period of slow growth—much like 1962. Some economists, frustrated by the failure of the economy to approach full employment and make maximum use of the nation's resources, have labeled it a period of "high level stagnation." Perhaps, "slow growth" would be more descriptive. While pensioners and those with fixed incomes will benefit from the lack of erosion of income and savings, government planners will be giving much attention to getting the economy moving at a faster pace. That's what is behind the Administration's putting a top priority on its tax reduction program.

Just how fast will the economy grow in 1963? Looking at it from the standpoint of Gross National Product—the total value of all goods and services produced—a rise of 3 to 5% is in prospect. This would lift GNP to an annual rate of between $570-$575 billion this year—a gain of about $20 billion over the 1962 rate or an increase of 3.4% before adjusting for the rise in the cost of living. In constant prices, however, the gain would shrink to about 2.5%. This would compare with a GNP rise of 4% (in constant prices) in 1962.

The slow growth rate means too much idle productive capacity. Industry likes to keep near a 90% rate on its use of productive capacity and when it is operating at that level it is willing to spend money to expand and create jobs. Currently it is operating well below that figure. Further, the Administration's goal of keeping unemployment at no greater than 4% is vanishing into thin air. Prospects now are for an unemployment rate of about 6%. The Administration, however, has shown no willingness to settle for an annual rate of unemployment as high as the present one. It is determined to come up with a stimulant that will jolt the economy into higher production, greater consumption, and fuller use of the nation's resources.

Tax Cut Is Key Weapon

It didn't take the Administration long to conclude that, short of war, the stimulant that would come closest to lifting the economy out of its lethargy would be major tax reduction. Many economists feel that the economy is being strait-jacketed by a tax system designed for checking wartime inflation, rather than promoting peace-time growth. The Administration feels that the present Federal tax system grows more restrictive as the economy prospers. Because of the steep gradation in individual income taxes (from 20% to 91%) the amount that taxes take out of the economy increases faster than the economy grows.

The dilemma of the Administration is that it has to live in a cold-war climate where missile development and production, space exploration—on top of traditional military expenditures—keep producing record peace-time budgets. The Administration has to be in a position to adjust to a Korea, a Cuba or a Congo crisis with its unbudgeted impact on Federal spending. Further, on any budgetary move it has to keep an eye on the balance of payments picture in an effort to avoid any changes in interest rates that could send gold scurrying abroad.

There is a growing school of economic thought, with strong support from both business and labor, that caution must be put aside for more drastic measures, if the patient is to regain his full vigor. They contend that having to operate in such a restrictive tax climate since the end of World War II has hobbled economic growth to the point that it cannot provide the incentives for spending for plant and equipment, it can't induce business confidence to adequately replenish inventory, nor provide the incentive for starting new businesses. That's why the government's economic advisers, with growing approval of conservative business groups, such as the U. S. Chamber of Commerce and the National Association of Manufacturers, feel that it is worth risking an enlarged budget deficit to get the economy moving upward. Further, they argue that the impetus that a tax cut would provide for business and consumption would generate enough new business to wipe out a good portion of the revenue lost from the tax cut.

Adding to what already is anticipated as a sizable deficit will be hard to sell to the budget traditionalists in Congress who like to see Federal expenditures balanced with revenue. Such an attitude is strongly held in the committees that handle tax legislation. This conflict is likely to set off one of the liveliest debates of the year: stimulation of the economy versus budget balancing. In order to get a tax program through, the Administration may have to postpone some of its spending proposals to satisfy the budget balancers in Congress.

However, the benefits that the economy could draw from a tax reduction enacted during 1963 are likely to be more psychological than real. It is doubtful that more than a fraction of the Administration's tax proposals can be made effective before 1964.

New Taxes and Higher Costs

While the benefits of a tax reduction may have to wait until next year, here are some tax increases already in effect or in prospect this year for business and individuals, as well as added costs:

(1) Social Security payroll taxes went up by $2 billion on Jan. 1. This means that a person with an annual income of $4,800, or more, will pay $24 additional, this year, to the $150 he had paid in Social Security taxes. This figure, of course, will be matched by the tax on employers. The rate, too, for self-employed persons is up.

(2) Tougher rules for expense-account spending will raise operating costs for many companies and will reduce spending for entertainment — theatres, hotels, restaurants and others catering to expense-account business. The major target of these stricter rules is people who have been living on expense accounts.

(3) New postage rates, which went into effect on Jan. 7, mean higher cost of doing business. The one cent rise in first class rates will intensify the cost-profits squeeze for many companies that make heavy use of the mails.

(4) State and local government taxes are scheduled to rise—particularly property and sales taxes.

But the picture is by no means dark. There are several factors that could provide a lift to the economy during 1963:

Spending by Government

The most important is government spending—which steadily moves upward. When you add what state and local governments spent in 1962 to Federal spending, you come up with a total of $161 billion—measured on a national accounts basis. This represents a climb in government spending of 55% from a $104-billion level in 1956. The prospects are that planned increases in 1963 will push the total to close to $170 billion. This volume of spending obviously serves as a prop for the economy in periods of decline as well as a booster when the economy is on the rise.

The Federal Government plans to spend roughly $99 billion this year—balanced against anticipated receipts of $93 billion, producing a deficit of at least $6 billion without any allowances for a tax cut. In approaching tax reduction an effort will be made to keep the total deficit below the record peace-time deficit of $12.4 billion recorded by the Eisenhower Administration in 1959. In times of a more-vigorous economy, such a deficit would be inflationary, but in times of slow growth, such a deficit might provide part of the nudge needed to get the economy operating at a higher level.

So while the Federal Government expects to spend $4 billion more this year than last, it may hold back on some of its more expensive projects in order to help its tax reduction plan through Congress. Spending will be going up on the state and local level, with an increase of about $4 billion in prospect. When all of this is added up, it provides the largest single factor in giving a lift to the economy and at the same time it provides it with a cushion against any substantial contractions.

Spending by Consumers

Consumer spending is the second area where the economy is likely to get a lift. Individuals were spending at record levels as 1962 ended and there is every prospect that it will carry over into 1963, with the prospect that consumers will spend an additional $10 billion over the $356 billion they spent last year. They will continue to spend heavily for automobiles, heavy appliances, furniture, food, services and clothing.

The Government gave consumer buying power a special lift by paying the Veterans Administration insurance dividends early, this year, instead of letting them fall on their anniversary date. The dividend, which reached policyholders right after the first of the year, contained not only the regular dividend but also a special one. Much of the $327.6 million in dividends to VA policyholders is expected to find its way into the spending stream but some will go into savings.

While people were spending at record rates in 1962, they also were setting new records for personal savings. Non-speculative savings in savings accounts and life insurance continued strong throughout the year. The lifting of Regulation Q by the Federal Reserve touched off keen competition for savings among commercial banks, savings and loan associations and mutual savings banks. After a slow start, during the first four months of the year, the savings banks went on to set new monthly records in each of the last eight months of the year, winding up with a record $3 billion added to savings during 1962. Commercial banks and savings and loan associations also had good years attracting savings. With the increased rates paid to savers, the public was a prime beneficiary of the compeition for thrift.

As for rates on savings for the coming year, little change is in prospect. Most of the change took place last year as the financial community reacted to the new rate structure adopted by most commercial banks—3½% on regular accounts, 4% on one year or over.

Near year-end some commercial banks trimmed back on rates, but there was no broad trend. Most rate changes by savings banks and savings and loan associations were upward, reflecting a catching up by those who had lagged behind the pace setters. The rates paid by most savings institutions should continue to attract high levels of savings during 1963, abetted by the absence of inflation that would tend to erode the value of savings.

On the other hand, 1962 wasn't a particularly good year for the stock market, which at year-end still was suffering from the jitters contracted back in May. Wide fluctuations are expected to be the general rule in 1963, dictating specialized knowledge and investment on a highly selective basis for successful investors. Many small investors, attracted by bull markets, are expected to stay with less speculative but safer investments in 1963.

Spending by Business

Spending by business is the third area that can contribute a stimulus to the economy in 1963. Those economists who try to plot the trend of business spending see a continuation of the 1962 decline into the early part of 1963. Spending by business for construction won't top the 1962 level of $60.7 billion. More likely it will fall short by one or two billion dollars. In the last half of the year, the prospects are that, influenced by heavy consumer spending, business will begin adding to inventories and will spend somewhat more on new plant and equipment. The level of business spending later in the year will be running close to $2 billion above the current annual rate. Also, the net export of goods and services is expected to pick up during the year, shaking off the lull it's now in.

Business will be squeezed between mounting costs and competition. However, profits may top the 1962 record of $26 billion by some 5%. Higher profits would result in higher stock dividends.

One imponderable at this point is how much business will be plagued by labor stoppages. The biggest obstacle in sight to hurdle is the steel negotiations in May. Prolonged work stoppages could slash productivity as well as profits.

Housing a Question Mark

Housing will be one of the question mark areas in 1963. Some forecasters are predicting a slight drop below 1962 when private housing starts were over 1.4 million. Part of the reason for this predicted decline is the slack-off in housing requirements, particularly in suburban one-family homes. The other factor is attributed to the effects of the President's Order banning discrimination in housing aid for VA and FHA housing.

However, housing starts could very well reach 1.5 million as a result of the stimulus of urban renewal activity. Further, as to the impact of the antidiscrimination order, it must be pointed out that such laws exist now in 19 states and 49 cities, with little if any noticeable effect on housing activity.

Mortgage money for housing will continue plentiful, as in 1962, when there was a record mortgage flow of some $24 billion. Conventional mortgage rates have eased in some areas and the continued large inflow of savings will exert added downward pressure on rates. Yields also are declining on Federally underwritten mortgages. So, for the next few months, further downward pressures on mortgage rates can be expected. Another result of the scramble to place mortgages has been a reduction in the quality of credit, with marginal borrowers, who previously were not acceptable, now qualifying for loans and a lowering of down payment requirements and reduction of supplementary fees and charges to borrowers.

War Babies a Factor

Another plus factor in the outlook is the crop of war babies who will be nearing their majorities and moving significantly into the spending field this year. They will be buying automobiles and some will be forming families. This will stimulate not only the auto and housing fields but basic industries such as steel and aluminum, along with the sale of hard goods, furniture and heavy appliances.

Still, inflation should not provide any real concern this year. Factory wages will rise along with corporate profits, which could top 1962's record of $26.1 billion (after taxes).

Capital Markets Activity

In the capital markets area, the Treasury will resort to short-term borrowing to finance most of its cash requirements, in deference to the balance of payments problem. But it won't overlook the long-term market. An attempt will be made in long-bond offerings to tap as much as possible from real savings. In its efforts to lengthen Federal debt maturities, the Treasury has successfully launched a new wrinkle: It is selling bonds at auction by competitive bidding, using private underwriting syndicates. Testing in January with an offering of $250 million in 30-year bonds indicated an extensive new market for Treasury bonds at rates that will be more competitive with other capital markets securities.

However, keeping a wary eye on the international movement of gold, the Treasury is increasing the volume of its weekly bill issues. If it can achieve a bill rate that is competitive with the international money market, the Treasury feels it can prevent any consequential outflow of gold.

When all the pluses and minuses in the outlook are added together, it produces the prospect of steady growth, somewhat on the slow side. It is a problem that will occupy business leaders and government planners until they come up with a solution.

Fortunately, today — with tremendous spending by all segments of the economy and wide use of economic data by Government, business and labor—we have the tools to provide a solution directed at the leveling out of the peaks and valleys in our economic growth and to push it upward toward a rate that will make for fuller use of our manpower and physical resources.

Schroder Rockefeller Name Cavanaugh

Schroder Rockefeller & Co., Incorporated, 61 Broadway, New York, investment bankers, have announced the appointment of Ward A. Cavanaugh as Assistant Treasurer of the firm.

He joined the staff of Schroder Rockefeller & Co., Incorporated, in 1961. Prior to that he was associated with the Controller's Dept. of Texas Instruments, Inc., Dallas, Texas.

Shechman Forms Co.

PROVIDENCE, R. I.—William H. Shechman is conducting a securities business from offices at 15 Westminster Street under the firm name of Shechman & Co. He was formerly with Allen J. White & Company.

Re-Examining the Case For Silver Remonetization

By Paul Einzig

Dr. Einzig takes another look at his suggestion made in this space last October 4, 1962, that we should re-monetize silver. He finds this preferable to any amount of juggling with swap arrangements, in so far as instilling dollar-confidence is concerned, particularly in view of: (1) our plan to push a deliberate deep unbalanced budget; (2) consequent dollar-pressure-danger; and (3) leeway still remaining before the next dollar crisis occurs when it would be too late for such a step. Dr. Einzig also recalls that Pres. Kennedy contemplated such a move at the end of 1961 but inexplicably shelved the idea.

LONDON, Eng. — Some months have passed since I first suggested in an article in the *Commercial and Financial Chronicle* that the opportunity provided by the firm trend of silver should be seized for bringing about a partial remonetization of that metal. My suggestion was to the effect that, without any attempt at maintaining a fixed gold-silver ratio, the monetary authorities of the leading countries should agree among themselves to include in their metallic reserves a certain proportion of silver, to be reckoned for bookkeeping purposes at current market value or purchase price subject to adjustments.

Preferable Liquidity-Step

This solution would present considerable advantages both from the point of view of a relatively non-inflationary increase in international liquidity and from the point of view of reinforcing the defenses of the dollar. All the various rival plans for increasing international liquidity entail arrangements which would greatly accentuate the inflationary character and potential instability of the international monetary structure. A partial remonetization of silver, on the other hand, would place the international monetary system on more solid foundations. Instead of adding to the top weight of the already topheavy inverted pyramid, it would reinforce its base.

From the point of view of the defenses of the dollar, the remonetization of silver would result in an immediate addition of something like two billion dollars of the metallic reserve, plus further reinforcement from the current silver output of the United States and by the amounts of silver that would be withdrawn from circulation. Given the fact that even last year there was a balance of payments deficit of two billion dollars and that a similar deficit is anticipated for this year, such reinforcement of the reserve would come very useful.

Soon after I first put forward the above suggestion, there was a setback in the trend of silver, which was due to profit-taking sales and to the anticipation of sales by India in connection with the Chinese invasion. Now that the Sino-Indian conflict is about to be settled the likelihood of heavy Indian selling of silver has become materially reduced. The market responded by a rise in the price of silver well above its highest point reached in October last. At the time of writing the trend appears to be firm. Even though profit-taking may cause reactions it is possible to envisage appreciation to a level at which it will become profitable to hoard silver coins which are still in circulation in the United States. Unless action is taken in good time much of the potential addition to a silver reserve would disappear in private hoards and cease to be available for international monetary purposes.

President Kennedy Intimated Such a Move

For this reason, this matter calls for urgent consideration. In the United States in particular, it would be advisable to make the necessary legislative changes that would release the officially held silver stock for the requirements of the defense of the dollar. Towards the end of 1961 President Kennedy did in fact foreshadow such legislation but for some unknown reason his announcement of his intention has not so far been followed by action.

Yet it is of the utmost importance from the point of view of the defenses of the dollar that action should be taken without delay. It would be a mistake to defer the change until the dollar will come more under fire. The patchwork wage arrangement with foreign monetary authorities can only serve as a stopgap to camouflage the pressure on the American gold reserve. From the point of view of the intrinsic strength of the dollar it makes little or no difference whether the gold reserve declines or American short-term liabilities to foreign Central Banks increase.

Preferable to Swap Deals

It would be quite a different matter if some two billion dollars of silver could be added to the gold reserve under arrangements by which foreign monetary authorities are prepared to accept limited but substantial amounts of silver instead of withdrawing gold. Such a reinforcement of the metallic reserve would strengthen confidence in the dollar much more than any amount of juggling with swap arrangements between monetary authorities.

In view of the decision of the Administration to cut taxation and increase expenditure for the sake of bringing about a business revival, the reinforcement of the dollar's defenses has become a matter of some urgency. It is impossible to unbalance a budget with impunity to an extent envisaged by the Washington Administration. Unless all the important countries of the Western world follow the American example to approximately the same proportion, the huge American budgetary deficit is bound to result in heavy pressure on the dollar. It is true, Britain also intends to embark on budgetary inflation, but its extent is not likely to be comparable to that of the United States. Moreover, sterling is not the only currency which might attract funds from the United States. It seems likely that one or other of the leading currencies would come to be regarded as being "harder" than the dollar as a result of the heavy budgetary deficit of the United States.

Warns of False Feeling of Security

It may take some time before the relatively high degree of budgetary inflation in the United States would lead to an accentuated selling pressure on the dollar. But it would be a matter of elementary wisdom to reinforce in advance the dollar's defenses. If silver were to be remonetized today the change would be looked upon as a sensible arrangement. If it were to be remonetized in the middle of another dollar scare it would be looked upon as a panic measure and its adverse psychological effect might cancel out much of its beneficial material effect. It would be a pity if, amidst the false feeling of security created by the swap arrangements with Central Banks, the Washington Administration neglected or unduly delayed an arrangement which would bring much-needed genuine reinforcement to the dollar in good time.

O'Connor Partner In Moore & Schley

Moore & Schley, 120 Broadway, New York City, have announced that William P. O'Connor, Jr. has been admitted to general partnership in the firm, effective February 1. Established in 1880, the firm is a member of the New York Stock Exchange and various other Exchanges. Mr. O'Connor was formerly an officer of McDonnell & Co., Inc., New York City.

Wm. P. O'Connor, Jr.

Barysh Partner in Herzig, McKenna

The New York Stock Exchange firm of Herzig, McKenna & Company, 50 Broadway, New York City, has announced that Burton A. Barysh has been admitted to General Partnership in their firm. Mr. Barysh will direct their newly formed Municipal Bond Department. He was formerly a partner of Ernst & Company, where he was in charge of the Municipal Dept.

Burton A. Barysh

Continental Underwriters

DENVER, Colo.—Continental Underwriters Corp. is conducting a securities business from offices at 231 Detroit Street. Officers are Hamilton S. Gregg II, President; George R. Gondrezick, Vice-President and Treasurer; and Everet G. Martin, Secretary.

The IBA's Contributions to The Nation's Social System

By Professors Joseph F. Bradley *and* Edward J. Mock, *Members of the Faculty of the College of Business Administration of the Pennsylvania State University, University Park, Pa.*

The IBA recently observed its 50th anniversary. Professors Bradley and Mock recount the formation and developments of the Association from the time a group of bankers were rebuffed from forming a special division within the American Bankers Association catering to the special needs of investment banking in corporate and government long term financing. The writers assess the Association's principal accomplishments which mirror so much of the Country's growth, and hand down a verdict of praise for the beneficial impact rendered to society as a whole through the activities performed. Among the functions praised are: dissemination and advancement of financial and economic knowledge to the public and the trade; improved ethical standards, SEC and Blue Sky laws; opinions rendered on state and federal legislation; and comprehensive research and committee study reports at annual IBA proceedings.

The Investment Bankers Association of America (IBA) has been playing a prominent role in our society since 1912. This, its 50th anniversary provides an opportune time to pause and evaluate, from a social viewpoint, the activities of this organization. The general public judges the accomplishments of an association of businessmen by the impact of its accomplishments on the general welfare. Trade associations that perform a socially useful function survive; those that do not, generally fade from the scene. The purpose of this paper is to analyze the impact of the functions of the Investment Bankers Association on the American heritage, that is, the impact of the IBA on a higher standard of living and on the democratic process.

What Is the Investment Bankers Association?

The Investment Bankers Association is one of the approximately 2,000 national associations of businessmen functioning in the United States.[1] Trade associations are formed when business competitors or businessmen with an interest in the same industry band together because united action is more effective than the dispersed actions of the members acting individually. Judkins has defined trade associations as "nonprofit organizations of business competitors in any single industry, formed to render a number of mutual-aid services in expanding that industry's production, sales, and employment."[2] One of the interesting features of the Investment Bankers Association, as a trade association, is that its members not only transact business with the public, but often with each other.

A trade association depends on the support of its members for authority. Yet, the association transcends the interests of any one member and is separate from the members that constitute it. Thus, the IBA is an entity separate from its 800 members. Closely related to the characteristic of being a separate entity is the concept of continuous succession. This means that changes in memberships do not *per se* affect the continuity or goals of the organization. The Investment Bankers Association continues despite changes in its membership. Because of its separate entity feature and its continuous succession features, the IBA has been able to provide concerted and continuous leadership since 1912.

Although the IBA is organized for the mutual benefit of its members, in advancing their welfare it also promotes the public interest.[3] The Investment Bankers Association sponsors a number of programs, including these: disseminating and advancing knowledge; fostering ethical standards; and advising on legislative matters. Although these and similar activities are rendered primarily for the benefit of the membership of the association, more important is the salutary effect of these activities on the American way of life. As will be indicated later, the contribution of these activities is that the functioning of the capital markets is improved thus raising the standards of living of the country, and that the democratic process is improved. The main theme of this study is to indicate how the activities of the IBA benefit both the membership and the general welfare.

The Founding of the Investment Bankers Association

The years preceding the formation of the IBA were ones marked by dramatic growth of corporations and by increased state and municipal financing. As these changes in the economic system developed, the investment banking function became more important and its role more clearly demarcated from the commercial banking function. But despite the increased importance of the investment banking function, there was not the sharp separation between the two roles, as is the case today. The same institutions tended to engage in both activities, sometimes through affiliates.

For many years, the American Bankers Association (ABA) housed those active in both commercial and investment banking. Since its inception in 1875, the ABA had stressed meeting the needs of commercial bankers. This was natural, as commercial banking up to about 1912 was of far more importance in the economic system than underwriting.

Changing economic conditions in the early 1900's made almost inevitable the formation of a business society to provide services for the group of bankers. The distinguishing feature of this group of financiers was their interest in long-term financing for corporations and government units.

In both 1910 and 1911, a group of bankers proposed that a special division be established within the American Bankers Association to give recognition to the investment banking function.[4] These resolutions were defeated. After being rejected in their bid for recognition in the ABA, a group of bankers decided to form a separate organization. A letter went out calling for the formation of a high-grade organization which would have for its purpose the betterment of the investment banking business. The founders of the Investment Bankers Association assembled in the Old Waldorf-Astoria hotel in New York City on Aug. 8, 1912 and founded the new organization. George B. Caldwell, Vice-President of the Continental and Commercial Trust and Savings Bank of Chicago, was elected the first president. Speaking at the annual convention, held three months later, he mapped out the following suggested program of action for the IBA:[5]

(1) Give careful attention to the ethics of bond trading by our members;

(2) Pay careful attention to proposed legislation and lend aid to the passage of various measures that will standardize the issuance of municipal bonds;

(3) Make our association a working one and not purely a fraternal organization;

(4) Furnish the Secretary's office with information regarding defaulted issues and the houses that deal in them;

(5) Cooperate with the public press and state and Federal officials for the elimination of all unreliable promotions by irresponsible promoters.

The point to be observed about this address is that very early in its life, the Investment Bankers Association recognized its obligations to the general public as well as to its own members.

The early leaders of the Investment Bankers Association were careful to indicate in the minutes of their first meeting that they had great respect for the ABA and that the new organization intended to supplement the activities of the ABA rather than duplicate them. Such a feeling of mutual respect is understandable because early financiers tended to be active in both associations. Even today, approximately 12% of the members of the IBA are commercial banks that are permitted to underwrite and deal in municipal and to deal in governmental securities.[6]

Disseminating and Advancing Knowledge

One of the functions of the Investment Bankers Association is the dissemination and the advancement of financial and economic knowledge.[7] The IBA's educational activities in disseminating knowledge may be classified into two kinds: those programs aimed at members of the industry and those programs aimed at the general public. Each kind makes its contribution to the public welfare. Thus, programs for members of the industry are intended to raise the level of skill of those who participate in them. While this increase in professional competence benefits the individual firm, also to be observed is that the clients of the firm are served more effectively. Any increase in general efficiency in serving clients is to be encouraged, as the national welfare is advanced because better financial decisions increase the chances of directing capital into activities that increase the gross national product. If this happens, the standard of living of the country increases. In a similar manner, educational programs aimed at the general public also have a salutory effect on the economic system as a whole. A public that is informed on the general nature of the long-term capital markets is in a position to invest more soundly, thus lessening the wastage of capital resources. Similarly, the recent efforts of the Investment Bankers Association to stimulate research in the solution of industry problems has contributed to the smoother operations of the long-term capital markets. Careful systematic research on the internal operations of investment banking firms gives results that enable the individual firm to make optimum decisions. As the general level of decision making at the firm level increases, the welfare of the country is advanced.

Since its inception, the Investment Bankers Association has fostered education programs — both for its members and for the general public. Thus, as early as the 1916 annual convention, the education committee recommended that a syllabus be prepared on the field of investment banking and that several universities be invited to give correspondence courses in appropriate areas and for members of the investment banking industry. At the 1917 annual convention, the education committee reported that it had planned the preparation of outline courses of study in these areas: corporation finance, railroad securities, government and municipal securities, the stock exchange, and the legal principles of a mortgage.[8] The intent was that these five courses would be given under the auspices of university teachers who would cooperate with the Investment Bankers Association on integrating subject matter. In addition to the preparation of courses of study, the IBA, in its early years, spent considerable effort in reviewing books and then passing the evaluations on to its members. The Association's education program aimed at its own members has been flexible down through the years, being changed to meet new conditions created by technological advances, a new money market structure, the development of the area of management, and increasing Federal regulation. Currently the IBA is cooperating with a number of universities in the formation of IBA-sponsored institutes offered in cooperation with universities and in the establishment of a correspondence course in the investment banking field.

The Investment Bankers Association has been very active in participating in programs to inform the general public on various phases of the long-term capital markets. Thus, in 1918, the IBA prepared a brochure to assist newspapers in passing upon financial copy. The purpose of the brochure was to protect the public against exaggerated claims of fly-by-night promoters. Many similar activities can be found in the early history of the IBA. In recent years, this same type of social consciousness can be found, with the added feature that much of the current information also contains material to educate the public on the relationship between saving, capital formation, a high standard of living, and political freedom.

One of the most interesting of the early plans of the IBA for informing the public was the so-called Rochester Plan, conducted in 1928.[9] In cooperation with the Protective Bureau of the Rochester Chamber of Commerce and the United States Chamber of Commerce, the Investment Bankers Association launched a plan to inform the general public of the merits and risks of stock ownership. At a meeting attended by 400 businessmen, representatives of the IBA explained the nature of the program. A number of informative articles were passed out to those in attendance. Also, articles on investing and kindred topics appeared in three English language daily newspapers and in two foreign language newspapers. The IBA supplied four booklets to be distributed by the local Chamber of Commerce. Another, but more recent example, of a major effort to inform the public is the IBA's participation in the Joint Committee on Education for the American Securities Business efforts to inform college professors of the workings of Wall Street. Since the inauguration of this plan, over 331 university professors and administrators drawn from 173 different institutions and 49 states have spent several weeks in New York City at the Forums. At these Forums, senior officers of financial institutions discuss their function as they see it in relation to the American economy. There can be little doubt but that these Forums have had a profound effect on the teaching of finance subjects in American universities. The teachers who attend these sessions obtain information both of a practical and theoretical nature that is relayed to students, many of whom will become the leaders of tomorrow. Directly, then, the Forums have been a device for disseminating information to the general public. In addition to the IBA's direct efforts in disseminating financial information to the public, it has cooperated with its regional Group Education Committees. These are:

California Group
Central States Group
Eastern Pennsylvania Group
Michigan Group
Minnesota Group
Mississippi Valley Group
New England Group
New York Group
Northern Ohio Group
Ohio Valley Group
Pacific Northwest Group
Rocky Mountain Group
Southeastern Group
Southern Group
Southwestern Group
Texas Group
Western Pennsylvania Group

For a number of years, the IBA's research program was conducted mainly through committees that reported at annual meetings. These reports in themselves, if assembled, would be a valuable treatise on the historical development of the long-term capital markets since 1912. In addition to the comprehensive annual reports of its committees, which are still provided, the IBA now has a Director of Research to conduct additional studies in the capital markets. One of the products of this research program is the *IBA Statistical Bulletin*. Another point worthy of mention is the study of investment banking firms, financed by the IBA, being conducted by the University of Pennsylvania. This study will cost $150,000 which is being raised by assessing the member firms over a three-year period.

Actually, many of the general programs of the IBA have had an impact on research. Thus, its participation in the Forum probably has stimulated and facilitated much creative study by the participating teachers. The important matter is that research facilitates the functioning of both the primary and secondary securities markets. One of the prerequisites of an effective capitalistic system is accurate information among buyers, sellers, and business entities. The more information that is available, the more likely is capital to be directed into its most profitable use.

Fostering Ethical Standards

Like many other trade associations, the IBA devoted considerable thought and energy to the promotion of ethical stand-

1 *Directory of National Associations of Businessmen*, U. S. Department of Commerce, 1961, p. 1.

2 Jay Judkins, *Services of American Trade Associations in 1953* (Mimeographed, August 1954), p. 1.

3 See George P. Lamb and Sumner S. Kittelle, *Trade Association Law and Practice* (Boston: Little, Brown and Company, 1956), Chapter 2, "Antitrust Philosophy and Trade Associations."

4 "Investment Bankers Organize," *The Bankers Magazine*, September, 1912, pp. 281-291.

5 "The Investment Bankers Association," *The Commercial and Financial Chronicle*, November 23, 1912, p. 1,365.

6 *Investment Bankers Association of America* (Pamphlet) Washington, D. C.: Investment Bankers Association, 1958), p. 3.

7 For a comprehensive survey of the activities of the IBA in educational activities, see *IBA Educational Bulletin*. December, 1960.

8 *Proceedings of the Sixth Annual Convention of the Investment Bankers Association of America* (Washington, D. C.: Investment Bankers Association, 1917), p. 154.

9 "Seventeenth Annual Convention of Investment Bankers Association of America," *The Commercial and Financial Chronicle*, November 3, 1928, p. 2,478.

ards.[10] Just what is meant by ethical standards? First, those engaged in the investment banking field should be of such high integrity that the client has complete confidence in them. Just as a patient entrusts his life to a physician, so must a person in finance be so honest that others will entrust their property and decisions about their property to him. A rule of thumb useful in providing a yardstick of behavior is that an investment banker should use the same care in dealing with the property of others that he would in prudently dealing with his own. Second, an investment banker must be dedicated to the principle that truth should permeate all business transactions. Truthful reporting to clients, to employees, to stockholders, and to the general public is absolutely essential. Another aspect of ethics is the confidential relationship between the investment banker and his client.

Actually, the importance of ethical standards has been stressed for many years in both commercial banking and in investment banking. Codes of conduct are expressions of man's quest for honesty under a particular culture. The public's concern with the above problems in ethics is that high codes of conduct not only have moral values in themselves but in addition these high codes tend to prevent wasted economic resources. Unethical conduct is likely to result in resources of the country being misallocated, a condition that acts as a brake on the increase in the national productivity.

Since its very first meeting, the IBA showed social responsibility by virtue of its concern over the establishment of a workable code of ethics.[11] The first preamble of the organization was as follows:[12]

To promote the general welfare and influence of investment banks or bankers, likewise banking institutions operating bond departments and to secure uniformity of action, both in legislation and in methods of handling securities, together with the practical benefits to be derived from personal acquaintance, and for the discussion of subjects of importance to the banking and commercial interests of the country, which affect the investing public, and for protection against loss by crime, or through wilful and irresponsible dealers in investment securities, and to surround the offerings of its members with greater safeguards whereby they will enjoy the broadest market possible, both at home and abroad.

The committee reports at succeeding annual conventions indicate a deep concern and dedication to improving ethical standards. Indeed, many of the provisions finally incorporated into the Securities Act of 1933 were already accepted by the IBA. Thus, in 1928, the IBA subscribed to the principle that it was "determinedly opposed to the use of any form of title for an issue of bonds and notes which carries any misleading inferences or suggestions as to the character, lien, or priority of the issue involved.[13] Numerous other similar statements can be found in the proceedings of the early annual conventions.

In a like manner, very early in its life, the IBA subscribed to many of the principles and even established some of the procedures now used by the National Association of Securities Dealers (NASD). This refers, of course, to codes of conduct between members of the investment banking fraternity. As in any area of economic activity, financial disputes arise which the parties prefer not to take to court. The IBA established the equivalent of Codes of Conduct Committees to settle these disputes. In 1931, the report of the Business Conduct Committee gave a historical report of its activities since 1912.[14] The report went on to point out that from 1912 to 1922 the Business Practice Committee functioned as a quasi-court to adjudicate differences arising in the ordinary course of business between members. In its early years, this committee was known only to the national executive officers and its decisions were transmitted to the disputants through the Secretary's office. In 1925, the name of this committee was changed to the Business Conduct Committee. Then, in 1928, a procedure was established to submit grievances to the regional Group Business Conduct Committees, rather than to the national committee.

The early reports of the IBA indicate that specific procedures were in effect for arbitrating amounts over and under $1,000. In the arbitration process, either the defendant or the complainant might appeal from the decision of the Business Conduct Committee. If the appeal was granted, there was provision for retrying the case by the National Executive Committee whose opinion was final. Failure to abide by the decision could result in expulsion.

Giving Opinions on Legislation

One of the major activities of a trade association is the rendering of its opinion on legislation, at both the state and the national level. Although the Investment Bankers Association represents the interests of its membership when giving its views on legislative matters, the public welfare is advanced on two scores. First, the fact that there is an organized group capable of expressing its opinions is in itself a pillar of democracy. In dictatorship countries, such as in Germany in the Hitler days, associations were dissolved, including labor unions, medical societies, and associations of businessmen. Dictators seek an atomized society, i. e., one which is so divided that organized opposition to the state is almost impossible.[15] Associations of businessmen, along with other organized groups in the economy, make a contribution to the democratic process because they are in a position to make constructive criticisms of both actual and pending legislation.

A second benefit (to the public) of the legislative activities of the IBA is that certain legislation is often so complex as to require the advice of leaders of an industry. Thus, the issue of whether the interest on municipal industrial-aid bonds should be taxable is such a complex one that the best brains and talents should be used in solving this problem. The IBA, along with several other trade and professional groups, is in an excellent position to give advice on legislation involving the long-term capital markets. The fact that there are so many well organized groups with different opinions gives legislators the variety of viewpoints necessary to reach an informed decision. The point that associations of businessmen and other groups make an indirect contribution to the American heritage is a point often overlooked in our society where many liberties are taken for granted.

Blue Sky Laws

Perhaps one of the most constructive activities of the Investment Bankers Association has been its campaign for uniform and simplified Blue Sky Laws. At the very first meeting of the IBA, attention was given to this matter. Warren S. Hayden, in an address to the convention in 1912, proposed that the new organization give its attention to sponsoring uniform Blue Sky Laws.[16] Immediately after his address, a resolution was passed requesting that the committee on legislation draft a uniform Blue Sky Law that would represent the best views of the Association. The period in which he spoke was also one in which there was great interest in these state laws; many states were on the verge of passing such laws. (Kansas passed the first comprehensive Blue Sky Law in 1911.) Almost continuously since that time, the IBA has offered constructive suggestions on simplifying these laws without weakening the protection of investors.[17] It has cooperated directly with state officials, as well as the Conference of Commissioners of Uniform State Laws and the American Bar Association.

The IBA is now recommending the adoption of a Modified Uniform State Securities Act, which it has prepared. Although uniform and simplified Blue Sky Laws benefit investment bankers, even more important is that such state laws reduce artificial barriers to the free flow of capital among the states. In turn, a free flow of capital tends to channel funds into their most productive use, thus raising the national income.

The Investment Bankers Association has cooperated with regulatory and legislative bodies at both the national and state levels. The advice of the IBA is given on such matters as the use of the red herring prospectus and the separation of broker-dealer functions. As in other areas, Federal officials are finding the trade association to be one of the best and quickest sources of reliable information. The growing importance of communicating with the Federal government is indicated by the moving in 1955 of the home office from Chicago to Washington.

Conclusions

Associations of businessmen have had a major influence on our American heritage. These associations have raised the standard of living of the public, and they have played an indirect role in preserving our system of liberties. Although formed primarily to advance the interests of their members, at the same time the activities of the associations have had an effect that transcends the welfare of the members of each association. The preceding discussion does not contain a complete compendium of the activities of the Investment Bankers Association and the impact of such activities on the public interest. Such a comprehensive and analytical study is yet to be made. The three areas selected, however, do illustrate a point that is often overlooked, that is, the beneficial impact of the Investment Bankers Association on society as a whole.

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10 For a discussion of some of the practical problems of ethical dealing in investing banking see J. Witney Bunting (Ed.) *Ethics for Modern Business Practice* (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1953), Chapter 6, "Ethics of Investment Banking," by John W. Power.

11 See S. W. Straus, "The Ethics of Investment Banking," *The Bankers Magazine*, October, 1913, pp. 411-414.

12 See "Prospects of the Investment Bankers Association," *Magazine of Wall Street*, September, 1912, p. 250.

13 "Seventeenth Annual Convention of Investment Bankers Association of America," *The Commercial and Financial Chronicle*, November 3, 1928, p. 2,481.

14 "Twentieth Annual Convention Investment Bankers Association," *The Commercial and Financial Chronicle*, November 31, 1931, pages 3,409-3,410.

15 For an interesting development of this theme see Robert A. Nisbet, *The Quest for Community* (New York: Oxford University Press, 1953).

16 "The Investment Bankers Association," *The Commercial and Financial Chronicle*, November 23, 1912, p. 1,356.

17 A brief history of the IBA's efforts in the Blue Sky Law area may be seen in *A Primer on State Securities Regulation* (Booklet) (Washington, D. C.: Investment Bankers Association, 1960).

Current News in the Field

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

NEW BRANCHES

ASHEVILLE, N. C.—**Abbott, Proctor & Paine,** Hayward Building. Gale P. Wait is resident manager.

BEVERLY HILLS, Calif.—**Brager and Company,** 291 South LaCienega Boulevard. Louis Simonson is resident manager.

CORPUS CHRISTI, Texas — **Dewar, Robertson & Pancoast,** Jones Building, under the management of Joe P. Nelson, Jr. Mr. Nelson was formerly a principal of King, Nelson & Calvert, Inc., which has been absorbed by Dewar, Robertson & Pancoast.

JACKSONVILLE, Fla.—**Goodbody & Co.,** Barnett National Bank Building. Paul T. Nielsen is in charge.

KINGSPORT, Tenn. — **Abbott, Proctor & Paine,** 129 East New St., under the management of John E. Waller, Jr.

SAN JOSE, Calif. — **Nikko Kasai Securities Company,** 235 E. Jackson Street. Kojiro Watanabe is local manager.

SAN FRANCISCO, Calif. — **John Nuveen & Co.,** 405 Montgomery Street. Robert R. Hammond is resident manager.

PERSONNEL

BOSTON, Mass.—George H. Polley has become connected with **Ereen Creamer Stanley Corp.,** 50 Congress Street. He was formerly with Van Alstyne, Noel & Co. and prior thereto with Schirmer, Atherton & Co.

BOSTON, Mass.—Dana G. Winsor has joined the staff of **McDonnell & Co. Incorporated,** 211 Congress Street. He was formerly with Paine, Webber, Jackson & Curtis.

CLEVELAND, Ohio—Richard D. Longacre is now associated with **Westheimer and Company,** 1700 East Ohio Building. It was previously incorrectly reported in the "Chronicle" that Mr. Longacre was located in the firm's main office in Cincinnati.

CLEVELAND, Ohio—William A. Kish, Jr. is now connected with **Curtiss, House & Co.,** Union Commerce Building, members of the New York and Midwest Stock Exchanges. He was previously with Hayden, Miller & Co.

COLORADO SPRINGS, Colo.—Robert A. Lincoln has become associated with **Amos C. Sudler & Co.,** 12 East Boulder. He was formerly with Copley and Company and in the past was an officer of Weir, Lincoln & Co.

COLUMBUS, Ohio—Elmer H. Gardner Jr. is now associated with **McDonald & Company,** 50 West Broad Street. He was formerly with the Ohio Company.

NEW ORLEANS, La.—Albert L. Meric, Jr. has joined **Francis I. duPont & Co.** as manager of the New Orleans office at 811 Gravier Street, it is announced.

Under Mr. Meric's management, further expansion of Francis I. duPont & Co.'s New Orleans quarters is contemplated.

Mr. Meric has been in the investment business in and around New Orleans for the past 10 years. Most recently, from 1959 to 1962, he was the representative of a major mutual fund organization for the Middle Southwest.

NEW YORK CITY — Leonard O. Fischer, has been made manager of the 60 Broad Street office of **Bache & Co.,** it has been announced.

Mr. Fischer, who is credited with pioneering investment training courses more than 15 years ago, at one time had over 1,500 persons in his class, and has been widely written up in a number of publications for his teaching techniques. Prior to joining Bache, Mr. Fischer served as general partner with John H. Kaplan & Co.

NEW YORK CITY — Richard Whiting has become associated with **Kaufmann, Alsberg & Co.,** 61 Broadway, members of the New York Stock Exchange, as a registered representative. Mr. Whiting is author of "How to Increase Your Investment Profits with Warrants and Convertibles" and "Profitable Trading with Puts and Calls."

Restrictions on Branch Banking Hurt the Economy

By Hon. James J. Saxon,* *Comptroller of the Currency, Treasury Department, Washington, D. C.*

Federally chartered banks' Comptroller argues for easing the restriction on commercial banking expansion and for Federal leadership to bring about greater banking powers and facilities. Mr. Saxon denies: (1) liberal branching powers mean less competition if properly administered; and (2) recommended steps to strengthen our banking system jeopardizes dual banking system if State banking laws allow banks to operate more efficiently and to compete more effectively. The Comptroller would like to see the problem of branching and holding companies settled in terms of regional boundaries by regional regulatory authorities.

February will mark the 100th Anniversary of the formation of the National Banking System. At the time the Congress provided for the chartering of National Banks, one prime need was for an effective payments medium to supplant the unsatisfactory system of notes issued by State-chartered banks. In the intervening years, the National Banks lost their note-issuing power, and primary attention in bank regulation shifted to the protection of depositors with all that this implies in the way of continuous supervision. Throughout the course of evolution of the National Banking System, changes of policy have taken place chiefly in response to banking crises which generated demands for more rigorous limitations over banking operations. This crisis orientation has survived to the present day.

Hon. James J. Saxon

The basic need for bank regulation and supervision is as essential today as it was at the time the National Banking System was founded. We now have a clearer conception, however, of the essential role of banks in the economy. What is lacking is the full application of these concepts to the structure of public control in the field of banking.

As our economy has grown, it has become increasingly evident that the commercial banking system occupies a central role in its progress. It is upon the commercial banking system that we significantly rely for the marshaling and disposition of our capital resources, and the provision of our payments mechanism. A deficiency in that financial mechanism will critically affect the rate of our economic growth.

It is often pointed out that the growth of our commercial banking system has lagged behind the pace of our economic advance. Nonbank financial institutions have come into being and prospered, to fill in some degree the gaps left by these deficiencies. Commercial banks, however, offer a wider variety of services than any one of these other financial institutions, and have a greater potential for adaptation to the growing range of new requirements. It is essential in the national interest that this key financial instrumentality should not be needlessly constricted.

There are two broad areas in which basic reforms are required if our commercial banking system is to perform with fullest efficiency its essential role in the growth of our economy. One relates to the powers which banks are allowed to exercise in the conduct of their operations. The other relates to the authority of banks to extend the area of their operations in the spatial sense.

Banking Powers

The present limitations over banking powers were intensively examined in the recent Report of our Advisory Committee. I shall describe it only briefly, and indicate the steps which we have taken to carry out the Committee's recommendations.

Every significant phase of the operating policies, practices and procedures of the Comptroller's Office and of National Banks was critically reappraised in the Advisory Committee Report. A wide range of recommendations was proposed with respect to the lending and investment powers of National Banks, their trust powers, their borrowing powers, the alternatives open to them to provide needed capital, and the various details of their corporate procedures. The Report also appraised the relationship of National Banks to the Federal Reserve System, and the heavy penalties and burdens of mandatory membership; and surveyed the constrictions imposed on the foreign operations of National Banks.

Since that Report was completed, these recommendations have been subjected to intensive examination within our Office, and a number of steps have been taken to promulgate new policies and procedures to bring them into effect.

New regulations have been issued allowing the use of preferred stock and capital debentures as normal means of raising capital; and permitting the use of authorized but unissued stock, provision for employee stock option plans, and the appointment of a limited number or directors between annual meetings. Commencing Feb. 1, National Banks will be required to submit annual financial reports and proxy statements to their shareholders. Moreover, we are now at the final stages of developing revised regulations and procedures relating to the trust and investment powers of National Banks; and the revision of the entire body of interpretations and policies set forth in our Digest of Opinions is substantially completed. We are also well along in the revision of the trust and commercial examination forms, and the respective related instructions to examiners. When these new instructions are completed, they will be made available to the National Banks.

A broad consensus prevails in the banking community concerning the need for modification of the powers, regulations and procedures affecting banking operations, and we have encountered little controversy in working out measures to meet these needs. There is little disagreement with the view that commercial banks require greater latitude in operations if they are to meet current and future needs for banking services.

Bank Expansion

The same understanding does not prevail with respect to the principles which should govern the expansion of banking facilities. While most bankers agree that added powers and broader discretion in the exercise of these powers are needed, they do not view policy toward bank expansion with the same degree of unanimity.

The cause of this difference is not difficult to understand. While some bankers with a vision of the future, and the initiative to explore new opportunities favor liberalization of the limitations which now constrict their expansion—many others regard such a policy as a threat to their survival, or at least to their comfort. Evidence that these limitations have hampered the needed growth of banking facilities, and provided favorable opportunities for nonbank financial institutions, have not always been persuasive in the face of the hope that this need or threat would not touch them.

In resolving these issues, we must search for considerations which transcend the private interests of individual banks. These are to be found, fundamentally, in the public purposes which underlie the regulation of bank entry and the control of bank expansion.

While these limitations and controls are essentially negative in their operation, they are founded on positive objectives of public policy. Were it not for the fact that it is considered necessary to preserve the solvency and liquidity of banks, freedom of entry could be allowed in the field of banking. Reliance could then be placed solely on the antitrust laws to maintain competition and regulate competitive practices in serving the public's needs for banking services and facilities. The fact that entry restrictions are needed in order to maintain bank solvency and liquidity will not, however, justify such restrictions beyond the requirements for this purpose. Indeed, if the banking system is to foster economic growth in the fullest degree, the concept of bank solvency and liquidity must be broadened to include safeguards against inertia.

While almost every form of bank expansion has come under criticism by those who fear adverse competitive effects, much of the opposition is centered upon certain of the particular techniques employed. Viewed in proper perspective, however, it is clear that the principal concern should be to insure the adequacy of banking facilities. The need to employ particular techniques should be judged solely according to their suitability for this purpose.

New Charters

In most circumstances, some degree of permissible entry by newly-formed institutions is essential in order to provide constant access by succeeding generations of fresh talent, and so as to broaden the sources of capital and initiative through which the demands for banking services may be developed and served. Because of the vital role that banks play in the growth of our economy, it is of critical necessity to insure that new opportunities do not fail of development because of inertia in the banking system. Progress in the industrial and commercial sectors of the economy could be impaired or hampered if the financial mechanism were deficient.

Some argue that entry restrictions should be entirely removed in the field of banking, on the ground that depositor protection could be achieved without them while the public would gain the advantages of greater competition. If this were done, however, it would also be necessary to abandon direct control of bank expansion through branching and merger, and to rely upon antitrust enforcement to prevent harmful concentration of power and to regulate competitive practices. There could be no justifiable basis for allowing newly-formed institutions free access to the industry of banking, while the expansion of existing institutions is directly restricted. Complete reliance upon competitive forces to determine bank entry and bank expansion, however, would greatly complicate the task of bank supervision, and weaken the safeguards provided through this form of public control. It is an indispensable part of such supervision to regulate the rate and form of bank entry as well as bank expansion.

There is, however, under present circumstances, a special reason for the chartering of new banking institutions. In many areas of the country, it has become increasingly evident that the expansion of banking facilities through the growth of existing institutions has been insufficient to meet public needs. The branching laws of many States have hampered internal growth through the formation of new branches. Nonbank financial institutions not subject to such limitations have in some degree filled this gap. But these needs have also given rise to initiative to charter new banks.

During the past year we experienced a strong upsurge of interest by new sources of capital and enterprise desirous of entering the field of banking. Well-capitalized, competent groups have been formed in many parts of the country to seek new bank charters. Chiefly, the new applications have come from the States which impose severe restrictions over bank expansion.

Of the 149 applications for new National Bank charters received last year, 98 were from 13 of the States which prohibit branch banking. Thirty-five of the applications were from Florida, 26 from Texas, 9 from Colorado, 5 from Illinois, and 4 from Wisconsin — all no-branch States. The present breadth of interest in the field of banking is indicated by the fact that 37 States were represented in last year's list of new National Bank charter applications. These applications in 1962 were nearly triple the average annual applications for the preceding decade, and approximately double the highest year during that period. For the preceding decade, applications for new National Bank charters were as low as 39 in 1952, and ranged between 71 and 75 in the years 1955, 1959, 1960 and 1961.

In many instances, the initial authorized capital of the newly-chartered banks has been substantially over-subscribed, indicating that in the judgments of those who possess free capital, banking is an industry that offers opportunities for the profitable commitment of new funds. According to this fundamental economic test, it can thus be said that the rational use of capital in our economy calls for a greater commitment of resources to the field of banking. While this test is not sufficient to determine the proper degree of entry in a regulated industry, it does represent a significant factor in determining the need for provision of additional banking facilities.

De Novo Branches

While present branching limitations have caused the pressures for new banking facilities to find outlets in applications for new charters, it is obvious that reliance should not be placed primarily on new charters to meet these growing needs in an industry in which competent management is not abundant. Unreasonable limitations over branching imprison established banks, and deprive the public of the skills, experience, and resources of proven institutions.

Many of the critics of more liberal branching powers equate this form of bank expansion with diminished competition. Broadened branching powers will not, however, have this effect if they are properly administered. It is not the number of banks which determines the degree of competition, but the number of points at which effective rivalry actually takes place. A series of unit banks enjoying monopoly positions in their individual communities, for example, could actually produce less effective competition than would prevail if bank expansion took place through branching by a number of institutions, each bringing to the individual community the full force of its competitive efficiency.

In determining the proper role of branching as a means of providing the banking facilities essential for our economic growth, it is also important to take account of the economies of larger-scale operations. Modern technology has invaded the field of banking, as it has other sectors of the economy, and provided opportunities for more efficient operation. These technologies can be efficiently employed, however, only through larger-scale ventures. Comparable opportunities also exist for the utilization of specialized personnel in the ever-increasing range of services which banks are able to perform. The task of public control is to allow opportunities for these forces of efficiency to be expressed, within the limits which must be imposed in order to preserve a balanced banking structure.

The required balance in the structure of our banking system must include provision for a variety of financial services to meet the public needs. To permit the forces of efficiency to be expressed does not mean that concentration of control should be unrestricted, nor that only the large should be allowed to survive. There is a wide spectrum of public requirements for banking services, and a diversified size-structure of banks is needed to meet these requirements on an assured basis.

Mergers and Holding Companies

Bank expansion may take place not only through internal growth, but also through the merger of existing institutions, and the formation of holding companies. Perhaps the most common criticism of our banking structure by foreign observers relates to the emphasis we place on the maintenance of unit banks. Those critics argue that bank expansion through new charters and new branches is often more costly than expansion through mergers or holding companies, and results in a waste of resources. These criticisms usually come from countries in which there is no tradition to maintain competition. Nevertheless, even within our own competitive traditions, there are many circumstances in which bank expansion through mergers or holding companies will be socially preferable to new charters or the establishment of *de novo* branches.

The Basic Task

The task we face in shaping the structure of our banking system is to provide the necessary latitude for enterprise and initiative in this industry. While banking differs from other industries with respect to the degree of reliance we place on private initiative, it is alike in the need to preserve a spirit of dynamism and enterprise. Only in this way will banks be able to perform with the highest effectiveness the urgent responsibilities which lie ahead to serve and promote the growth of our economy.

The particular techniques of bank expansion most appropriate for this purpose will vary with circumstances. Unreasonable limitations over the use of individual techniques needlessly narrow the range of choices open to the regulatory authorities and to the banking community, and thus distort and weaken the banking structure. Our attention should be centered, not on these techniques, but on the public's needs for banking services. The pressures to fill these needs will not be alleviated by limitations relating to means—they will merely be diverted into channels where less effective means are available. It is pointless to devote our energies to a struggle over techniques, when our primary task is to find the best means of meeting the needs of the future.

Federal Authority and the Dual Banking System

It is necessary, in discussing the issue of bank expansion and economic growth, to consider the impact on the traditional dual structure of our banking system. Over the past months, there have been heightened fears that enlarged branching powers for National Banks would pose a threat to that system. It should be clearly understood, however, that such enlarged authority could be utilized only to allow greater scope for the exercise of private initiative. This does not constitute an intrusion of Federal power, but only a relaxation of the limitations which now prevail over the operation of privately-owned banks. Steps which allow banks to adapt more sensitively to the Nation's requirements will not weaken, but will strengthen, our banking system.

Extended branching powers for National Banks, some fear, would bring defections from the State to the National Banking System. This could occur, however, only if banks were able to operate more efficiently and to compete more effectively under National charters. It is within the power of the State authorities to provide scope for the most efficient and effective operation of the banks which they charter. Only if all commercial banks are fully empowered to meet their responsibilities, can we realize completely the opportunities for the growth of our industry and commerce.

*An address by Mr. Saxon before the 15th National Credit Conference sponsored by the Credit Policy Committee of the American Bankers Association, Chicago, Ill., Jan. 22, 1963.

The State of TRADE and INDUSTRY

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

A special feature of the 1962 Annual Report of the Federal Reserve Bank of Chicago is a study of construction in the 17 years since World War II. About $670 billion — $780 billion at today's prices—was spent on new structures during this period. At the present time the nation's stock of structures is valued at roughly $1,000 billion and amounts to more than half of all man-made wealth.

Construction activity is distinctive in not being concentrated in specialized producing centers. The production of such material as bricks, cement, tile and gypsum products is widely dispersed throughout the United States. Onsite construction activity, of course, is carried on virtually everywhere — wherever new structures are needed and wherever existing structures are being modified or renovated.

New construction spending has accounted for about 11% of gross national product in recent years. If repair and maintenance expenditures are added, the proportion is boosted to 15%. Direct employment in construction averaged 4.1 million in 1962. In addition, there were some two million workers in mining and manufacturing activity producing building materials and equipment.

Long service lives, immobility of structures and the effects of changes in the terms of credit in large part account for sharp ups and downs in building activity before World War II. Homebuilding has been more volatile than either public or nonresidential construction in most of the past half century. The terms and availability of mortgage credit have their greatest impact on residential construction. Because of the long terms and high proportion of total sales financed, financing charges are a big item in homebuyers' budgets. Since the war, year-to-year declines in housing have occurred five times, but only once—in 1960—was there a setback in the pace in total construction activity.

15 Million Housing Units in a Decade

Between 1950 and 1960, 15 million housing units were built. The rise in the total stock during the period was somewhat less, 12 million, because of demolitions.

A leading feature of recent homebuilding has been the upsurge in apartment construction. Much of this building has taken place in the suburbs of the larger cities, but a substantial increase has occurred also in the construction of high-rise apartments in the central cities themselves.

In the case of private nonresidential construction, office buildings and suburban shopping centers have highlighted the rise in activity recently. The postwar boom in office construction has been most vigorous in Manhattan, which has accounted for half the nation's total in the postwar period. A substantial increase, however, also has taken place in the Midwest. In Chicago, almost one-seventh of the present-day supply of downtown office space is provided by buildings erected in the past dozen years.

Highways, schools and sewerage and water improvements have led the rise in public construction. Spending for public construction has been quite stable in relation to total government expenditures since 1949, averaging about 10%. In 1927, by contrast, the ratio was 19%. The main reason for construction's smaller share of total public spending recently has been the growth since the Thirties in government expenditure for current purposes.

Construction to Boom in Last Half of Sixties

Looking to the future, government projections for the remainder of the Sixties indicate vigorous growth in construction activity. One reason is the expected surge in family formations beginning two or three years hence as young people born since the war begin to reach marriageable age. Expected further gains in personal income and programmed advances in the pace of highway expenditures are among other factors providing a continued rise in overall spending on construction. The substantial volume of funds that will be required to finance expansion of this big, basic and diversified sector of the economy can be expected to rank importantly among the outlets for savings and credit in the years ahead.

Bank Clearings Increased 9.9% Above 1962 Week's Volume

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Jan. 26, clearings for all cities of the United States for which it is possible to obtain weekly clearings wil be 9.9% above those of the corresponding week last year. Our preliminary totals stand at $32,218,896,094 against $29,304,715,257 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Jan. 26—	(000 omitted) 1963	1962	%
New York	$18,246,428	$16,153,911	+13.0
Chicago	1,270,783	1,239,119	+ 2.6
Philadelphia	1,153,000	1,176,000	— 2.0
Boston	893,999	860,944	+ 3.8
Kansas City	548,616	525,692	+ 4.4

Steel Output Declines 2.7% After Advancing Three Weeks and Is Down 20.4% From Last Year

According to data compiled by the American Iron and Steel Institute, production for the week ended Jan. 26 was 1,863,000 tons (*100.0%), as against 1,915,000 tons (*102.8%) in the week ending Jan. 19. The week to week output dipped 2.7%.

So far this year—through Jan. 26—the output of ingots and castings registered an 18.8% decline (101.6%) compared to Jan. 1-26, 1962 production of 9,325,000 net tons (125.1%).

Data for the latest week ended Jan. 26 shows a production decline of 20.4% compared to last year's week output of 2,390,000 net tons (128.3%).

The Institute compares the Index of Ingot Production by Districts for the last two weeks as follows:

District—	*Index of Ingot Production for Week Ending Jan. 26 1963	Jan. 19 1963
North East Coast	91	90
Buffalo	93	95
Pittsburgh	90	94
Youngstown	87	93
Cleveland	111	113
Detroit	151	151
Chicago	105	109
Cincinnati	121	133
St. Louis	108	113
Southern	85	88
Western	103	98
Total industry	100.0	102.8

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

Incoming Orders for Steel Surge Upward

Incoming orders for steel surged upward last week, convincing some steelmakers that an inventory buildup is underway, *Steel* magazine said.

Steelmakers who think the buildup has started, point to a flood of automotive orders. One Ohio mill reports that the Big Three ordered about 20% more tonnage for March delivery than they are likely to use during the month.

Steel's Detroit sources believe the automakers will add only half as much steel to inventory as they did last year—about 45 days' supply instead of 90.

Steelmakers who doubt that users are building inventories attribute the market's vitality to other factors — continued support from auto companies and improved buying by makers of household appliances, office furniture, farm equipment, earth moving machinery, and shipping containers.

Shipments of all steel products are expected to climb 10 to 15% this month, dip slightly in February (because the month is shorter), then jump 15 to 20% in

Continued on page 16

The State of TRADE and INDUSTRY

Continued from page 15

March because of inventory building and seasonal factors.

Sheet orders for February-March delivery are moderately heavier. Gains are the largest in coated material or in plain finished stock to be coated by the fabricator.

Merchant steel bar orders are a trifle heavier. Demand for cold finished bars has also improved, but a substantial part of the tonnage required is available from stock.

Plate shipments are increasing. In New England, they are about 10% over the fourth quarter average. Shipbuilders are likely to place more tonnage in the second quarter, but buying for that period has not started in volume.

Steel at Highest Level Since April 1962

Steel production in the last two weeks has been at the highest level since the last week in April, 1962. Output this week is expected to be about the same as the 1,915,000 tons that *Steel* estimated the industry poured last week.

The magazine's price composite on No. 1 heavy melting grade of scrap held at $27 a gross ton for the second week.

Three million 1963 model passenger cars have already been built, *Steel* reported. January output is expected to set an all-time monthly record—the record, 688,700 assemblies in January, 1960.

Monthend cutbacks in Saturday shifts signal a slowdown in February — perhaps to 600,000 or lower.

Several small partmakers got these instruction from Ford Motor Co. last week: Make sure you have enough steel on hand by the end of June to meet our requirements through the 1963 model run and carry us through September's production of 1964 models.

Month Earlier Auto Changeover Due to Srtike Factor

If sales continue to hold up, it looks like the industry's model run may be phased out a little earlier than usual—the changeover period may be in July instead of August. The timing would be a help to carbuilders if steel talks collapse. They would have enough steel in inventory for the new car buildups.

Nervousness Pushes Steel Orders Up

The steel market is moving up, but by fits and starts, *Iron Age* magazine reported. A good pickup into the second quarter is inevitable. But so far, the pattern has not emerged.

Most steel users are holding out as long as possible before making any long-range commitments on inventory building. At the same time, they are taking advantage of short delivery promises.

Delivery promises are not lengthening to any great extent. Steel buyers act like short delivery is a permanent market condition and continue to order on the basis of small inventories.

This gives the market a deceptive look of short-term weakness. As long as users hesitate to talk on any long-term basis, the market is still on the "nervous" side. This is in spite of growing consumption and an inevitable buildup of steel supplies in advance of possible steel labor trouble.

On inventories, attention is focused on the major steel users, particularly automotive. Here is the picture this week:

General Motors apparently is placing March orders that are in line with a 20% increase. Chrysler is taking some steps, but is holding back. Ford is pushing its own steelmaking facilities hard and moving slowly on outside commitments.

Another major steel using group, the appliance makers, has not yet placed specific orders, for the most part. But some have made informal commitments. From a third group, canmakers, come conflicting reports. Some sources say the two major canmakers have decided against hedge buying. According to another source, they are making provisions for a six-months buildup.

Iron Age reported these regional market trends:

Pittsburgh — Orders for steel have moved up fairly sharply. Some say inventory buying has started. Most mills say this is not clear yet. There is some feeling of new pessimism about the labor outlook. This feeling, along with a major automaker's move, is triggering general action. Whatever the cause, there seems to be a pretty good upturn under way.

Philadelphia—Despite a pickup in ordering, delivery promises on most products remain at month-ago levels. At present there is no evidence of hedge buying, although there is "lots of talk."

Chicago—Mills are finally confirming there is some inventory building going on. Although mills still have February space open, there are some indications of a tightening pace.

Detroit — The bulk of heavy tonnage booked in January is for March delivery. This is beginning to reflect some stockpiling, but not to any great extent. The outlook for February is not much better than January.

Cleveland — The market is "nervous." Orders from automakers and their suppliers continue to spark the market. But even these are spotty. While steelmen are looking into the future, salesmen are still scrambling for tonnage in the 10-day delivery class.

Auto Output 5% Above Year-Ago Week and 4% Below Prior Week

Auto output in the U. S. last week fell an estimated several thousand units below schedule and below the 154,656-unit level of the prior week as the result of severe winter weather, *Ward's Automotive Reports* said.

The statistical agency estimated last week's output for the week would dip to about 148,325 units, nearly 5.0% behind assemblies originally planned and 4.0% below production of the previous week. The car count will be above the 141,271 units made in the corresponding week of a year ago, however.

The drop in output has no really portentous implications, but it may thwart the industry in a drive toward record January production.

At a rate of more than 30,000 units a day, car making this month was expected to vie closely with a record 688,690 assemblies in January of 1960.

Plants closed recently by bitter cold weather included seven Ford Motor Co. assembly complexes. A Chevrolet plant at Atlanta lost one shift and absenteeism was about twice normal at most plants. Additionally, several major supplier plants and a few of the industry's independent truck makers lost some production to the cold weather. Several plants were expected to lose some production again in closings and belated startups.

Rail Loadings Resume Decline With 5.9% Drop From Year-Ago Week

Loading of revenue freight in the week ended Jan. 19 totaled 501,957 cars, the Association of American Railroads announced. This was a decrease of 19,558 cars or 3.7% below the preceding week.

The loadings represented a decrease of 31,374 cars or 5.9% below the corresponding week in 1962, but an increase of 11,910 cars or 2.4% above the corresponding week in 1961.

There were 13,008 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Jan. 12, 1963 (which were included in that week's over-all total). This was an increase of 1,575 cars or 13.8% above the corresponding week of 1962 and 2,739 cars or 26.7% above the 1961 week.

Cumulative piggyback loadings for the first two weeks of 1963 totaled 23,209 cars for an increase of 2,104 cars or 10.0% above the corresponding period of 1962, and 4,375 cars or 23.2% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 57 one year ago and 54 in the corresponding week in 1961.

Truck Tonnage Declines From Last Week and Year-Ago

Intercity truck tonnage in the week ended Jan. 19 was 5.0% behind the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 0.7% below the volume for the previous week of this year.

The year-to-year and week-to-week decreases can be attributed, in part, to the longshoreman strike at Eastern and Gulf ports.

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

Lumber Data Unavailable

Editor's Note: Weekly and yearly lumber production, shipment and new order data are unavailable this week.

Record High in Electric Output In Rising 9.8% Over Last Year Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 26, was estimated at 18,321,000,000 kwh., according to the Edison Electric Institute. Output was 211,000,000 kwh. more than the previous week's total of 18,110,000,000 kwh., and 1,635,000,000 kwh., or 9.8% above the total output of the comparable 1962 week.

Upswing in Business Failures

Commercial and industrial failures rebounded to 321 in the week ended Jan. 24 after an appreciable decline to 286 in the preceding week, reported Dun & Bradstreet, Inc. This upturn lifted casualties slightly above the six-week peak reached on Jan. 10, but they remained below last year's level of 389 and also fell far short of the 1961 toll of 400 for the similar week and the prewar toll of 385 in 1939.

Failures involving liabilities of $100,000 or more rose to 53 from 41 a week ago and about equalled the 55 occurring in this size group last year. While an increase also prevailed among smaller casualties, those with losses under $100,000, which turned up to 268 from 245, they remained lower than a year earlier when their toll was 334.

Construction casualties climbed to 48 from 33, service to 40 from 29, and manufacturing to 55 from 48. On the other hand, the toll among retailers held about even, 141 as against 142, and the change among wholesalers was slight as their toll inched to 37 from 34. More service businesses failed than in the comparable week a year ago and wholesaling mortality matched its 1962 level. However, casualties in other industry and trade groups continued down from last year.

Most of the week's rebound was concentrated in the East North Central States where the toll surged to 66 from 29. Smaller increases occurred in the West North Central States, up to 17 from 10, the South Atlantic, up to 35 from 27, as well as in the West South Central and New England Regions. In contrast, three regions reported declines, including the Middle Atlantic States where casualties dipped to 96 from 106 and the Pacific, off to 60 from 63.

In Canada, business failures declined to 41 in the week just ended from 51 a week earlier and remained fractionally below their comparable 1962 level of 44.

Wholesale Commodity Price Index Continues to Inch Up This Week

Staging a fractional week-to-week rise for the second time in a row, the general wholesale commodity index inched higher Monday of this week but remained below last month's and last year's comparable levels, reported Dun & Bradstreet, Inc. Wheat and Rye were priced substantially higher at wholesale markets, and mild gains were registered for a number of commodities, including wool, cotton, hides, coffee and hogs.

The Daily Wholesale Commodity Price Index edged to 269.75 (1930-32=100) on Monday, Jan. 28, from 269.28 in the preceding week. While only slightly lower than a month ago when it stood at 270.35, the index showed a relatively strong decline from the 274.58 chalked up on the similar day last year.

Wholesale Food Price Index Steady in Latest Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., held at $5.89 on Jan. 29, the same level as last week. It was off 0.7% from $5.93 on the corresponding day of 1962, marking the eighth consecutive week that the index has dipped below year-earlier levels.

Foodstuffs moving higher in wholesale cost were matched by an equal number moving downward. Strong gains were registered in quotations for cocoa and raisins and moderate advances were noted in wheat, corn, lard, butter and cottonseed oil. On the other side of the scale, lower prices were quoted at wholesale markets this week for bellies, steers, rye, barley, hams, eggs and hogs.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Deep Freeze Hurts Retail Buying

Consumers beset by icy temperatures, snow storms, and strikes slowed their purchasing pace in the week ended this Wednesday. However, over-all retail volume continued to hold an edge over year-ago levels. Good weekend business was chalked up in many areas, but as weather worsened early this week, shopping enthusiasm sagged. The transit strikes added to the problems of Philadelphia retailers while New York and Cleveland stores suffered the lack of newspaper advertising. However, spot reports indicate car sales running about 6% brisker than a year ago, and it was a god week for purchases of heavy outerwear, snow throwers and shovels, flashlights and batteries, fireplace equipment. For the second week in a row, activity in home furnishings ran an uneven course.

The total dollar volume of retail trade in the week ended Wednesday, Jan. 23, ranged from 1 to 5% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: West South Central —7 to —3; East South Central —2 to +2; Middle Atlantic, West North Central, and Mountain —1 to +3; New England 0 to +4; East North Central and South Atlantic +2 to +6; Pacific +3 to +7

Nationwide Department Store Sales Rise 6% Over Last Year's Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported an overall gain of 6% for the week ended Jan. 19, compared with the like period in 1962.

In the four-week period ended Jan. 19, 1963, sales gained 15% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended Jan. 12, were 3% greater than the same period in 1962.

The New York City newspapers strike by the printers' Big Six commenced 2 a.m. Saturday, Dec. 8, 1962. One can only speculate as to what the sales would have been in the absence of the strike. Even though the strike has spread to Cleveland, the four-week average totalled 15% more than a year ago for the country's 12 principal retail centers which, incidentally, includes Cleveland and New York City.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

President Kennedy has handed to Congress as well as to the taxpayers, a plan for tax reduction, or revision, which seems to give with one hand and take away with the other. This depends largely in which bracket the taxpayer happens to be. Clearly, however, from the explanations so far given by the White House and the Treasury Department those who will benefit most are those in the lower income brackets and to a degree, those in the highest, leaving it a gamble for the great body of taxpayers in the middle.

Many members of Congress—some of its leaders—want to take a look-see before they announce a definite position on the Administration's fiscal plans—both the taxing and spending plans. For the record, the Administration leaders on Capitol Hill are extolling the Kennedy tax plan. And those members who consider it a great gamble, and who consider the Administration should cut expenditures if it is to cut taxes, have no good words. The President has urged speedy action on both his proposals for tax reduction and tax reform. He regards both as essential. He may have to settle, however, for the reductions and only for a few of the proposed reforms. His goal and presumably that of members of Congress who wish a tax reduction, is the enactment of a tax law by July 1. Work on the measure will begin with hearings by the House Ways and Means Committee, opening Feb. 6 with Secretary of the Treasury Dillon as the first witness. Then a recess until Feb. 18 when the Committee will get to work on the bill and stay with it.

The situation regarding tax legislation, however, seems as wide open as a 40-acre field. Already members of Congress and outside interested groups are preparing to urge the Committee to go beyond the proposals of the Kennedy Administration. There are those who wish to cut or eliminate some of the excises (in reality they are sales taxes) now imposed by the Federal Government. There are those who will demand greater personal exemptions for the individual and for his or her dependents.

On the Senate side, Chairman Byrd of Virginia, does not intend to begin hearings on the tax measure until a bill has been passed by the House, where it must originate. His point is that until the House has acted, the Senate Committee has really nothing to act upon, that testimony before the Senate Committee might have no relation to the measure worked out by the House.

If the bill does not reach the Senate before June 1 as may be the case, final action sending the bill to the White House may be delayed a long time, even until the second session of the 88th Congress, an election year. This might help the President but a tax reduction coming too late to help the economy might defeat its purpose.

Aside from those who oppose a tax reduction without a reduction of expenditures, Mr. Kennedy will find his greatest trouble in his efforts to reduce the oil and gas 27½% depletion allowance. Incidentally, the depletion allowance also applies to several other industries. Several efforts have been made in the past to reduce these allowances but they have been unsuccessful. The oil and gas industry lost one of its strongest supporters with the death of Senator Robert S. Kerr of Oklahoma, he will be made up for by the time the fight gets underway. Several states are looked upon as oil states and they include some of our biggest. Vice-President Johnson, coming from an oil state, is expected to be on opposite sides of the President on the issue.

Automobile Inv. Co.

DECATUR, Ala.—Automobile Investment Corporation has been formed with offices in the Masonic Building to engage in a securities business. Officers are George T. Semmes, President, Arley B. Love, Vice-President, and Charles M. Semms, Secretary and Treasurer.

Reynolds & Co. Names Partner

The investment firm of Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that David A. Harrison, III has been admitted to the firm as a general partner.

A native of Petersburg, Va., Mr. Harrison received his B. S. degree from the University of Virginia and his L.L.B. degree from the University of Virginia Law School.

Mr. Harrison entered the U. S. Army in 1941 and was discharged as a captain in 1945, serving in the Pacific Theatre.

He joined Reynolds & Co. on Jan. 1, 1962 as assistant Manager of the New Business Department. Previously, he was with the law firm of White & Case, and prior to that he was on the legal staff of Freeport Sulphur Co., both of New York City. He is a member of the American, New York and Virginia Bar Associations.

Form Levin & Co.

MIAMI, Fla.—Louis Levin is conducting a securities business from offices at 714 Seybold Building under the firm name of Levin & Co.

NEWS ABOUT BANKS AND BANKERS

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

C. Jay Parkinson has been elected a Director of the **Chase Manhattan Bank, New York.**

* * *

The election of three Senior Vice-Presidents in the Fiduciary Division of **Chemical Bank New York Trust Company, New York,** was announced Jan. 25 by Harold H. Helm, Chairman. They are William D. Carr, corporate trust and trust development departments; Charles B. Eddy, Jr., trust investment department, and William H. Gambrell, personal trust department. All three were promoted from the rank of Vice-President.

* * *

William H. Moore, Chairman of **Bankers Trust Company, New York,** has announced that Alfred Brittain III, head of the southwestern division, has been elected a First Vice-President.

Mr. Brittain, who joined the bank in 1947, was named an Assistant Treasurer in 1951, Assistant Vice-President in 1954 and Vice-President in 1957.

* * *

The election of John P. DeSantis as Senior Vice-President and Treasurer of the **Federation Bank and Trust Company, New York,** and John E. Varley as Senior Vice-President, was announced Jan. 31.

* * *

The **Federation Bank and Trust Company, New York,** is offering to stockholders Rights to subscribe for 100,114 additional shares of its Capital Stock at the rate of one additional share for each seven shares held of record on Jan. 22. The subscription price is $32 per share. The Rights will expire on Feb. 7.

The offering is being underwritten by a group headed by Kuhn, Loeb & Co. Incorporated.

After the offering, the total number of outstanding shares of the Bank will be 800,916 and its aggregate capital, surplus and undivided profits will approximate $19,500,000.

* * *

The **Trade Bank and Trust Company, New York, N. Y.,** received approval on Jan. 21 from the New York State Banking Department to increase its Capital Stock from $5,251,440 consisting of 525,144 shares of the par value of $10 each, to $5,356,470 consisting of 535,647 shares of the same par value.

* * *

The **Central Savings Bank in the City of New York** elected Raymond W. Gross a Vice-President.

* * *

The **Roosevelt Savings Bank, Brooklyn, N. Y.** announced the election of Mr. Sidney B. Bowne Jr. to the Board of Trustees.

* * *

The **Bank of Babylon, Babylon, N. Y.,** received approval to increase its Capital Stock from $1,095,695 consisting of 219,139 shares of the par value of $5 each, to $1,150,480 consisting of 230,096 shares of the same par value.

* * *

The Oystermen's Bank and Trust Compjany, Sayville, N. Y., received approval to increase its Capital Stock from $464,100 consisting of 92,820 shares of the par value of $5 each, to $487,305 consisting of 97,461 shares of the same par value.

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The Comptroller of the Currency James J. Saxon announced Jan. 22 that he has given preliminary approval to organize a National Bank in Farmingdale, New York, under the title **"First National Bank of Farmingdale."**

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The **Genesee Valley Union Trust Company of Rochester, N. Y.,** has announced the election of Carl E. Schneider to the bank's Board of Directors.

* * *

The **Syracuse Savings Bank, Syracuse, N. Y.,** elected Lester J. Norcross, President, succeeding Robert E. Bushnell, who is retiring April 1. Mr. Bushnell will remain a Trustee and an Executive Committee member.

* * *

The **Liberty Bank and Trust Company, Buffalo, N. Y.,** received approval to increase its Capital Stock from $4,587,160 consisting of 458,716 shares of the par value of $10 each, to $4,947,160 consisting of 494,716 shares of the same par value.

* * *

Bank of Buffalo, Buffalo, N. Y., received approval to increase its Capital Stock from $1,434,380 consisting of 143,438 shares of the par value of $10 each, to $1,463,070 consisting of 146,307 shares of the same par value.

* * *

The **State Street Bank and Trust Compnay, Boston, Mass.,** announces the election of Winthrop B. Walker to Senior Vice-President.

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Robert E. Lapides, was elected a Director of **The First New Haven National Bank, New Haven, Conn.**

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The election of Gerald G. Hotchkiss as a Vice-President of **The First New Haven National Bank, New Haven, Conn.** was announced Jan. 24.

* * *

The **Summit Trust Company Summit, New Jersey,** voted Mr. Richard W. KixMiller and Mr. Sturgis S. Wilson to the Board of Directors.

* * *

The **National Newark & Essex Bank, Newark, N. J.** elected John W. Kress, a Director.

* * *

The **First Pennsylvania Banking & Trust Co., Philadelphia, Pa.** promoted William B. Walker an Executive Vice-President to the new position of Vice-Chairman. William P. Davis, III, and Alfred C. Graff, were made Executive Vice-Presidents, and James F. Bodine, Vaughn R. Jackson, Joseph J. Evans and Anthony G. Felix, Jr. were appointed Senior Vice-Presidents as of Feb. 11.

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W. Wilson White, and Harold F. Still, Jr., were elected to the Board of Directors of the **Central-Penn National Bank, Philadelphia, Pa.**

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The Board of Governors of the Federal Reserve System on Jan. 17, announced its approval of the merger of **The Mill Hall State Bank, Mill Hall, Pa.,** into **Lock Haven Trust Company, Lock Haven, Pa.**

* * *

The **Broad Street Trust Co., Philadelphia, Pa.,** elected James T. Dooley, a Director.

* * *

The **Central-Penn National Bank, Philadelphia, Pa.** made Harold F. Still, Jr., President, succeeding Casimir A. Sienkiewicz who was elected chairman of the Board of Directors and Chief Executive Officer, while Earl K. Mueller, formerly Executive Vice-President, was elected Vice Chairman of the Board.

* * *

The **Pittsburgh National Bank, Pittsburgh, Pa.** elected Frank E. Agnew, Jr., formerly President, Chairman of the Board and Chief Executive Officer. Malcolm E. Lambing, formerly Executive Vice-President, was elevated to President and Chief Administrative Officer.

Robert D. Ferguson, Senior Vice-President in Charge, Trust Division, Pittsburgh National Bank, was also elected a member of the Bank's Board of Directors.

* * *

The **District of Columbia National Bank, Washington, D. C.** elected six members of the advisory committee to the board. They are H. Max Ammerman, Philip Guarino, Thomas W. McGregor, Howard Michnick, Walter D. Newrath and Robert A. Philipson.

Jerome J. Keating and Dr. James M. Nabrit, Jr., were also elected to the bank's Board of Directors.

* * *

Negotiations for merging **Bank of Powhatan, Va.** with **The Bank of Virginia, Richmond, Va.,** have been suspended, according to an announcement on Jan. 22 from the two banks.

Announcement of plans for a proposed merger was given in the Jan. 24 issue of the "Chronicle," page 307.

* * *

The Ohio Citizens Trust Company, Toledo, Ohio, elected William W. Boeschenstein to the Board of Directors.

* * *

The **National City Bank of Cleveland, Ohio,** elected Francis A. Coy and Carl A. Gerstacker, Directors.

* * *

The **Union Commerce Bank, Cleveland, Ohio,** elected Raymond F. Blosser and William D. Deedrick, Vice-Presidents and John S. Beard and John D. Steele, Directors, succeeding John A. Hadden and Miller B. Pennell, who retired.

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The **Central National Bank of Cleveland, Ohio,** elected Frederick R. Eckley, H. T. Marks, Galen Miller, James R. Stewart, and S. B. Taylor, Directors.

* * *

The **Merchants National Bank & Trust Co., Indianapolis, Ind.,** elected Edgar J. Henderson, Senior Vice-President; Otto N. Frenzel III, Vice-President and Cashier; William H. Olds and Lee P. Hargon, Vice-Presidents.

* * *

The **Continental Illinois National Bank and Trust Company of Chicago, Ill.,** elected to the Board of Directors George R. Cain, Lester Crown, and Joseph S. Wright.

* * *

Franklin O. Mann, Vice-President and head of the corporate trust division of **Harris Trust and Savings Bank, Chicago, Ill.** will retire Jan. 31 after 42 years with the Bank.

Mr. Mann joined Harris Bank in 1921, and in addition to the trust department, he has worked in the loan and discount and coupon collection departments. He was elected Assistant Secretary in 1927, Assistant Vice-President in 1944 and Vice-President in 1949.

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Harris Trust and Savings Bank, Chicago, Ill., elected Robert C. Gunness, a Director.

* * *

The Northern Trust Company, Chicago, Ill., elected Thomas G. Murdough to the Bank's Board of Directors. He fills a vacancy created by the retirement of John Stuart.

* * *

Guaranty Bank & Trust Company, Chicago, Ill. elected Robert L. Adler, Joseph Alpert, Thomas R. Beverlin, Jack O. Brown, Marshall L. Burman, S. B. Fuller, Charles A. Reininga and Gilbert J. Rynberk, Jr., Directors. Mr. William F. Ring was elected Vice-President. Mr. Ring was formerly Executive Vice-President, Cashier and Director of the **Bank of Homewood, Ill.**

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The **Sears Bank & Trust Co., Chicago, Illinois,** elected Joseph Burlter and Thomas F. Monahan, Vice-Presidents.

* * *

The **City National Bank of Detroit, Mich.,** elected H. John Lowry, a Director.

* * *

Charles M. Endicott has been elected to the Board of Directors of the **Michigan Bank, Detroit, Mich.**

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Herbert L. Bobke was advanced to Vice President of the **Public Bank, Detroit, Mich.**

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The **Northwestern National Bank, Minneapolis, Minn.,** elected B. C. Gamble, and O. Meredith Wilson, Directors.

* * *

The **Midland National Bank, Minneapolis, Minn.,** elected Joseph D. Bond, Darrel M. Holt, and Paul J. Schmitt, Directors.

* * *

The **Linwood State Bank, Kansas City, Mo.,** elected R. R. Hill a Vice-President.

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The **Plaza Bank of Commerce, Kansas City, Mo.,** elected Justus W. Putsch a Director.

* * *

The **Traders National Bank, Kansas City, Mo.,** elected Charles C. Oliver, Jr., a Senior Vice-President.

* * *

The **Union National Bank, in Kansas City, Mo.,** elected H. V. Jones, Jr., a Director.

* * *

The **Ward Parkway Bank, Kansas City, Mo.,** elected Jay Reynolds a Senior Vice-President.

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The **Westport Bank, Kansas City, Mo.,** elected Harold Woodhead, a Director.

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The **National Bank in North Kansas City, Mo.,** elected George Gillman a Vice President.

* * *

The **Wachovia Bank & Trust Co., Winston-Salem, N. C.,** elected Thomas H. Davis a Director.

* * *

The Comptroller of the Currency James J. Saxon, Jan. 21, approved 21 that he has given preliminary approval to organize a National Bank in Tallahassee, Florida.

Initial capitalization of the new bank will amount to $450,000 and it will be operated under the title **"Parkway National Bank of Tallahassee."**

* * *

The Comptroller of the Currency James J. Saxon Jan 21 approved the conversion of **Limestone County Bank, Athens, Alabama,** into a National Banking Association. The bank will be operated by its present management under the title **"First National Bank of Athens."**

* * *

The Comptroller of the Currency James J. Saxon announced Jan. 21 that he has given preliminary approval to organize a National Bank in Everman, Texas.

Initial capitalization of the new bank will amount to $400,000 and it will be operated under the title **"First National Bank of Everman."**

* * *

The **Republic National Bank of Dallas, Texas,** elected Henry Neuhoff, Jr., John M. Stemmons, and Morris B. Zale, to membership on the bank's Board of Directors; also named Associate Directors of the Bank are Hamlett Harrison, Raleigh Hortenstine, J. C. Karcher, President, J. L. Latimer, Investments; B. F. McLain, and William H. Wildes, Investments.

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The **Valley National Bank of Arizona, Phoenix, Ariz.,** elected Read Mullan and Kenneth W. Watters, Directors.

* * *

The **First National Bank of San Jose, San Jose, Calif.,** elected William V. Pratt a Vice-President, instalment loan administration.

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The Bank of California, San Francisco, California, elected Benjamin C. Carter, and Stanley Powell, Jr., Directors.

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The **Bank of America, San Francisco, Calif.** elected J. Howard Craven a Vice-President.

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The Comprtoller fo the Currency James J. Saxon announced Jan. 22 that he has given preliminary approval to organize a National Bank in Los Angeles, California.

Initial capitalization of the new bank will amount to $2,500,000 and it will be operated under the title **"Mission National Bank of Los Angeles."**

* * *

The **First National Bank of Hawaii, Honolulu, Hawaii,** elected George R. Ariyoshi, Russell H. Hassler, and Robert C. Wo, Directors.

Customers' Brokers To Hold Forum

The Association of Customers' Brokers of New York will hold an educational forum on Tobacco Stocks today (Jan. 31) at 15 William Street, New York. Speakers will be Malise L. Graham, Faulkner, Dawkins, & Sullivan; Orren F. Knauer, Standard & Poor's Corporation; and David Norr, Ralph E. Samuel & Co.

Joins Peters, Writer

DENVER, Colo.—Louis A. Waldbaum has become associated with Peters, Writer & Christensen, Inc., 724 Seventeenth Street. Mr. Waldbaum was formerly President of Brody Investments, Inc.

COMMENTARY...

BY M. R. LEFKOE

President Kennedy made two assertions at his press conference last week which clearly indicate his gross disrespect of the American public. His first statement denied the growing reports of a new Soviet military buildup in Cuba; his second denied that the United States ever had promised air support to the Cuban freedom fighters during the Bay of Pigs invasion.

Because of his announcement to the American people that he will "lie" to them whenever he believes that they are "faced with nuclear disaster," President Kennedy effectively has disqualified himself as an authoritative source of information on any issue regarding our national security—particularly the Cuban issue. If there is no danger, the President can be expected to assure us that we have nothing to fear. But if we are threatened by nuclear missiles—in Cuba or any other country—he has committed himself to lie to us *because* we are in danger.

Even though President Kennedy has forced everyone who is interested in the *truth* to ignore his statements on the two Cuban issues, other authoritative sources clearly indicate that a military buildup is taking place in Cuba, and that the Cuban invaders were "betrayed" when the United States failed to provide the air cover it had promised them.

Sen. Keating's Contention

Sen. Kenneth Keating, accused by President Kennedy last fall of wanting "to send somebody else's sons into war" because he was reporting the *facts* about Cuba, announced last week that Cuba is "ten times better equipped" militarily than it was last spring. The Senator further contends that he has information "confirmed by official government sources" that Soviet weapons have been pouring into Cuba, among them MIG fighter planes capable of carrying and firing nuclear weapons.

Statements by other Senators, both Democrats and Republicans, confirm Sen. Keating's warning. Sen. George D. Aiken has insisted that the Russians have built "an enormously powerful military and political base in Cuba—much stronger than it was six months ago." Stuart Symington, one of the Senate's leading spokesmen on foreign affairs, has pointed out that "there is a big Soviet military complex in Cuba today" which has been built up over the past six months.

Cuban Exile Group's Findings

The Student Revolutionary Directorate, a Cuban exile group, has verified these statements and provided a frightening warning of its own. In addition to at least 18,500 armed Russian troops, the following list is offered as a minimum estimate of the weapons at their disposal: Over 100 MIG jet fighters; 500 anti-aircraft missiles at 24 different sites; 40 coast defense missiles; about 350 medium and heavy tanks; 7,500 to 10,000 trucks; 90 helicopters; at least 20 Soviet-built transport aircraft; and innumerable torpedo and missile boats, patrol craft, artillery pieces, anti-aircraft guns and mortars.

One of the most reliable sources of information in the past, the Directorate continues to insist that Fidel Castro still retains missiles, missile platforms, and long-range bombers. These carriers of nuclear destruction were never removed by Premier Khrushchev, according to the Directorate, and have been hidden in caves and ravines where they can't be seen from the air by our surveillance planes.

The Administration's Position

And while the evidence of a clear and present danger to the United States continues to mount, "history" is being changed.

Last week President Kennedy asserted that "there was no United States air cover planned" for the Bay of Pigs invasion. In addition to the President's statement, Attorney General Robert Kennedy claimed in two separate interviews that "There never was any plan to have U. S. air cover. There wasn't even a promise."

That is the Administration's story—a story which admittedly may be a "lie" in order to protect our national security. Outside of the Administration, however, where the truth is more highly regarded, we are told another version of the same story.

According to ransomed prisoner Manuel Penabaz, "None of us wanted to commit suicide. I know that our brigade leaders and fighters believe that air cover would be furnished us . . . by U. S. air and naval forces."

Could he have been mistaken? Dr. Manuel Antonio de Varona, an exile leader and former Cuban prime minister, made the following statement to the press: "With no other purpose than that of avoiding erroneous interpretations, I assume full responsibility in stating the following: The colonel designated by the Government of the United States as head of the camp where the Cubans trained assured me in February, 1961, when I expressed concern over the reduced number of troops, that the Cuban patroits would have "full air cover" during the invasion."

A recent UPI story indicates that an even more authoritative source has substantiated the statements of the two exiled Cubans. According to the UPI release, "Sen. Barry Goldwater said that he talked with President Kennedy at the latter's request shortly after the invasion fiasco and 'I certainly got the impression then that an air cover had been part of the original invasion plans.'"

Florida Editor Disputes President On Air Cover Issue

Finally, there is the accusation made by Jack W. Gore, editor and publisher of the Ft. Lauderdale *News*. In a signed article in his newspaper last week, Mr. Gore wrote that the Kennedy Administration "has been accused of trying to manage the news. Now this newspaper accuses it of trying to rewrite history. The *News* does not know if the attorney general had the President's approval to speak or not. But we do know what Robert Kennedy said in print last Saturday on the U. S. never planning or promising air cover does not agree with what the President said on the same subject on May 30, 1961."

Mr. Gore recalled that he and seven other Florida newspaper executives visited the President about a month after the Bay of Pigs invasion. During this meeting President Kennedy told them that U. N. Ambassador Adlai Stevenson was concerned that the use of United States air support "would make a liar out of him in the United Nations." Before the newspaper executives left, Mr. Gore stated, the President informed them that he had called off the air cover about 3 a.m. the day of the invasion.

In a "Letter to the Editor" published earlier this week, one man appeared to be speaking for the whole nation. Appearing in the Los Angeles *Times*, the letter stated: "Henry J. Taylor [a syndicated newspaper columnist] and Sens. Goldwater and Keating keep telling us of a new Soviet military buildup of offensive weapons in Cuba. President Kennedy and the State and Defense Departments say that the military activity is 'defensive.' Good grief, didn't we go through this cycle a half year ago? I don't have to remind [you] which side of the controversy was right that time."

President Kennedy apparently believes that he can safely ignore the dictum: "You can fool some of the people all of the time, and all of the people some of the time, but you can't fool all of the people all of the time." The American people will be happy to inform him at the polls that not even he can accuse them of stupidity — and get away with it.

Detroit S. E. Appoints Denny

DETROIT, Mich. — Walter A. Bayer, President, has announced the appointment of M. Edward Denny as Executive Vice-President and Secretary of the Detroit Stock Exchange.

Mr. Denny, a Michigan Certified Public Accountant, joined the Exchange as Executive Secretary in December, 1958. He was previously associated with White, Bower & Prevo, a Detroit public accounting firm, for 16 years.

He is a member of the Michigan Association of Certified Public Accountants and the American Institute of Certified Public Accountants.

Kidder, Peabody Announces V.-Ps.

Kidder, Peabody & Co. Incorporated, 20 Exchange Place, New York City, has announced the election of 14 new Vice-Presidents. They are:

Kenneth C. Ballantyne who has been with Kidder, Peabody & Co. for 30 years and is now a member of the Institutional Sales Department.

Edward B. Goodnow, who joined Kidder, Peabody in June, 1950, and is now Co-Manager of the Special Investment Advisory Service.

Norman C. Kelley—Associated with Kidder, Peabody & Co. for eight years, Mr. Kelley is Vice-President in chare of its International Department.

August Kern—A member of the International Department in Kidder, Peabody's Chicago office.

William G. Kirkland — Previously employed by the Bureau of the Budget, Washington, D. C. Mr. Kirkland joined Kidder, Peabody eight years ago. He is presently in the New Business Department and is primarily concerned with international finance.

Robert Manson MacLaury—In charge of the Block Department, Institutional Sales, Mr. MacLaury joined Kidder, Peabody in 1949. He was previously in the Research Department of Lord, Abbett & Co.

Frederic M. McClelland — Mr. McClelland joined Kidder, Peabody in 1951.

M. Scovell Martin — Having joined Kidder, Peabody in 1958, Mr. Martin is concerned with new business development. Previously he was Vice-President in charge of the Corporate Trust Department of the Bankers Trust Company and had also been an officer of the Commercial National Bank and Trust Co. and the National City Bank of New York and City Bank Farmers Trust Co.

William H. Noyes—Vice-President in charge of Kidder, Peabody's Private Placement Department, Mr. Noyes has been with the firm since 1944.

William J. Ruane—Co-Manager of the Specal Investment Advisory Department, Mr. Ruane joined Kidder, Peabody in 1949.

David L. Terwilleger—National Sales Manager of Kidder, Peabody & Co., Mr. Terwilleger joined the firm in 1951. He had previously been a partner for many years of Richard W. Clarke & Co., which he joined in 1929.

Donald J. Ward—Associated with Kidder, Peabody & Co. for over 43 years, Mr. Ward is a senior member of the Institutional Sales Department. He was a former member of the Corporate Trading Department.

Sumner H. Waters—A member of the Institutional Sales Department, Mr. Waters has been employed by Kidder, Peabody for 15 years.

Willard M. Wright, Jr.—Manager of the Municipal Department in the Philadelphia office of Kidder, Peabody & Co., Mr. Wright joined the firm in 1952. He was previously employed by Butcher & Sherrerd; Blyth & Co., Inc., and C. C. Collings and Company, Inc.

Craven V.-P. of Bank of America

SAN FRANCISCO, Calif. — Bank of America's chief economist, J. Howard Craven, has been named a vice-president of the bank, President S. Clark Beise has announced.

J. Howard Craven

Mr. Craven, with the organization 9 years, has headed the bank's economics activities at the San Francisco head office the past 2 years.

On leave in 1961, he served on the World Bank's mission to Spain to study economic development prospects there, and also a short-term mission to Burma.

Before joining the bank, he was program officer for the Institute of Inter-American Affairs in La Paz, Bolivia, and held economic posts with the U. S. State and Interior departments and the University of Wyoming. He received his Ph.D. in economics from Harvard University.

MUTUAL FUNDS

BY JOSEPH C. POTTER

The One Invariable

Whatever the nature of the trade, a business leader always will say, for public consumption, that he welcomes competition. Of course, anyone who is privy to the hair-down thinking of many business folks knows that the welcome sometimes is less than cordial. After all, it would be so much more fun having as an exclusive for your line of aspirins all of the territory east of the Hudson.

The foregoing reflections are prompted by the ruling, in effect, from the Securities and Exchange Commission last week that any insurance company that wants to go into the business of variable annuities must submit to the controls of that Federal agency. The SEC rejected an application from Newark-based Prudential Insurance Co. of America for an order freeing it to sell such annuities without registering with this agency under the old Investment Company Act.

According to one published report: "The decision is a victory for the mutual fund industry, which apparently sees potent new competition in variable annuity sales by giant insurance concerns."

There's no question that a number of people in the fund field regarded the SEC finding in just that way. However, such self-congratulation may be a bit premature, for the Pru, second largest insurance company in the country, is not likely to abandon its years-long effort to enter the business of variable annuities.

It is difficult to understand how fundmen, considering the amazing success of the business, could expect to go on without competition —and severe competition, at that. Not only insurance firms, but bankers and syndicators inevitably were going to offer kindred services. When you've done the missionary work, whether it's in color television, air-conditioning or weaponry, it's bound to be a jar to find that your efforts have been crowned with competition as well as success. Still, it is a fact of economic life that only the Government has no competition.

During the Great Depression there was only negligible competition for the investor's dollar. And that's because there were only a negligible number of investors willing to assume risks. That would seem to be a prohibitive price to pay for the elimination of competition.

The vitality of the fund field can best be measured by the abundance of investment mediums that has sprung up. Surely, no one supposes that if the pioneers in this trade had failed to measure up to their opportunity, there would now be investment clubs in every sizable community across the land.

If the funds are to lose their pre-eminence in the investment field to bankers, insurors or realtors—or to some other medium not now in sight—the decline will come about through the rot within rather than from the challenge without.

Let fundmen concern themselves less with others who would vie for the investor's dollar and more with tending their own garden. They have assumed a vital role in the economy of this nation by filling a pressing need: professional investment guidance for an affluent society. Their record is good. But it should be their task to make it even better.

This they can do by attracting to the fold more men and women who would make the selling of funds a full-time work, trained people who would not look upon the job as "moonlighting." And they can also strive for a lesser cost to the customer. And, finally, they can continue to fill their ranks with keen analysts, alert to the pitfalls and opportunities in a fast-changing world.

Maintaining high standards, the funds yet will become the business with $100 billion of assets — a favored figure of their friends. And, in the process, they will attract a measure of competition that will dwarf anything that has been witnessed to date. For the successful man in business, that's the one invariable.

The Funds Report

Broad Street Investing Corp. has acquired the assets of Merrill-Worth Corp., a $3,195,000 private investment company incorporated in Michigan.

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Group Securities has proposed to shareholders that the number of its funds be reduced from six to three by combining Petroleum Shares with The Common Stock Fund. The General Bond Fund with The Fully Administered Fund, a balanced fund, and The Capital Growth Fund with Aviation-Electronics-Electrical Equipment Shares. The proposal will be voted on at the company's annual meeting on Feb. 26.

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International Holdings Corp. reports net asset value at Dec. 31 was $63,704,190, equal to $38.23 a share, compared with $41.80 a share a year earlier, adjusted for the capital gains distribution and for the acquisition of 59,000 shares of its own stock in 1962.

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Paul B. Woodruff has joined the investment staff of **National Securities & Research Corp.** Formerly he was with G. H. Walker & Co., Inc. as senior member of the research department.

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Pioneer Fund reports net assets at Dec. 31 totaled $48,252,117, or $8.63 a share, against $51,539,357 of assets and $10 a share a year earlier.

* * *

State Street Investment Corp. reports that during the final quarter of 1962 it bought General Motors and Grumman Aircraft while adding to commitments in Pure Oil, Niagara Mohawk Power and Bestwall Gypsum. At the same time it eliminated American Broadcasting-Paramount, American Photocopy Equipment, Armco Steel, Electric Bond & Share, Ford Motor, Imperial Tobacco of Canada, Owens-Corning Fibreglas and J. C. Penney.

* * *

Assets of **Television-Electronics Fund** have increased since the end of the fiscal year on Oct. 31, shareholders were told at the annual meeting in Chicago. At Jan. 15 they totaled more than $373 million, against less than $332 million at the close of the fiscal year.

* * *

Net asset value of **United Corp.** on Dec. 31 amounted to $119,234,288, or $8.47 a share, compared with $110,892,262, or $7.88 a share, at Sept. 30. At the end of 1961, assets were $126,375,296, or $8.98 a share.

Nippon Electric Shares Offered

The First Boston Corp. and The Daiwa Securities Co., Ltd. New York, are joint managers of a group that is offering publicly 400,000 American Depositary Shares of Nippon Electric Co., Ltd., (representing 10,000,000 shares of the company's common stock) at $16.75 per American Depositary Share. Each American Depositary Share represents 25 shares of the company's common stock.

Nippon Electric, headquartered in Tokyo, was incorporated in 1899 and is the largest Japanese manufacturer of telecommunication equipment and one of the leading producers of electronic equipment. It is noted for its research and development leadership and high degree of technical competence in Japan. Nippon Electric, in addition to having a historical relationship with International Telephone & Telegraph Corp., whose wholly owned subsidiary, International Standard Electric Corp. owns 15% of Nippon Electric common shares, is one of the most important members of the Sumitomo Group of companies in Japan.

Net proceeds from the sale of the common stock will be added to general corporate funds and applied to capital expenditures which are estimated to cost approximately $16,667,000 during the year ending Sept. 30, 1963.

Hemphill, Noyes To Admit Partner

On Feb. 7 James M. Clark will acquire a membership in the New York Stock Exchange, and will become a partner in Hemphill, Noyes & Co., 8 Hanover Street, New York City, members of the New York Stock Exchange and other principal securities exchanges.

N. Shapiro Opens

Nathan Shapiro is engaging in a securities business from offices at 220 Madison Avenue, New York City, under the firm name of N. Shapiro & Co.

The Market . . . And You

BY WALLACE STREETE

The current stock market looks more and more like a long distance runner in the last stages of an exhausting race.

Averages are still moving ahead but the pace has slowed perceptibly in recent days compared to other rapid advances during the more than 120 point sprint that started in October.

Technical Aspects

New recovery highs are set with each new gain. Meanwhile, most analysts move the "resistance" (and "supply") levels a notch higher. But caution is beginning to be more pronounced.

Notice the growing number of "hold" recommendations for the better quality issues. Groups generally bypassed by the sharp recovery surge of the averages are getting more recognition from the chartists.

The chartists themselves are showing some concern over the all-time highs in some areas. Two exceptions could be the rails and the utilities.

While the Dow-Jones industrials are still some 50 points from their historic high of 734, the utility index this week cracked through its 1961 high. The Monday close of 135.94 marked its highest point since Oct. 14, 1929.

The rails meanwhile pushed close to the 151 mark to eclipse the Jan. 8 recovery high. They are now within a short caboose length of the 1961 peak of 152.92.

Although industrials as a group are still quite a distance from their former peaks, the general tone appears healthy. Leading indicators should give the bulls more fuel than the bears. Except for the steels, earnings reports of many companies for the fourth quarter compare favorably with a year ago.

The major question for the investment community seems to be when the market will decide to rest before starting a new advance. Doubt is growing that a reaction will be of substantial proportions. Further evidence of Washington's plans for expanded deficit spending strengthens this belief.

Depression Time Table Set Back

More economists are beginning to shift their predictions for a general business slowdown to a more distant time. While many had set their sights several months ago for industrial activity to taper off in the first or second quarter of 1963, more of the seers now place this expected event in the second half of the year.

But opinions on where the market is headed is not as unanimous. Many technicians continue to refer to supply areas in the 680 to 690 range. Others cite the fact that odd-lot sellers still exceed the buyers. Certainly a bullish sign by past omens.

There is also much talk that uninvested reserves are high, especially those of the institutions. Mutual funds, an area where share sales have snapped back strongly in recent months, have also been slow to commit themselves to common stock to the extent they did 12 to 18 months ago.

The advance in stock prices has revived the possibility that the more conservative institutions are looking to a greater extent toward bonds for better yields. Few corporations are hiking dividend payouts this early in the year, especially with the tax picture still anyone's guess.

Specific Bits of Good News

But investors looking for good news in specific areas can find it.

Witness General Motors' record earnings of $5.10 a share. While GM may find it harder to bring as much down to the profit wire this year, it is likely to net more than the $3.11 of 1961.

Although General Motors is obviously not as attractive in the 60-plus area, it continues to lure a strong following. Chrysler, meanwhile, presents a mixed picture for the investor.

Now churning in the mid 80's, Chrysler has made a remarkable recovery in the past year. Formerly the "Peck's Bad Boy" of the automotive industry, few observers had good words for the company when its stock was available under 40. Its highest recommendation was its thin capitalization.

Now that Chrysler has turned the profits corner successfully, it has run into both buy and sell recommendations. One large house notes that this automaker may have earned nearer $7 a share than the previously estimated $5. And more importantly, it could earn twice as much this year because of a stronger product line and better dealer organization.

The overall outlook for autos looks exceedingly good this year. This has helped to explain, in part, the revival of interest in steels, whose earnings reports for 1962 as a whole, and more particularly the fourth-quarter, make discouraging reading these days.

Skidding Steels

U. S. Steel noted this week that its net last year skidded to $2.56 from $3.05 in 1961. Its fourth-quarter profit slid to 64 cents from 38 cents in the September period and 76 cents in 1961's final.

Armco reported similar declines. Most other major steel firms are expected to follow suit.

But the steels, as a laggard group, are termed ripe by many analysts, for a substantial move if the general economy remains strong.

Because many steel issues have been depressed for a long period, it is felt they have been oversold.

The steel industry itself has several **plus** factors this year as opposed to other years. Although hedge buying is seen in some areas, it is not expected to exert as strong an influence as it has in other periods when labor contracts were scheduled to expire.

Restrained buying by steel users will mean less inventory to be worked off later on, and consequently an easier transition to a more normal working schedule if there is a strike. Steel union boss David McDonald has admitted that the union will hold down its demands to avoid "pricing ourselves out of jobs."

Other signs that steel faces better times include: low inventories among many users; installation of more oxygen-injection techniques to cut costs; improved demand; and most significantly, selective price rises.

Prospering Utilities

Utilities continue to attract much attention. Demand and earnings are improving, and are expected to continue for both long- and short-range prospects. Electric utilities, in particular, are stepping up their spending for new plant and equipment. A National Industrial Conference Board survey shows that the electric companies expect to spend 55% more as opposed to a 2% increase for the gas utilities.

Rails, the other consistently strong group, also indicates higher outlays are in the offing. More realistic depreciation guidelines and internally generated cash flow should provide a large backlog of funds for new equipment.

Railroads currently reporting substantially higher profits for 1962 and the December quarter include Seaboard Air Line ($3.21 last year against $2.52 in 1961); Northern Pacific ($3.39 against $2.72); Santa Fe ($2.65 against $2.00); and Kansas City Southern ($9.31 against $7.48). Major exceptions in the profits picture are New York Central (loss of $3.8 million against $12.5 million loss), and Chicago, Milwaukee (profit of 3 cents against $1.29 profit in '61).

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Walston & Co. Elects V.-P.

SAN FRANCISCO, Calif.—Daniel J. Cullen of Walston & Company, Inc., 265 Montgomery Street, has been elected Executive Vice-President of the nation-wide investment firm, it was announced by V. C. Walston, President.

Daniel J. Cullen

The securities firm, which was founded in San Francisco, now has 93 offices from coast-to-coast and overseas.

At the same time, Bert R. Jones of Walston's Los Angeles office, 735 Wilshire Blvd., was elected a Senior Vice-President.

Paine, Webber To Admit Partner

Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges, on Feb. 7 will admit Lloyd W. Mason, Jr. to partnership in the firm.

Weil, Doyle & Muller

As of Feb. 1, Carl F. Muller, Harold O. Anderson and George W. E. Schortemeier will become general partners and D. Lee Norris and Elizabeth J. Schryver limited partners in Weil & Doyle, 30 Broad Street, New York City, members of the New York Stock Exchange, and the firm name will be changed to Weil, Doyle & Muller. All were formerly partners in Muller & Schryver which is being dissolved.

Chase Bank Group Offering Bonds Of New York City

Public offering of $108,200,000 City of New York various purpose bonds, due 1964 through 1993, was made Jan. 29 by an underwriting group managed by The Chase Manhattan Bank, it was announced by the managing underwriting group.

The group was awarded the bonds on a bid of 100.02399% for coupons of 3%, 2.80%, and 2.70%, setting an annual interest cost of 2.93461%.

On offering to the public the bonds are priced to yield from 1.65% in 1964 out to 3.50% in 1993.

Other members of the underwriting group include:

Chemical Bank New York Trust Company; Manufacturers Hanover Trust Company; Lehman Brothers; Blyth & Co., Inc.; Lazard Freres & Co.; Barr Brothers & Co.; R. W. Pressprich & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Eastman Dillon, Union Securities & Co.; Goldman, Sachs & Co.

Bear, Stearns & Co.; The Northern Trust Company; Harris Trust and Savings Bank; Hornblower & Weeks; Ladenburg, Thalmann & Co.; Wertheim & Co.; Hallgarten & Co.; Glore, Forgan & Co.; B. J. Van Ingen & Co. Inc.; John Nuveen & Co. (Incorporated).

Astoria Investors

LONG ISLAND CITY, N. Y.—Astoria Investors Inc. has been formed with offices at 21-06 30th Avenue to engage in a securities business. Officers are Ernest Di Raimondo, President, and Joseph Di Monte, Secretary and Treasurer.

Basis Club Elects Officers

DETROIT, Mich. — The Basis Club, an association of young men active in the municipal bond business in Detroit, has announced the election of the following officers for 1963:

Jerome W. Kelly, Kenower, MacArthur & Co., President; Donald F. Chamberlin, First of Michigan Corp., Treasurer; Raymond J. Stauder, Kenower, MacArthur & Co., Secretary; Terry N. Nulf, Braun, Bosworth & Co., Social Director.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Eliminate Time Wasting Situations

One of the lessons a security salesman must eventually learn is to conserve his time and energy so that he can put it to the most productive use. Selling securities involves planning, study, and familiarizing yourself with the investment requirements of clients. Attention must be directed to a review of the customer's holdings, his income tax situation, his losses and gains, and his estate as a whole. The actual time a salesman has available to devote to contacting and working with potential clients and regular customers is often limited to five hours a day, or less. After a clientele has been established most of the actual discussions are conducted over the telephone, but even this often involves preliminary discussion, and sometimes extraneous conversation. The salesman who is building up his business may be required to spend several hours a day waiting to see people or in time used for travel. There isn't more than a meagre 20 hours a week that is available to most security salesmen, (unless Saturdays are also a work day) that can be allocated to actual sales discussions.

This is the primary reason why a salesman, after he has begun to build his clientele, must eliminate problem clients, and situations, before they become troublesome. Time is not only money—it is the greatest asset when combined with knowledge and experience, that a salesman can use in his career. To allow anyone to waste it is an unsound business practice.

Don't Ask for Trouble

The other day I received a telephone call from a lady who gave me several small orders about a year ago. She is very wealthy, very alert, and completely unaware of the rules and regulations regarding the purchase and sale of securities. The last time I sold some securities for her two daughters it took me about four weeks to obtain signed stock powers to go along with the unendorsed certificates she sent to me.

The phone call was made from a city about 1500 miles from my office. She gaily asked me for the market in a certain stock and I gave her the price. Then she said, "Sell 100 for each of the girls." I replied that I would do so but I then asked, "Where is the stock?" She said, "In my bank box." I asked her when she thought she could deliver it and she told me not until she returned several weeks later.

Just as I suspected, she had not the slightest idea of her responsibility to deliver those shares on the settlement date. Her two daughters would have to be contacted, powers signed, and the whole thing would have ended up in a mess with the Cashier's department. Meanwhile, Dutton saved himself a headache by telling the little lady to wait until she came home and then she could bring in the stock and we would sell it. If it goes down or up in the interval, I explained to her that there was nothing she could do about it. She said, "O.K."

Better to lose such a trade than to become involved in a hassle that might end up in a settlement problem. In fact, she is so irresponsible that she might not even have the stock she thought she owned, or the correct amount. "Know your customer" is a good rule to follow.

Another One

An old client who is familiar with all kinds of real estate and mortgage transactions, but not securities, called and asked if I could sell 1,000 shares of an unlisted stock. I quoted it and he said fine. "I want you to have the business," he kindly informed me. "Last week the bank where my nephew has a loan sold 5,000 shares and I want you to get this business." "Excellent," I replied, "But whose stock is it, and in whose name is it registered?" He then told me it was his nephew's stock, but it was still registered in the name of another party who had signed the certificate.

I asked if the signature on the back of the certificate was guaranteed. He said he didn't know what that was. I explained it to him. He began to get restless; I could feel it over the telephone. Then he asked me if I could send a check to the nephew's sister for the balance, after a certain amount claimed by the bank had been satisfied. The more I thought about it, I decided to take no chances of an unsatisfactory delivery, a snafu between the uncle, and the nephew who was out of town; the bank; the new account problem, the payment to the niece, and all the ramifications involved. To the uncle it was a simple thing. He couldn't understand all this. He was uninformed. He meant well and wanted me to have the business, but it was a potential hornet's nest.

So I said, "Jack, why not do this the easy way? Call the bank and tell them to direct the business to me. Who handles this over there?" "Fine," he replied, "I'll call Benson (do you know him) and he'll call you." "Of course I know him," said I. "Let the bank give me the order, we can sell it for them, and then your nephew Dick can have the bank follow his instructions, or yours, whatever way you like it." A bank delivery, and a bank order, takes this business out of the hands of a well meaning amateur, and insures that the mechanics of the transaction will be completed as efficiently as possible.

Too Busy

You have probably also had this experience. A nice looking little man walked up to my desk the other day and asked if he could get some quotations. I readily supplied them and we talked a while. Soon he pulled out a tattered and much worn book from his pocket. He showed me his holdings. Painstakingly he labored over each page from the book. Any experienced security salesman could see that this man had held those stocks since the year one. He had no more idea of changing any of his holdings than Mr. Kennedy has of resigning the presidency. He just wanted to talk. He had probably been in every brokerage office in town.

Sensing the situation, I was polite but I told him I was too busy to discuss his stocks with him at this time. He telephoned me several times after this and asked for quotes, but I politely discouraged him. No busy broker has the time to sit and listen to the nostalgic reminiseing of an itinerant wayfarer who has nothing better to do than walk from broker to broker and exhibit his financial acumen and wordly endowments—and he will do this as long as he has someone to whom he can tell the story. As for me, I've got other things to do.

Public Service Co. Of Oklahoma Bonds Offered

Halsey, Stuart & Co. Inc., Chicago, heads an underwriting group which is offering $10,000,000 Public Service Co. of Oklahoma 4⅛% first mortgage bonds, due Jan. 1, 1993 at 98.727% to yield approximately 4.20%. The bonds were awarded to the group Jan. 23, on its bid of 98.15%.

Proceeds from the sale will be applied to the redemption of $9,-860,000 5% first mortgage bonds, Series H, and the remainder, if any, will be added to the company's general funds.

The new bonds will be redeemable at general redemption prices ranging from 102.86% to 100%; and on and after Jan. 1, 1964, they will be redeemable for debt retirement purposes at 100%.

The company of 600 So. Main, Tulsa, supplies electricity to an estimated population of 760,000 in 49 counties in eastern and southwestern Oklahoma, including the cities of Tulsa, Lawton and Bartlesville.

Klecka With Eppler, Guerin

DALLAS, Texas—Joe E. Klecka has joined Eppler, Guerin & Turner, Inc., Fidelity Union Tower, members of the New York Stock Exchange, as an account executive, according to James C. McCormick, Vice-President and Director of the company.

Mr. Klecka, a registered representative of the New York Stock Exchange, has been associated with the investment banking business in Dallas since 1948. He was formerly associated with Rauscher, Pierce & Co., Inc.

Cincinnati Bond Dealers

CINCINNNATI, Ohio — The Municipal Bond Dealers Group of Cincinnati, have set the dates of Thursday, May 16, 1963 and Friday, May 17, 1963 for their annual Field Day.

The reception and dinner on Thursday will be at the Queen City Club. The all day outing, Friday at Losantiville Country Club.

Now Becker, Nagler

BRONX, N. Y.—Becker, Nagler & Weissman, Inc., has been formed as successor to the investment business of Future Investing Corporation, 414 East Tremont Avenue.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Northern Indiana Public Service Company

Northern Indiana Public Service, formerly the most important over-counter utility stock, was recently listed on the New York Stock Exchange where it has been selling around 45½. The dividend rate is $1.32, yielding a little under 3%. With estimated earnings of $2.05 for 1962 and $2.15 for 1963, the price-earnings ratio would be in a range of 21-2 times. The company's earnings per share increased steadily from $1.09 in 1950 to $1.53 in 1957, but dropped to $1.39 in the following year, since when there has been a good uptrend to the estimated $2.15 for 1963.

The company derives slightly more than half its revenues from electricity and the balance from gas. It serves a heavily industrialized area (iron and steel, automobiles and machinery are important products) so that the industrial component of electric revenues is relatively high at 45%. Residential and rural sales contribute 34% to electric revenues, commercial 15% and miscellaneous 6%. Gas sales are 46% residential, including space heating, and 42% industrial.

The service area is a compact territory with a population exceeding 1,750,000. Gary, Hammond, East Chicago, Michigan City, La Porte, Goshen, Valparaiso and Hobart are served with electricity and gas, while Fort Wayne, South Bend, Elkhart, Mishawaka, Logansport, Peru, and Wabash are served with gas only.

Population of the service area for 1950 and 1960, and estimates for 1970 and 1989, are as follows:

		% Increase
1950	1,415,000	--
1960	1,756,000	22%
1970	2,460,000	40
1980	3,104,000	26

These estimates were made by city planning organizations, educational, administrators, health authorities and Department of Commerce officials.

The company's revenues are growing at a good rate, being estimated at $164 million for 1963 compared with $59 million in 1952 —an average annual growth rate of 8½% compounded, with the gain for 1963 estimated at 8%. Future years are expected to maintain this rate of increase.

Despite the cyclical nature of the steel industry, which furnishes some 30% of the company's electric load, steel revenues are stabilized somewhat by service agreements with large steel customers which provide for stated contract demands for power. Thus despite a sharp decline in output of steel in 1962, total industrial electric revenues increased 11% over 1961.

The outlook also appears good for continued growth of power requirements by the steel industry in the service area. U. S. Steel, which now purchases 150,000 kw. of power from the company, will increase this to 165,000 kw. by June 1, and to 180,000 by December 1; it also has an option to increase its requirements to 250,000 kw. Bethlehem Steel recently announced plans to construct a large new plant, which should add some 75,000 kw. or more to Northern Indiana's industrial load. Inland Steel may also build in the area although no definite plans have yet been announced. Moreover, changes in methods of making steel, such as use of the oxygen process, should create larger demands for power. As this process does not use waste steam, the steel companies are expected to buy power rather than build their own generators.

The company now generates about 80% of its power requirements and buys 175,000 kw. from Commonwealth Edison, with additional purchases available under contract. A 183,000 kw. unit was added in December, 1962, and in about five years a 400,000-500,000 kw. plant will be completed, which may eliminate the need for power purchases.

Natural gas is purchased under long-term contracts with Midwestern Gas Transmission, Natural Gas Pipeline of America, Peoples Gulf Coast Natural Gas Pipeline and Panhandle Eastern Pipe Line. Natural Gas Pipe Line Co. recently decreased its annual charges by about $600,000, and Northern Indiana expects to retain about two-thirds of this reduction. Residential gas heating saturation in the service area is now only 54% but is expected to reach 74% by 1965 and 80% by 1966, as sufficient gas supplies should become available. Growth in the gas division of the business thus seems assured.

The company has no special regulatory problems. As of June 30, 1962, it was earning about 6.3% on net plant account, a slightly lower rate than the average of earlier years. Return on electric plant is a little higher than on gas, and it is possible that the company may decide to reduce all-electric heating rates on a promotional basis, as a number of other utilities have been doing.

The company plans to spend about $35 million for construction in 1963, and internal generation of cash is estimated at around $15 million. While it was reported earlier that the company might do equity financing this year, it is now understood that cash requirements will be met with a $25 million bond issue. The company plans to maintain its equity ratio in a range of 34-37%.

Regarding current bookkeeping, the 3% investment credit is estimated at $550,000 for 1962 but will probably be lower in 1963 and 1964. The company favors normalizing the credit but the State Commission has not yet reached a decision. Tax savings from the use of the depreciation guidelines could add some $500,000-$600,000 to cash flow. The interest credit for 1963 is estimated at $800,000. The company does not use flow through for tax savings resulting from the use of liberalized depreciation.

Fuji Bank Appoints

The Fuji Bank Ltd. has announced that Shozo Saji will succeed Rikuro Takahashi as their New York Agent. The bank's New York office is located at 1 Chase Manhattan Plaza.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

BANK EARNINGS FOR 1963

The recent gold holdings of the Federal Reserve have now reached the level of 1939 and the small but constant erosion of these holdings implies a continuation over the immediate future. Although there is an adequate gold supply to support the Federal Reserve notes in our banking system, there is an awareness of the importance of not letting these reserves fall to a much lower level. Aside from less foreign aid, one corrective measure is higher interest rates. With a large deficit—to be financed through the banking system—along with the need for keeping rates at the current levels, short-term bond yields should rise. The heavy volume of municipal and corporate financing over the coming months should also help maintain or increase interest rates. Additional investment in the municipal area, therefore, should provide a higher return to the banks as the year progresses.

In addition to the aforementioned reasons for sustained or higher rates, the Federal Reserve Board has indicated no reluctance to raising rates in a period of economic prosperity and inflation. The current loan figures of reporting member banks imply a strong loan demand. Also, the free reserves in the banking system have tended to run at lower levels over the past few months. It appears that any further general upturn in the economy may promote higher interest rates. Although there is no widespread trend to lower the rate paid on time or savings deposits, some smaller banks have done this in order to increase earnings. Certainly 1963 produced the last foreseeable rise in rates paid by banks and the full effect of this increase has been felt already.

Looking at bank earnings for 1962, it is interesting to note very little change overall. In the early months of the past, the general consensus of the analyst and the bank comptroller were for lower earnings for those banks with a high percentage of time deposits. Naturally, California banks were expected to fare the poorest, with declines in earnings ranging from 10 to 15%. As is evident in the accompanying table, the West Coast banks were able to perform much better than expected. This may be attributed to the more profitable consumer business they conduct through state-wide branching, their foresight in investing in tax exempts early, and deposit growth. Also of importance is the early installation of electronic computers and data processing equipment which served to reduce operating costs. The Chicago and New York banks, with lower time deposits, were not able to do as well as expected. This is due partially to their inability to reach the consumer—particularly in the mortgage field.

With the outlook for stable to higher interest rates and no increase in the rates paid on time deposits, bank earnings should be favorable in 1963. Most analysts project an average increase of 3% for eastern banks and 7% for West Coast institutions—on a per-share basis. The preliminary but arbitrary projections seem reasonable. One must not forget also the trend of deposit growth which favors banks in areas of population growth. At one time these banks could not supply sufficient capital to keep up with deposit growth. At the present, the capital ratio is generally healthy —meaning no dilution through stock sales.

Net Operating Earnings Figures for Major Commercial Banks

Name of Bank	% Change in Earnings 1961-1962	Per Share Earnings 1961	1962
Bank of America	— 5.2%	$3.08	$2.92
Chase Manhattan	1.8	5.05	5.16
First National City, New York	1.4	5.72	5.80
Manufacturers Hanover	— 5.4	3.55	3.36
Chemical New York Trust	2.3	5.18	5.30
Morgan Guaranty	2.1	6.53	6.67
Security First, Los Angeles	— 2.6	3.87	3.77
Continental Illinois	0.8	9.80	9.88
Bankers Trust	0.3	3.43	3.44
First National, Chicago	— 7.2	4.68	4.34
United California, Los Angeles	— 1.9	2.49	2.44
Irving Trust	1.0	2.97	3.00
National Bank, Detroit	— 2.3	4.79	4.68
Mellon National B. & T.	7.0	3.65	3.91
Crocker-Anglo	0.4	2.49	2.50
First National, Boston	0.2	5.49	5.50
Cleveland Trust	—14.1	28.34	24.28
First Penn. B. & T.	1.5	1.95	1.98
Republic National, Dallas	-----	2.88	2.88
Philadelphia National	— 2.4	3.72	3.63

Correction on Liberty National Life Insurance Company

Ehney A. Camp, Jr., Executive Vice-President, of the Liberty National Life Insurance Co., Birmingham, Ala., writes us as follows:

"On page 13 of Section 1 of your issue dated Dec. 27, 1962 under an article entitled 'Bank and Insurance Stocks' appears some dividend information relative to our company. This information is incorrect.

"You show the old rate of dividend to be 35 cents per share whereas, in fact, the annual dividend paid in 1962 was 30 cents per share.

"You show the new rate to be 44 cents per share. The new dividend rate has not been determined and will not be set until the annual meeting of the Board of Directors on Feb. 19, 1963.

"We are giving you this information with the thought you may wish to correct any erroneous impressions which may result from the figures you published."

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Even though the Congress is in session and there have been and there will be other important messages from the President, the money and capital markets continue to give evidence of a constructive attitude because the policies of the monetary authorities remain along the lines which have been in force in the past. In addition, the debt management program of the Treasury is also as constructive as it has been and these two factors taken together have inspired confidence in buyers of fixed income bearing obligations.

The money market is as strong and sizable as ever because the demand for the most liquid Treasury issues shows no signs of tapering off, with consequent downward pressure on the yield of these obligations.

Successful Treasury Bond Sale Helped All Markets

The usual Jaanuary demand from investible funds may be coming to an end soon in spite of reports that, not only institutions but individuals are still in a position to make sizable commitments in securities which meet their needs. It is indicated that the purchases of fixed income bearing obligations during the first month of the new year were as large if not larger than they have been in many a year.

It is evident that the very successful flotation of $250,000,000 of Government bonds through competitive bidding was responsible in no small way for the interest which was evident in fixed income bearing issues during January. There is no doubt but what the heavy purchases of the long-term Government bonds, namely the 4% due February 15, 1988-1993, by income minded investors was due in no small part to the opinions that the best credit in the capital market was priced right at 100 to yield 4%. It was also on a very competitive basis with non-Federal bonds, namely corporate and tax-exempt bonds, since a good sized premium above the issue price was registered as the new money raising bond was digested or fitted into its place in the capital market.

The impetus that was given to the long-term bond market by the very successful offering of the recent 4s was reflected in the favorable action that took place in some of the outstanding non-Federal bonds, as well as the way in which some of the stale syndicates were helped. However, it took a bit of time in certain instances before these syndicates were closed out on a satisfactory note to the underwriters.

February 15 Refunding Terms Announced

The Treasury made known, late yesterday (Jan. 30), the refunding terms for the $9.465 billion of debt maturing Feb. 15. This will be strictly an exchange offer, with holders of the maturing issues being given the option of subscribing for: (1) a 3¼% certificate, due Feb. 15, 1964, or (2) 3¾% bond due Aug. 15, 1968. Subscription books will be opened Feb. 4 and close on Feb. 6. The 3¾% bond is presently outstanding.

Intermediate Treasury Issues Highly Regarded

The Government market, especially in the intermediate-term area, has been getting considerable buying from investors who do not want to make further commitments in the more distant obligations or are making purchases of these securities under a plan that gives them the maturity distribution that is needed. It is indicated that the middle maturities of the Treasury appear to have at this time greater attraction to institutional investors than do tax-exempt issues or selected corporate bonds, mainly in the equipment field.

Because of the interest which is to be found in the intermediate area of the Government market, it would not be surprising to many money and capital market specialists if the Treasury were to use this section of the market for not only new money raising but also for regular refunding as well as "advance" refunding operations.

Because more investors are being attracted to this middle-term type of security, there is no reason why it cannot be used to get Government obligations into the hands of the ultimate investor. In addition, as the attraction grows for such obligations a better market will develop with greater size and breadth.

Because the international balance of payments deficit is still with us and will most likely continue to be a problem in the foreseeable future, interest rates here are not likely to be anything but competitive from the standpoint of all free world monetary centers, especially England. This competition for the time being indicates no change in the policies that have been in force in 1962.

Kantrow, Robbins Opens

Kantrow, Robbins & Kantrow is engaging in a securities business from offices at 225 Broadway, New York City. Partners are Joseph H. Kantrow, Philip Robbins and Aaron Kantrow.

J. E. McCourt Opens

LYNN, Mass.—Joseph E. McCourt has opened offices at 113 Broad Street, to engage in a securities business. Mr. McCourt was formerly with Eastman Dillon, Union Securities & Co.

Form Modern Fin. Service

RENO, Nev.—Eugene A. Helland and Daniel A. Webster have formed Modern Financial Services with offices in the Professional Building, to engage in a securities business.

Form Bueermann & Co.

PORTLAND, Ore.—Robert C. Bueermann & Company has been formed with offices at 811 Southwest Sixth Avenue to engage in a securities business. Officers are Robert C. Bueermann, President; Lila M. Bueermann, Vice-President, and Ralph Bolliger, Secretary-Treasurer. Mr. Bueermann was formerly with Harris Upham & Company.

Poliskin Forms Co.

Theodore F. Poliskin is engaging in a securities business from offices at 50 Broadway, New York City, under the firm name of Poliskin and Co. Mr. Poliskin was formerly with General Economics Securities.

Canada's Leading Authorities Evaluate Its 1963 Economy

Continued from page 1

The larger outlays for both consumer durable and non-durable goods as well as for services, have been an important factor in the higher operating levels of secondary industries. They also contributed to the substantial increase in corporate profits shown for the first nine months compared with this period in 1961, with corporation profits before taxes and before dividends paid to non-residents exceeding the comparable 1961 total by about 14%. The improvement in business conditions is also reflected in the larger outlays being made on plant and equipment and indications are that capital spending by business in 1962 will reach the level anticipated in the mid-year investment intentions survey.

The further expansion of foreign trade in 1962 has been an important stimulus to Canadian business and industry. In the first ten months of the year commodity trade has been at a new high, with exports exceeding their 1961 level by about 8½% and imports surpassing the comparable 1961 figure by about 11½%. The substantial gain in exports is particularly significant; it follows a year-to-year increase of some 9% in 1961, and highly-manufactured capital and consumer goods have continued to comprise a growing proportion of export sales despite the intense competition for world markets for such products. A substantial increase in imports is a characteristic of periods of rapid economic growth in Canada but much of the gain shown in the 1962 imports stems from pegging the external value of the Canadian dollar at 92½ U. S. cents.

The somewhat larger increase in commodity imports than in exports contributed to the rise in Canada's adverse balance of payments in the first nine months, from $710 million in this period of 1961 to $791 million in 1962. Indications are that some improvement took place in the final quarter of 1962 compared with one year earlier, and that the deficit for 1962 as a whole will be about the same as in 1961, approximately one billion dollars. Canada has been incurring sizable deficits on current account for a number of years and these have been covered by inflows of capital funds. It was the slow-down of these inflows in the first half of 1962 that caused the drain on Canada's foreign exchange reserves and necessitated action to protect the reserves. The prompt and comprehensive measures adopted at mid-year not only halted the fall in the reserves and brought about their replenishment, but also provided fresh stimulation to domestic production and to export sales.

The attainment of the 1962 record levels have been contributed to by the Government's program of credit expansion; direct incentives to large and small business; a tax incentive to business for increased sales; special depreciation allowances; corporation tax reductions to encourage small industry; a national agriculture policy; national oil policy and the extension of export credits; increase of export credit insurance and the doubling of the lending capacity of the industrial Development Bank.

The economic outlook for Canada in 1963 appears favorable. Bearing in mind all the dangers of attempting to anticipate the course of economic events a full year ahead, the prospects are for further economic growth in 1963, with the extent of the expansion depending to a considerable degree on developments outside of Canada. Business in Canada has been good, is good now and the important elements of strength present in the economy should make it even better in 1963. Incomes and savings are high, business appears likely to increase its capital spending by 5% in 1963, and prospects are good for a modest increase in exports over the record 1962 level. Employment will continue to rise in 1963. Prices appear likely to increase only modestly in view of the excess manpower and material capacity and the keen foreign competition for markets. Furthermore, additional and continuing impetus will be given the domestic economy in 1963 by the comprehensive steps implemented by the Canadian Government in recent months to stimulate more rapid industrial development and to improve the competitive position of Canadian producers both at home and abroad.

Canada looks forward to 1963 without complacency but with confidence.

ST. CLAIR BALFOUR

President, The Southam Company Limited

We can see no reason to disagree with what appears to be the consensus of Canadian economists. Canadian business in 1963 should be at just about the same level or slightly up from that of 1962. There is no existing trend that suggests either an upward or a downward turn to our economy. This absence of obvious trend makes this type of forecast even less reliable than usual.

St. Clair Balfour

The special problems that this country faces are perhaps now more generally understood outside our borders because of our recent exchange crisis and the publicity that has surrounded the measures the government has taken to re-establish confidence in the Canadian dollar. It is worth remembering that our problems remain unsolved and that any action by parliament—or indeed the lack of action by parliament—will have its effect on business in 1963. The coming year should be fascinating, if rather frightening. Will Canada face another general election? Will Great Britain succeed in her bid to join the European club? Will President Kennedy successfully stimulate the pace of U. S. growth through tax cuts? Will Chairman Khrushchev's delayed reaction to Cuba be conciliatory or belligerent? The answers to all these questions will affect business in this country. Our guess is that their combined effect together with the natural growth of our maturing nation will tend to be helpful rather than otherwise.

Within this general and rather obscure picture, we expect the operations and profits of the Southam Co. to move slowly ahead. Our business is selling advertising—predominantly newspaper, but also business publication and broadcast advertising. Our prosperity depends heavily on the pace of consumer spending and the profit position of the major advertisers—both retailers and manufacturers. We are encouraged by the current rate of retail sales and the generally favorable reaction to 1963 automobiles. We are having to set this off against the discouraging fact that with our devalued dollar and special import charges Canada's cost of living is climbing and any apparent gain in gross national product will result largely from higher prices.

The development of new publications within the company in 1962 will be a mild drain on our profits in 1963 but should lead to further growth in succeeding years.

J. D. BATEMAN

President, Sarcee Petroleums Limited

Canada continued to meet the requirements of the National Oil Policy which, at the end of 1963, had set a target of not less than 800,000 barrels per day of domestic production. This will be realized, in part, by the small annual increase in consumption of products, in part by the construction of additional refining capacity in Ontario displacing products from foreign crude refined in Montreal, and partly also by modest increases of pipe line exports to the United States, both east and west of the Rocky Mountains.

J. D. Bateman

The rate of new oil discovery in western Canada has fallen alarmingly and several years have elapsed since a major field has been found. As a result, during the past year, production of petroleum has exceeded the reserves of new oil discovered. This condition has been partly responsible for the rash of take-over bids by the larger oil companies as the depressed equities of the independent oil companies have made it possible to acquire oil reserves cheaper than they can be discovered or drilled. During 1963 it is anticipated that additional take-over offers will be made by the larger oil companies, and that many of the independents will elect to merge.

The decline of new discovery in western Canada will probably accelerate the search for oil in the Arctic Island basin. The first well in the Arctic Islands was drilled and abandoned during 1961-62. At the present time four prospective wells are under consideration for drilling in 1963.

The Alberta Conservation Board has given the green light to the first of the tar sands projects; and it is likely that, during the present year, authority will be granted for the initiation of a second extractive project. However, the Board has indicated a policy that will restrict the extraction of oil from the enormous reserves of the bituminous sands to less than 10% of provincial production.

Changes in the Income Tax Act announced in the budget speech in April, 1961, and approved by Parliament late in the year were designed to encourage exploratory drilling, but will fail to do so as formerly tax-free capital gains will now be treated as income. Not until depletion allowances are brought into line with those in the United States will there be any real tax incentive to encourage the finding of new oil.

The growth of the natural gas industry will continue to prosper this year, and the rate of discovery of natural gas will be maintained, particularly in northeast British Columbia and adjacent Northwest Territories.

A. F. BECK

President, Canadian Export Gas & Oil Ltd.

The coming year 1963, based on present forecast demand, should continue to be a prosperous year for the Western oil and gas producer. An increase of approximately 7-8% in oil production is projected, based on increases caused by the extension eastward of the Ontario market area towards the Ottawa Valley as the construction of the increased refining capacity in the Sarnia-Toronto Area is gradually completed and the new import regulations to the States for the '63 period take effect. A further increase in gas sales of approximately 11% is also projected as the full impact of the completion of the Alberta and Southern and Pacific gas transmission lines to California markets is realized.

A. F. Beck

Capital expenditures as a whole should remain about level with 1962 with increased exploratory drilling taking up the slack of an expected slower development drilling rate and an increase in pipeline construction absorbing the decreased construction of gas processing plants and facilities.

The continuation of the mergers prevalent over the past year, and which have had a significant influence on the stock prices of the companies concerned, in my opinion, will be dependent on several factors. Additional mergers and amalgamations will be tempered by the cost of acquisition of developed reserves vs. the cost of finding new reserves; the continued willingness of investors and shareholders to accept comparatively minor capital gains, immediately, as against potentially greater gains accruing from the effect of the leverage of independents relative to large integrated units and, finally, the impact of recent and possible future tax legislation.

With the discovery trend of new oil reserves continuing downward over the past year and a shortage of oil being forecast by 1970 at the present rate of discovery, it is obvious that it will be to the best interests of federal and provincial governments to encourage further exploration and development considering the importance of the industry as an integral part of the Canadian economy. The federal government is beginning to realize that the industry, especially the domestic companies, must be allowed to operate, tax-wise, on an equable basis with its foreign counterparts. Legislation enacted over the past year, some of which is presently of doubtful benefit to the independent producer, certainly is a step in the right direction and indicates the realization by the government that incentives and rectification of some inequalities are needed.

Canadians themselves have become more sophisticated and knowledgeable about their own oil and gas industry and its potential, and, if given proper tax incentives, will certainly be participating to a greater extent in its development. In addition, because of the large sums of money involved, encouragement should and will be given to foreign capital to participate in these developments to the extent that Canadians either cannot or will not invest their own funds.

In conclusion, then, while I do not foresee any sensational increase in gross income or production in the Canadian oil and gas industry, I believe that there will be a greater percentage increase than in many other industries. As long as the fundamental economics of the oil and gas industry and the comparatively favorable political climate allow it to participate in the continually increasing demand for energy in both the United States and Canada, the industry, both independent and major, is on a sound basis for further expansion.

Continued on page 26

Why Monetary Ease Will Not Quicken Economy's Pace

By Ernest T. Baughman,* *Vice-President and Director of Research, Federal Reserve Bank of Chicago, Chicago, Ill.*

At the present time, it appears that 1963 will be a good but not spectacular year for the U. S. economy. There are no obvious distortions in the economy which would call for substantial correction or adjustment leading to downturn in activity. Therefore, I would expect that in the 4th quarter of 1963 gross national product would be at an annual rate of about $588 billion, or about 4% above estimated rate for the fourth quarter of 1962. I foresee no substantial changes in the pattern of economic activity. I expect all major sectors of activity with the possible exception of private construction to show moderate increases but with consumer expenditures for services and Government expenditures rising relatively more than GNP.

Ernest T. Baughman

As to the pattern of activity during 1963, I would expect a gradual rise throughout the year with each succeeding quarter reflecting higher production and consumption of goods and services.

The projected rise in activity would not make any substantial inroad on unused capacity, either as to the labor force or in the industrial sector. Therefore, prices should be generally stable, with downward pressures in individual sectors largely offsetting the effects of further moderate increases in hourly wage rates.

A sizable tax cut enacted early in 1963 could provide a significant stimulus to activity and result in a greater rise than I am suggesting. However, I assume that with economic activity rising gradually, pressures for a tax cut to provide a prompt stimulus will be muted and that any cut which is enacted will be small enough or deferred long enough so that the effects on activity in 1963 will be largely psychological.

Restraints on Economic Activity

One important problem is the continued deficit in the United States balance of international payments. This has provided some restraint on activity during 1962 and may well be a significant restraining factor in 1963 as well. While a long continued deficit in a nation's balance of payments usually suggests that its price structure is out of line with that of its major competitors, there has been widespread hesitation to accept this conclusion with respect to the current experience of the United States. However, if the United States is to continue a large program of foreign aid, foreign military expenditures and a large volume of private long-term capital investment abroad, it would be necessary to accomplish a larger surplus of exports as compared with imports in order to eliminate the deficit from our balance of payments. Certainly, it will continue to be a matter of utmost importance that we accomplish increases in production and consumption without further significant inflation of prices.

Another important factor tending to restrain activity currently (and probably in 1963) is the relatively adequate inventory of consumer durables and the sizable consumer and mortgage debt as compared with earlier years. This may mean that the economy is less responsive to monetary ease and other stimulative policies. However, it is reassuring that the current level and structure of both private and public debt are not excessively burdensome and could expand further apace with increases in production and income.

*From a talk by Mr. Baughman at a meeting of the Investment Analysts Society of Chicago, Chicago, Ill.

Moore & Schley To Admit

Moore & Schley, 120 Broadway, New York City, members of the New York Stock Exchange, on Feb. 1, will admit William P. O'Connor, Jr. to partnership.

Canadian Exchange Elects

MONTREAL, Canada—R. C. Bulman was re-elected by acclamation Chairman of the Board of Management of the Canadian Stock Exchange at the Annual Meeting. Mr. Bulman is President of Grant Johnston & Co. Limited.

J. T. Thompson and G. L. Hudon were also re-elected, the former as Vice-Chairman of the Board, the latter as Secretary-Treasurer. Mr. Thompson is Vice-President and Director of Molson & Company Limited, while Mr. Hudon is President of Morgan & Co. Ltd.

C. Guy of Brault & Chaput, Montreal, was elected Governor and Advisory Member of the Exchange.

W. L. Downes of W. D. Latimer Inc., J. H. Norris of Collier, Norris & Quinlan Limited, and P. A. Turcot of Turcot Wood Power & Cundill Ltd. have all been re-elected to the Board.

R. R. Johnston of G. E. Leslie & Co. was elected a Governor. He served the previous term as Advisory Member of the Exchange.

H. A. Wheeler of Hugh Mackay & Company Ltd. was re-elected Governor and Advisory Member of the Exchange.

Continued from page 24

HON. W. A. C. BENNETT

Premier, Province of British Columbia

One year ago, in the course of a review of British Columbia's economic development, I stated my firm conviction that "in British Columbia, 1962 shapes up as a year of particular promise—the key year in launching a new cycle of expansion and growth."

Hon. W. A. C. Bennett

Now, 12 months later, it is a source of real satisfaction and pride in the vigor of British Columbia's people to report that this forecast was more than justified. For 1962 was indeed a key year, with all major economic indicators sharply on the upswing and the solid base established for another banner year in 1963.

The extent of British Columbia's great bounty of natural resources is well known elsewhere in Canada. Less well known, perhaps, is the fact that one of the fastest-growing work forces on the North American continent is devoting its energies to the development of these resources. British Columbia's population is increasing at a rate even faster than that of California, which is now the most populous state of the American union; thus, production and internal markets are increasing side by side, while the Province's export trade continues at a record level.

Setting the pace in this latest cycle is the $200 million expansion program now being carried out by British Columbia's leading dollar-earner, the forest products industry. MacMillan, Bloedel & Powell River Limited has committed $71 million to the construction of new facilities at Harmac and Port Alberni on Vancouver Island and at Powell River on the mainland. Crown Zellerbach Canada Limited is expanding its operations at Elk Falls on Vancouver Island and Ocean Falls on the north coast at a total cost of $36 million. A new pulp mill, to cost $50 million, is now under construction by Canadian Forest Products Ltd. at Prince George, geographical centre of the Province; British Columbia Forest Products Limited is spending $25 million at its Crofton, Vancouver Island installation; and further development at Prince Rupert, New Westminster and Kamloops rounds out the program.

The significance of these developments in the forest industry is increased by the fact that they are taking place in such widely separated areas of British Columbia, thereby adding the stability of new payrolls where "one-crop" or "one-industry" economies may have existed in the past.

At the close of 1962, the volume of timber scaled in British Columbia was up 18% over the previous year, but even more spectacular gains were registered in a second natural resource field, the oil and gas industry.

Spurred on by the completion of the Western Pacific oil pipeline, which has been in operation since January, 1962, every major petroleum producer on the continent is now participating in the development of the Province's oil and gas fields centered in the Peace River and Fort Nelson areas of the northern interior. Crude oil production has increased by a staggering 1,057% and natural gas production by 20% during the past year. Capacity of the Western Pacific pipeline has been increased to 45,000 barrels per day through a $2 million expansion program, and Westcoast Transmission Company's gas pipeline facilities have similarly been increased, with major extensions to new fields scheduled during the next two years.

Mining activity showed a 10% increase in value of production during the year, with the major gains going to copper and iron ore production. For the first six months of the year alone, copper output was greater than in all of 1961 as new mines in the Highland Valley area of the southern interior swung into full production.

British Columbia's fisheries posted gains both in tonnage landed and in the value of the catch, which is expected to total a record $100,000,000 when final 1962 sales are totaled.

Manufacturing and commercial development matched the increased tempo set by the resource industries. Factory shipments were up 8% at a total value well in excess of $2 billion; retail sales were also up 8%; British Columbia's exports increased by 23.4%; and the all-important indicator of housing starts showed a gain in September alone of 44% over the same month in 1961.

All these indicators are impressive, but the overriding element in British Columbia's sustained cycle of expansion is the western world's greatest program of hydro-electric power development, a program which is now firmly under way.

Throughout 1962, a labor force of 700 has been at work at Hudson Hope, site of the great Portage Dam on the Peace River. Three giant diversion tunnels through which the river will be diverted during construction are nearly finished, and work on the giant earth-filled dam itself will begin within a few short months. (It might be added, as a sidelight, that in a year when British Columbia's tourist revenues also reached an all-time record, the Peace River project itself attracted hundreds of visitors who made the 60-mile side trip from the Alaska Highway to the damsite.)

The Peace River development will yield four million horsepower—more than all present hydro-electric installations in British Columbia produce. And the potential for another four million horsepower exists in development of the Columbia River Basin, on which international negotiations are still proceeding. British Columbia has already invested $7 million in engineering studies of three Columbia damsites, and as soon as suitable arrangements have been completed to sell British Columbia's entitlement of the extra power produced at American installations downstream, construction contracts can be awarded without delay.

Space limitations do not permit more than this briefest of outlines of British Columbia's unmatched power potential; but the impact on the economy of the Province—and indeed of all Canada—of these massive projects can readily be visualized.

As a final comment on the good economic health of British Columbia, it is a pleasure to note that ours will be the only government in Canada to complete its 1962-63 fiscal year with an overall balanced budget, including capital and current expenditures.

The public sector of the economy is building aggressively from a solid financial base; the private sector shares this good health. Accordingly, it seems entirely appropriate to forecast that the year of particular promise which was 1962 will be followed by an even better year in 1963.

HOWARD BUTCHER III

President, International Utilities Corp.

The past year has been one of solid progress for Canadian business. The devaluation and pegging of its overvalue currency was the medicine needed to correct the country's slow rate of growth in recent years. After two years of uncertainty the Canadian dollar is now generally expected to remain stable at its present level of 92½c U. S.

Howard Butcher III

Although its growth rate is bound to be somewhat lower than last year, Canada's economic prospects are bright for 1963. This, of course, depends heavily on export gains and continued slow growth in the United States would have an adverse effect. In my view, the United States economy will continue to lag behind until courageous political action is taken in two important respects. Corporate and personal income taxes must be substantially reduced (together with federal spending) and the present featherbedding and other irresponsible practices of labor unions must be curbed.

The bright prospects for Canadian business could also be clouded by political uncertainties and a possible federal election in 1963. This could lead to agitation, in the hope of political gain, for steps against U. S. "domination" of Canadian business. Such agitation, and further Provincial expropriations of electric power companies which were pioneered and developed by private capital and initiative, could weaken investor confidence and cause another flight from the Canadian dollar.

Largely due to the sharp increase in gas exports to the United States, the year 1962 was one of outstanding growth for Alberta's booming natural gas industry. The gas export program and the resultant construction of the Alberta Gas Trunk Line system has enabled our distribution companies to extend service to 44 more Alberta communities in the past six years.

The past year was another good one for our natural gas and electric distribution companies in western Canada. Natural gas revenues in the last quarter were adversely affected by abnormally warm weather and a

Ernst & Co. to Admit Sperling

Ernst & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Feb. 7 will admit Gery William Sperling to partnership in the firm. Burton A. Barysh will withdraw from partnership in the firm Jan. 31.

H. M. Frumkes to Admit Partner

H. M. Frumkes & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Feb. 7 will admit Jerome H. Brofman to partnership. Mr. Brofman will make his headquarters at the firm's recently opened office at 377 New York Avenue, Huntington, N. Y.

Now Armin Speer

TEANECK, N. J.—Armin Speer & Co., 412 Cedar Lane, is continuing the investment business of Sponsor Securities Corporation, of Newark.

substantial rate allowance by our Edmonton company to its customers. In spite of this our gross and net earnings made good gains for the full year. We are confident that new highs will again be reported in 1963.

Subject to some contingencies, gross construction and property additions of our public utility subsidiaries in 1963 are expected to exceed $18,000,000. This is about $6,000,000 over last year and would be second only to 1958 in total expenditures by our system companies in a single year.

A. F. CAMPO

President, Canadian Petrofina Limited

In 1962 Canada reaped the benefits of the business upturn which began early in 1961. Gross National Product is expected to record a gain of close to 8%, with 2% being attributed to a rise in the general price level. Therefore, the real gain will be one of the highest recorded in the post war period.

A. F. Campo

Towards the end of the year economic indicators, which paved the way for a successful 1962, began to flatten. On the basis of this change in the business cycle, a smaller growth rate is expected in 1963. Depending on whether the cycle will continue towards a mild downturn or remain flat and then begin upwards around mid-year, Gross National Product should gain 3% or 4%.

Business trends abroad, which have an effect upon the Canadian economy, support the forecast smaller growth rate. The United States is experiencing a flattening of the business cycle despite the solution of the Cuban crisis and a buoyant stock market, and the European growth rate is slowing down.

Canadian oil and natural gas producers enjoyed another year of outstanding growth under the impetus of the National Oil Policy and the demand for these products in the United States. Demand for Canadian crude and condensate, which increased 15% in 1962, is expected to gain another 8% in 1963. This lower growth rate which still permits the industry to reach the National Oil Policy target of 800,000 b/d, also seems reasonable in the light of the new U. S. Import Policy and the slowdown in economic growth forecast for 1963.

Total demand for crude and products should show a gain of close to 4.5% while refinery receipts will be up about 6% reflecting the backout of imported products. It is expected that total demand in 1963 will increase between 3.5% and 4% with refinery receipts showing a larger gain.

The price squeeze on refiner-marketers continues to be the weak spot in the industry. In the majority of cases, 1962 volume gains will not make up the loss incurred through price wars and increased costes. Refinery over-capacity, while fulfilling the National Oil Policy aims, acts as the catalyst in these price wars. In 1963, refinery capacity will be increased again indicating another year of price squeezing. However, it is hoped that good sense will prevail, in which case the industry may look forward to 1963 with confidence and optimism.

KENNETH V. COX

Executive Vice-President and General Manager, The New Brunswick Telephone Co., Ltd.

Eleven million dollars will be spent by the New Brunswick Telephone Company on new construction in 1963. This is the largest construction budget in the history of the company. The forecast of net gain in telephones for 1963 is 8,100. This huge construction budget indicates the efforts our company is making to meet the communication needs of the people of New Brunswick and it is fitting that this tremendous growth and expansion should be allocated for 1963, the same year in which the New Brunswick Telephone Company will celebrate its 75th Anniversary.

K. V. Cox

Seven communities are scheduled to be converted from manual to dial operation in 1963. Extensive changes in central office equipment are also planned for some of the existing dial exchanges and three new dial exchanges will be established. In 1962 the company had a construction program of $10½ million and a gain of some 8,300 telephones. This increase in the number of telephones brings the total in the Province to over 142,800, which is the end result of a tremendous daily movement of sets in and out of service.

Among new services introduced during 1962 was teletypewriter exchange service (TWX). Unlike the present private-line service between two or more permanently associated locations, TWX permits the transmission of type-written messages at speeds of up to 100 words a minute to any other TWX machine.

Additions to our microwave system plus the opening of a three million dollar Cross-bar Tandem switching center in Saint John, which allows inward direct distance dialing to the Maritime Provinces, plus key-pulse dialing by our operators, made the use of long distance facilities faster and simpler for our customers. These improvements also accounted for the significant increase in the number of long distance calls handled by our company in 1962.

The company's plan to convert all telephones in the Province to dial by 1967 is proceeding as scheduled with a record year of seven exchanges cut to dial plus the opening of a new exchange at Alma in the Fundy National Park area. The conversion of these seven dial offices brought the most modern and up-to-date dial service to over 5,000 subscribers. Nearly 87% of the telephones in our territory now have dial service. The take-over of one small independently-owned telephone company in our territory late in 1962 brought to 94 the number of exchanges we now operate in the Province of New Brunswick.

During the year, $130,000 was spent in extending service into the rural areas of our Province. One hundred and fifty miles of wire was erected to provide service to new subscribers in these areas. At the same time, steady progress is being made in reducing the number of telephones per line. The effect of this is a greatly improved service to many of our rural subscribers.

Nineteen sixty-two was a record year for buried cable with over 400 miles of cable being placed underground throughout the Province. In some locations crews were able to bury up to 17,000 feet per day. This burying of cable and wire greatly reduces maintenance costs and practically eliminates storm damage.

The company has plans for the introduction of customer Direct Distance Dialing in 1964. This will be done in two stages. The first at a cost of $370,000 will provide Direct Distance Dialing to the more heavily populated areas of the Province. The second stage will extend this service to other communities. This is planned for 1965 and will cost an additional $250,000.

Communication needs for defense and national survival programs have demanded considerable engineering effort and a substantial portion of our capital expenditures. The company fully recognizes its responsibility in these matters, and is always ready to cooperate with government bodies at all levels.

ROLLA L. CRAIN

President, R. L. Crain Limited

There is good reason to believe that the coming year will be one of modest growth notwithstanding some indications to the contrary. Policies of devaluation, tax incentives, easier money and a probable lessening of austerity measures should tend to bolster the Canadian economy.

Rolla L. Crain

Prices are expected to remain constant. However, if profit margins are to be maintained, rising costs must be offset by the more effective use of manpower, equipment and improved methods. Since this need prevails in most industries, we anticipate an increasing demand for the products and services we market in the field of paperwork simplification, and we are therefore optimistic in our outlook.

The level of employment should not vary greatly, and we will plan capital expenditures with every confidence in the future.

F. R. DANIELS

President, Dominion Textile Company Limited

The buoyancy apparent in the cotton textile industry in Canada today is undoubtedly due, in large measure, to the discounting of the Canadian dollar, and, to a lesser degree, to the tariff surcharges imposed by the Canadian Government as part of the austerity program calculated to reduce imports and to develop revenue for the national coffers.

There is always a considerable time lag between the institution of any radical change such as in the case of the develuation of the Canadian dollar and the institution of the surcharges. In the case of the cotton textile industry, the beneficial effects are only now being felt.

The first impact of the devaluation of the Canadian

Continued on page 28

Continued from page 27

dollar was to increase costs for the Canadian mills; to the extent of the size of the order book, such increased costs had to be borne by the company.

There are still a number of situations which are plaguing the industry, but in my opinion we are starting a new year in a very much more optimistic frame of mind, from both the point of view of volume and of earnings, than the industry has been able to enjoy since 1951. When making such a statement it is always necessary to qualify it by reiterating our opening statement to the effect that this condition has been brought about largely due to the discount on the Canadian dollar.

The various firms constituting the Canadian cotton textile industry have continued their modernization program, and have spent very substantial sums with, of course, the object in mind of doing everything possible to keep the manufacturing costs low and to help themselves.

As members of the most competitive league playing in the roughest ball park in the world, the problem of diversification of products within the industry has not been mitigated; and because of the fact that nearly 50% of all cotton fabrics consumed in Canada are imported, a very high degree of efficiency in the area of manufacturing, and in the know-how and quality of styling is imperative. This is particularly true if we are to withstand the pressure put upon the industry by the imports of fabrics not only from Asiatic and low-wage cost producing countries but, in particular, from our tremendously large volume producing competitor in the United States.

We, in the industry, are hopeful that our government will take effective measures, as has the Government of the United States to assist the American industy, to contain the volume of imports from the low-wage countries in Europe and in Asia under the terms of the recently negotiated five-year Geneva Cotton Textile Pact. Under this Agreement, our government has an instrument which can be effectively used to provide a reasonable climate for operations and protect a very substantial portion of manufacturing in this country against unreasonable or subsidized competition.

IAN R. DOWIE

President, Canadian Breweries Limited

Recent evidences of greater confidence in the outlook for the U. S. economy for 1963 such as a recovery in equity markets and somewhat higher projections of capital spending on the part of business, along with indicated increases in government expenditures, make it reasonable to assume that the U. S. economy in overall terms could extend its 1962 gains in Gross National Product by about 4% in the coming year. If the fairly firm indications that tax cuts will be forthcoming early in 1963 prove to be correct, then this would be a further stimulus to the economy as a whole. For these reasons the U. S. brewing industry can probably look forward to a satisfactory year in 1963.

Ian R. Dowie

It seems unlikely from present indications that inflation will pose problems to the U. S. economy in 1963. It is anticipated, however, that prices generally may be subject to a small rise of around 1-1½%, but because of competitive conditions this is not likely to apply to beer prices. This being the case the maintenance of profit margins may be a problem.

The 1961-62 business recovery in Canada, while somewhat less vigorous recently, still appears to have sufficient momentum to carry into the present year, strengthened by indicated increases in consumer spending and capital outlays. Over-all economic activity should be slightly higher in 1963 and some improvement in our balance of payments position is likely, with somewhat higher exports and some reduction of imports in prospect.

There should be only minor increases in the general price level in the face of intense competition and continuing over-capacity in most lines.

The outlook for the brewing industry in Canada is for an increase in sales of approximately 4% in 1963 over the current year. Profit margins should be fairly well maintained, permitting a satisfactory increase in profits. The brewing industry both in Canada and in the U. S. A. is entering a period of growth, the rate of which will accelerate as the results of the postwar population explosion become reflected in the increasing sizes of adult age groups. This increase in the number of potential beer-drinkers justifies the forecast increase for 1963 and should lead to substantially greater sales in the latter part of this decade.

THOMAS W. EADIE

President, The Bell Telephone Company of Canada

A record $221,000,000 construction program, an addition of some 200,000 telephones to our network, and a 9% increase in the volume of long distance calls to a daily average of almost 450,000 were the highlights of 1962 for the Bell Telephone Co. of Canada.

Thomas W. Eadie

The major construction program indicates the substantial expenditures we must make to continue to meet the communications needs of the public in our territory of Quebec, Ontario, Labrador and the eastern Arctic. The budget is the largest in the company's history for a single year.

Major projects in the program included the completion in May of a new microwave system between Sept Iles and Gagnon in northern Quebec and the commencement of a new microwave network from Montreal to Quebec City via Sherbrooke, Que.

We noted an increase during the year of 200,000 phones, the largest figure in the past six years and surpassed only in the record-breaking years of 1955 and 1956. It was the end result of a tremendous daily movement of sets in and out of service.

During the year, 74 exchanges were converted from manual to dial operation. Nearly 97% of the telephones in our territory now have dial service.

In May the company acquired a major interest in the Avalon Telephone Co. Ltd., largest telephone company in Newfoundland serving over 58,000 telephones in the more populous parts of the province.

The Trans-Canada Telephone System, which set up the coast-to-coast television network for the Canadian Broadcasting Corp., was also awarded the contract for the network of CTV Television Ltd. Now stretching from Montreal to Vancouver, the new network will be extended to Halifax in the spring of 1963. As a member of Trans-Canada, the Bell is responsible for the portion which lies within Ontario and Quebec.

The Trans-Canada System also provides facilities for the consolidated coast-to-coast radio network of the Canadian Broadcasting Corp. which was put in service Oct. 1.

During the year the company raised some $160,000,000 of new capital in both stock and bonds to finance the expansion and improvement of service.

Since the end of the Second World War, over one billion dollars of new money has been raised to support the company's construction program. Through the Employees' Stock Plan another $113,000,000 was obtained in this period.

Among the new services introduced during 1962 was Teletypewriter Exchange Service (TWX). Unlike the present private-line service between two or more permanently associated locations, TWX permits the transmission of typewritten messages at speeds of up to 100 words a minute to any other TWX machine. To establish the connection the user dials a 10-digit number over the regular telephone network.

JOHN GETGOOD

President, Pacific Petroleums Ltd.

All indications are that 1963 will be an excellent year for the Canadian petroleum industry.

This will be the climactic year of the National Oil Policy which was put into effect by the Canadian Government in 1961. At that time, Canada's oil and natural gas liquids production averaged only 540,000 barrels per day. The stated objective of the National Oil Policy was to increase this production level to a daily average of 800,000 barrels by the end of 1963.

John Getgood

To date, this three-year program has worked remarkably well, Western Canadian producers have steadily enlarged their share of those domestic markets in Eastern Canada which were previously supplied almost entirely with foreign crude. At the same time, Canadian companies have gradually increased their exports to adjacent areas of the United States which can be economically served with Canadian oil. As a result of these market expansion moves, Canadian production reached 640,000 barrels per day in 1961. This growth has continued at a highly satisfactory rate through the past year. Although the final figures are not available as this is written, it appears that the 1962 production average will exceed 730,000 barrels per day.

In view of this increase of nearly 200,000 barrels daily over the past two years, there is firm confidence in the industry that a further 70,000 barrels or more can be added to the daily total during the next twelve months and that the National Oil Policy target of 800,000 barrels will be reached or surpassed on schedule at this year's end.

By current standards in other countries, and particularly when it is compared with the present 2% growth rate in the United States, the 48% production increase which Canada is achieving in the three-year term of the National Oil Policy may appear exaggerated or unfair. It must be borne in mind, however, that prior to the declaration of the National Oil Policy, the Canadian in-

NASD Dist. 11 Elects Officers

District Committee No. 11 of the National Association of Securities Dealers, comprising Pennsylvania, Delaware, West Virginia and part of New Jersey, has elected William Gerstley 2nd, Gerstley, Sunstein & Co., Philadelphia, and David W. Hunter, McKelvy & Co., Pittsburgh, Co-Chairman.

Also elected to the committee were Thomas W. L. Cameron, Hopper, Soliday & Co.; John Gribbel, 2nd, Elkins, Morris, Stokes & Co., and Richard O. Smith, Stroud & Company Incorporated, all of Philadelphia.

Edwin Ross Opens

TEANECK, N. J.—Edwin Ross is engaging in a securities business from offices at 559 Sandra Place. He was formerly with First Investors Corporation.

dustry was operating at a scant 47% of its capacity (compared with an 83% rate in the U. S.) and that nearly half of the crude oil used in Canada was imported from rival oil-produicng countries. A drastic correction of these conditions was imperative in order to put the Canadian industry on a sound economic basis which would enable it to proceed with the orderly development of the country's petroleum resources and potential.

The hoped-for improvement in the economy of the Canadian oil industry is already evident. For the first time in its history, the industry has emerged from an overall deficit position and, witn increased revenues from increased sales, it is at last generating sufficient capital to meet its own exploration and development costs. Many individual companies (including Pacific Petroleums Ltd.) which have borne steady losses since their incorporation, have come into the black for the first time during the past two years and have begun to show steadily increasing profits.

With their improved cash flows, Canadian companies are now able to undertake exploration and expansion programs which were not practicable two years ago. Throughout the Canadian industry, there is a noticeable trend toward enlargement of exploration and development budgets. The faster depletion of reserves and the improved profitability of production operations are providing much-needed incentive to seek new sources of supply for future market requirements.

There is additional incentive to build and expand plants and facilities. This has resulted in a 15% increase in Canada's refinery capacity since 1961. It also led to the construction of the new Western Pacific Products & Crude Oil Pipe Line, opening the way for full development of the untapped oil resources in the Province of British Columbia. Companies now are encouraged to expand into the petrochemical field to bring this phase of the Canadian industry fully up-to-date. A number of developments of this type are now in the advanced planning stage, including a $31,000,000 project by Pacific Petroleums Ltd. to build one of the world's largest natural gas processing plants in Alberta and a 577-mile pipeline across Western Canada.

A question which logically occurs to anyone considering the outlook of the Canadian petroleum industry is: what happens after 1963 when the National Oil Policy terminates? It is known that the Canadian Government is studying this matter but as yet there has been no announced decision to extend the Policy beyond 1963 and to set new production goals for future years. However, even if no such action is taken, the prospects for the Canadian industry are promising. The Canadian rate of growth of oil consumption during the next five years is expected to exceed 5% per year—more than double the U. S. rate. With an 800,000-barrel production base established under the National Oil Policy, this annual increment will be sufficient to motivate steady progress by the Canadian petroleum industry through the 1960's.

A. R. HARRINGTON

President and General Manager, Nova Scotia Light & Power Company, Limited

Several trends have been evident in the Canadian electrical power industry during 1962 which may well accelerate into the future. Not all of them are necessarily of benefit to the electrical customer. However, the power industry continued to grow, setting new records in power production, capability and sales.


A. R. Harrington

The installation of new thermal-electric capacity in 1961 exceeded new hydro-electric capacity. These installations were about 25% for hydro as against 75% for thermal. The trend continued in 1962. While the development of extra high voltage transmission or the use of direct current will render the country's still untapped but remote hydro resources available, it is likely that thermal generation will continue to outpace hydro generation.

EHV—extra high voltage—is a trend in the transmission of power which is already on the planning boards in Quebec, Ontario and British Columbia. The voltages proposed are in the 500 KV and 700 KV brackets.

The phrase, "National Grid Line," is in the news and minds of power officials more often. Nova Scotia and New Brunswick opened the first fully integrated system in 1960. Quebec and Ontario, as well as Ontario and Manitoba, have interconnections; so have Manitoba and Saskatchewan.

There are great advantages to be obtained from further interconnections as long as they are made when load and generating facilities are in suitable economic balance.

A new element entering generation of electricity in Canada is computer control. Part of the atomic Douglas Point Plan on Lake Ontario is operated and controlled by a digital computer. With larger stations and interconnections, this could be a future trend in power plant operation.

Improved engineering techniques are now giving rise to greater interest in the enormous load possibilities of electric heating. Experiments and tests are being conducted which might lead to extensive use of electrical heat in many new building units.

Taken singly or together, these half dozen trends will have far reaching results on the entire power industry. It is doubtful if any industry in the short period of 80 years has changed more rapidly than the electrical, and it is still in a period of major transition.

Our company is predicting that the increase in electric sales and revenues in our service area in 1963 will be about 8% with no increase in rates. Although employment will remain on the same level, capital spending will be considerably greater than in the past few years.

G. ARNOLD HART

President, Bank of Montreal, Montreal, Quebec

The past twelve months have been eventful for the Canadian economy. In the midst of a business expansion which had been under way for over a year, pressure developed against the Canadian dollar, leading to the fixing of the exchange value of the Canadian dollar at a lower rate. There was subsequently an exchange crisis necessitating corrective measures which included an abrupt tightening of the money supply, a sharp rise in market interest rates, cutting back of spending by the federal government and the imposition of temporary surcharges on a wide range of Canadian imports. In addition, a severe break in the stock market took place in May.


G. Arnold Hart

Nevertheless, the business expansion continued almost without pause, and for many Canadian businessmen 1962 proved to be a record year. It now seems likely that total output of goods and services for the year will be just under $40 billion, a gain of about 8% over 1961. Moreover, as price increases, on the whole, were moderate, the gain in output reflects a significant advance in real terms.

All of the major components of demand contributed to the expansion. Among the more significant gains were a sharp rise in purchases of durable goods, particularly automobiles, a strong advance in business outlays for new machinery and higher spending on residential construction.

Both imports and exports in 1962 were considerably higher than in the previous year. On balance, however, the deficit on international trade in goods and services in the first three quarters of the year increased by $81 million to $791 million, and it seems unlikely that figures for the year as a whole will show any substantial improvement. An important part of the increase in trade during the year involved transactions with the United States. Canadian purchases of goods and services from the United States in the first nine months of the year amounted to $4.7 billion, while U. S. purchases in Canada amounted to $3.9 billion.

While there is evidence that the rate of business expansion in Canada has slackened somewhat in recent months, 1962 ended on an encouraging note. Fears of an imminent recession which were fairly widespread during the summer subsided noticeably and by year-end, although prospects were mixed, most businessmen were reasonably optimistic about the outlook for 1963.

Preliminary reports of investment plans for the coming year indicate a rise in total capital spending by business on housing and on new plant and equipment. The outlook for exports, on the other hand, is uncertain in view of the possibility of slower rates of growth in some of our traditional markets. Further gains in consumer spending, however, can be reasonably expected.

On balance, therefore, it now seems likely that 1963 will see continued growth in total output, but at a more moderate rate than that experienced in the past year.

HON. GEORGE HEES

Canadian Minister of Trade and Commerce, Ottawa, Canada

For the Canadian economy, 1962 has been a year of strong advance. The quickened pace of business activity which took hold in 1961 has continued in the current year. As a result the economic gains realized in 1962 are among the largest of the post-war years. On the basis of figures available to date, Canada's Gross National Product has increased by 8% last year compared with 1961. National output in real terms has risen by 7%. This rate of growth surpasses that realized in the Free World at large and within Canada's recent history has been exceeded in only three of the past seventeen years. This expansion is all the more notable in that it has been achieved in the face of increasingly competitive world conditions which is in sharp contrast to the buoyant demand situation of earlier post-war years.


Hon. George Hees

The growth in output between 1961 and 1962 has been more pronounced in goods-producing industries than in services and a major part of the gains have been realized in sectors of industry highly exposed to foreign competition. Figures available to date show industrial production in total up by more than 8%. A number of

Continued on page 30

Continued from page 29

secondary industries have contributed materially to this advance. Approximately 500,000 motor vehicles have been produced in Canada in 1962, 30% more than in 1961 and surpassing the previous record levels of the mid-50's. Production of electrical apparatus has increased by 15%, appliances by 15% and textiles by 9%. Rising activity in durable goods industries and in construction have kept Canada's steel mills running close to capacity.

On the basis of figures so far available, materials which have shown substantial production gains so far this year compared with last year include the following:

	Percentage Increase
Steel	10
Petroleum and equivalent	17
Natural gas	44
Iron ore	44
Lumber	12
Cement	11

Expanding industrial activity has brought a substantial increase in new job opportunities. In the first eleven months of last year, 177,000 more persons were employed, on average, than in the same period of 1961. The rise in employment has exceeded the growth in the labor force and there have been 85,000 fewer persons unemployed. In 1962 there were 5.9% of the labor force unemployed compared with 7.2% in 1961 and 7.0% in 1960.

Income trends have been strong and important gains have been realized by all major income groups. Total personal incomes were 8½% higher in the first nine months of 1962 compared with 1961, while between the same two periods consumer prices were up by only 1%. This upsurge in real income has provided the basis for both a strong consumer market and increased savings. At the same time sharply higher corporate profits, accompanied by larger dividend disbursements, has given an important lift to business confidence.

Against the background of this improving business climate, more is being spent on new plant and equipment. Available information indicates that the expanded business investment program anticipated at mid-year 1962 has been fully realized. This, together with the continued rise in institutional and public building and a moderate upturn in housebuilding has stimulated activity in construction and other capital-goods industries.

Another key feature of the current expansion has been the generally strong performance in foreign markets. Figures for the first ten months of 1962 show merchandise exports 9% higher than in the like 1961 period. This follows upon a similar increase between 1960 and 1961. In other words, within the space of two years, Canada's annual sales abroad have risen from $5.4 billion to something in excess of $6.3 billion, an increase of more than one-sixth. Items figuring prominently in the past year's increase include iron ore, aluminum, petroleum and natural gas, lumber, woodpulp and a number of manufactured products. The continuing growth in exports of highly-manufactured products such as machinery and equipment and finished consumer goods is a particularly significant aspect of recent trade developments. Exports of this kind have increased by more than one-quarter over the last two years.

Strong demand conditions in Canada have resulted in higher imports, which in the first ten months of 1962 are up 12%. Much of this increase reflects the rise in prices of goods purchased abroad associated with the change in exchange rate. This means that a relatively small part of the recent growth of real demand in Canada has been supplied from abroad. This is in sharp contrast to previous periods of strong expansion when increased domestic demand gave rise to a major upsurge in the volume of imports. In the current situation a much larger proportion of the rise in domestic purchases is being supplied from Canadian sources.

The moderately greater rise in the value of imports than in exports, together with a slightly lower adverse balance on "invisible" account has resulted in a deficit on all current transactions of $791 million in the first three-quarters of 1962 compared with a deficit of $710 million in the corresponding period of the previous year. There is, however, indication of an improvement in the current balance position in the latter part of 1962.

For a number of years Canada's large deficit on current account has been covered by an approximately equivalent inflow of capital funds. In the first half of 1962 this inward movement of funds was interrupted thus giving rise to a sharp drain on the foreign exchange reserves. Quick action was taken to contain this downward pressure on the reserve position and a substantial build-up in reserves has subequently occurred.

The balance of payments difficulties encountered earlier in 1962 have in no way interrupted the upward movement of activity in the economy. On the contrary, developments arising from these difficulties have on balance given new impetus to the drive for expanded markets and increased production.

Underpinning Canada's currently accelerated growth has been the broad program of federal measures designed to speed industrial development and in particular to strengthen the competitive ability of the Canadian producer. A central feature of this program has been the action taken to bring the exchange value of the Canadian dollar into line with present needs for economic development. After running at a premium on the U. S. dollar for a number of years, the Canadian dollar was brought to a discount in 1961, and in May, 1962, was pegged at 92½ cents in terms of U. S. currency.

In the prevailing conditions of intensive international competition an exchange rate shift of this magnitude provides an important lift to the wide range of industries competing with foreign goods, both domestically and abroad. Moreover, the establishment of a fixed exchange rate removes much of the uncertainty as to future returns which, under conditions of a fluctuating rate, acts as a deterrent to the development of new lines of production in internationally competitive fields.

Other features of the government's program include the provision of more adequate credit facilities for export and other purposes, encouragement to industrial research, greatly increased assistance for technical training and various forms of financial incentives aimed at industrial expansion.

These and other measures have had the effect of materially extending the areas of production in which Canadian industry can compete and generally improving the climate for growth. To help producers take advantage of the new opportunities available, intensified promotional programs are being carried forward.

The response on the part of Canadian producers has been vigorous. A growing awareness of the need for new initiatives in industry is widely evident throughout the business community. While there are already indications of new gains being made in both the domestic and foreign markets, the beneficial effects of these new initiatives should be increasingly apparent in the period ahead. In fact the further penetration of markets arising from the new competitive strength of Canadian producers should provide a major source of stimulus in the coming year.

Meanwhile, as 1962 drew to a close there were signs of hesitancy in some of the major industrial economies of the world. Industrial production in the United States has followed an approximately level trend since mid-summer although business confidence appears now to be strengthening. In Western Europe the expectation is widespread that economic expansion will proceed less vigorously in the coming year. There has been some tendencies toward softening in international commodity markets.

Any slowing down in the outside world would mean that even greater efforts would be required if the upward momentum of the Canadian economy is to be maintained.

There are, however, important elements of strength in the domestic market outlook. The financial position of consumers is unusually strong; inventory-sales ratios are in a healthy position and businessmen seem to be planning for another good year. A preliminary survey of investment intentions of large Canadian companies suggests a level of business capital outlays in 1963 about 5% higher than in 1962. These considerations point to a significant increase in overall demand in Canada in the coming year. If, in addition, Canadian producers take full advantage of the new opportunities available to further strengthen their position in both domestic and foreign markets, the Canadian economy should move steadily forward.

While the task ahead is not an easy one, there is every reason for Canadians to look to the future with new confidence.

W. N. HALL

President, Dominion Tar & Chemical Co., Ltd.

In Dominion Tar, we are looking for 1963 to be a good year with a sales increase overall of 4 to 5%. Last year, we had forecast for 1962 an increase of 5% and in point of fact it has come to be a little bit more. We are, therefore, looking for a rate of growth in 1963, which will be similar to that in 1962.

W. N. Hall

We expect construction to maintain on the overall the 1962 level.

1963 will see a slight improvement in demand for nearly all phases of the pulp and paper and paperboard industry. In the packaging field, we expect increased demand due to the introduction and promotion of new developments in packaging.

Chemical sales will show modest gains for 1963 with continued low prices imports of chemicals. Consumer Products sales should continue to show the same growth pattern as in 1962.

G. H. D. HOBBS

President, Western Canada Steel Limited

1962 was a better year for business than many had anticipated one year ago. The country survived a foreign exchange crisis which turned out to be more apparent than real. The basic strength of the economy did not provide the atmosphere for serious difficulty in foreign exchange nevertheless one arose, thus pointing up again the importance of "attitude" as an influence in business activity.

G. H. D. Hobbs

"Attitude" will be a key factor in 1963 performance. Most of the basic problems facing Canada about which I commented one year ago are still with us. In fact, I am struck by the similarity of conditions today. To be sure we are approaching the future in a far healthier condition than we did twelve months ago, but we have not accomplished very much toward a solving of our fundamental long-term business problems.

To simplify these is perhaps to beg the question, and yet they seem to reduce to trade, jobs, and costs. Canada has been, is, and always will be a trading nation. Important changes are occurring in traditional patterns of world trade which call for positive moves by this country so as to preserve our position, vis-a-vis the European Common Market, the United States, and the Commonwealth. At the same time our labor force is expanding at a more rapid rate than jobs are appearing due mainly to somewhat less vigor in recent months in Canadian manufacturing. And to complete the circle, our internal cost structure is an inhibiting factor in our international relations.

In other words, to survive Canada must trade; to provide jobs, we must manufacture; to improve our living standards we must control, at least, and reduce, at most, our costs. Thus the country must export more processed goods at more attractive prices to provide the jobs that the experts say will be required in the next decade. This is a difficult task at any time for a nation with a relatively small population, but particularly so when traditional trading relations are changing. However, the opportunity to shift from a large supplier of raw material to a large supplier of manufactured goods in world markets is less difficult in a rapidly changing environment. We must be alert, however, else they pass us by.

G. ROSS HERINGTON

President and General Manager, H. Corby Distillery Limited

In our own industry there is still a serious cost-price squeeze to be overcome if earnings on sales in Canada are to improve, but on the other hand current activity and sales trends suggest quite favorable prospects for volume business in 1963. Further, most of our Canadian suppliers seem to have full order books with no let-up in sight and there are many signs of activity in both governmental and business circles.

G. Ross Herington

So, despite grave international problems in trade looming up, a depressing tax system, much dissatisfaction with the lack of a clear mandate for Ottawa and so on, there is at least restrained optimism in the air and a sense of determination to make 1963 a good year for business. That is, Canadian businessmen seem set to prove that they can rise to the challenge—and I am hopeful of the outcome.

LEONARD HYNES

President, Canadian Industries Limited

Shipments by the Canadian chemical industry rose about 7% in 1962, following a very modest gain in the previous year. The advance was chiefly in volume, as the selling price index for chemical products rose only slightly.

Most segments of the industry had improved sales, but particularly sharp increases occurred in industrial chemicals—a reflection of the general growth of business activity last year—and in fertilizer products, which enjoyed improved sales at home and abroad. Output of the consumer-oriented sector of the industry, which includes pharmaceuticals, toilet preparations, and paints, registered moderate gains over the previous year.

Leonard Hynes

Sales of some groups were assisted by the lower foreign exchange value of the Canadian dollar and the import surcharges imposed last June. International competition remained severe, however, owing to the build-up of new capacity in countries which formerly represented important export markets for Canadian chemical products. Significantly, the chemical products group was the only important industrial segment of Canada's export trade which failed to share in the sharp increase in Canada's export sales during 1962. Sales to the United States showed a marked improvement, but chemical shipments to other areas fell. Available data indicate that the sharpest drop occurred in exports of plastics; by contrast, Canadian imports in this category rose sharply.

Despite higher sales last year, important sectors of the industry still suffer from overcapacity and downward pressure on prices. Faced with these conditions, the industry has intensified its efforts to produce and distribute chemical products more efficiently.

It is estimated that capital expenditure by the chemical industry in 1962 reached about $114 million, or about $10 million less than forecast early last year and $35 million below the peak year, 1957. Plants were installed for products new to Canadian manufacture, including cyclohexane, sorbitol and polybutadiene, but the chief emphasis was on new or expanded producing capacity for established products such as caustic soda and chlorine, phosphates and urea.

The outlook for general business conditions going into 1963 is less certain than a year ago. There are indications that some of the forces which bolstered the Canadian economy in the 1961-1962 period, such as an upsurge of government expenditures and a sharp advance in exports to the United States, may be moderated this year. On the other hand, the closing months of 1962 saw the trend of business activity being influenced by rising international tension.

Recent estimates of capital spending by the chemical industry in 1963 appear to reflect this uncertainty; for the second successive year there may be a decline in capital expenditures on chemical plant, perhaps to $100 million or a little less; although of course one major project in this industrial segment can change the picture quickly.

In major projects announced or under way, the emphasis continues to be on expansion of capacity for existing products, including olefins, polyethylene and also, for the first time in the Maritimes, caustic soda and chlorine. New products for which capacity is being built or projected include isocyanates, acrylonitrile-butadiene-styrene terpolymer and helium. In contrast to the past few years, there is now a marked slowing down in the growth of western petrochemical sulphur capacity, reflecting completion of the first expansion phase of natural gas exports. Some further sulphur capacity will follow, however, from the first major project, now approved, for the extraction of oil from the Athabasca tar sands.

A significant trend is the growing participation of petroleum companies in the chemical field, either through direct production or by a tie-in with a chemical company as in the case where a major oil company will supply naphthas for ethylene, propylene and acetaldehyde operations in Quebec.

The chemical industry in common with most other secondary industries in Canada has a substantial interest in the outcome of the United Kingdom-E. E. C. negotiations. The prospect of continued favorable entry of Canadian chemical products into the United Kingdom and expanded sales to Europe is not promising. Some Canadian producers are meeting changing export conditions by undertaking production in Europe. As an important supplier to resource industries, the Canadian chemical industry has also a vital indirect interest in future markets in Europe for Canada's mining and forest products.

Likewise, the industry is attempting to assess the impact on its operations of the new trade liberalizing program of the United States and the apparent shift in Canada's commercial policy toward arriving at new trade alignments within the framework of that program. In common with other producers in Canada, chemical manufacturers are re-examining their strengths and weaknesses and preparing to meet the new competitive environemnt which is evolving.

Evidence of an intention to deal successfully with changing competitive conditions is shown by the marked expansion of research facilities within the industry and the formation of the Canadian Chemical Producers' Association which will concern itself, among other things, with an examination of long-term problems facing the Canadian economy and the chemical industry in particular.

H. R. JACKMAN

President, Dominion and Anglo Investment Corp., Ltd.

For the Canadian economy, 1962 has been a year of strong advance. The quickened pace of business activity which started in 1961 continued in the recent year. As a result the economic gains realized in 1962 are among the largest in the post-war years. On the basis of the latest published figures, Canada's Gross National Product in 1962 was approximately 8% higher than the 1961 aggregate. This rate of growth surpasses the average realized in the Free World and within Canada's recent history has been exceeded in only three of the past seventeen years. This expansion is all the more notable in that it has been achieved in the face of increasingly competitive world conditions.

H. R. Jackman

This growth has been more pronounced in production industries than in services and a major part of the gains have been realized in industries highly exposed to foreign competition. For instance, 500,000 automobiles were produced in Canada in 1962. This is an all-time record level and 30% above 1961. Similarly, iron ore production was up 44%, petroleum up 17% as a result of the National Oil Policy, natural gas up 44%, and steel production up 10%.

Underpinning Canada's currently accelerated growth has been the broad programme of Federal measures designed to speed industrial development, and in particular to strengthen the competitive ability of the Canadian producer. A central feature of this programme has been the pegging of the Canadian dollar at 92½c in terms of U. S. currency.

Canada's chronic trade deficit with the United States, together with an adverse balance on "invisible" account, continues to make the correction of our imbalance of payments a paramount political and economic objective.

Turning to 1963, it would appear that the general increase in activity will be more modest than in 1962. Industrial production in the United States has followed an approximately level trend since mid-summer although business confidence appears now to be strengthening. In Western Europe the expectation is widespread that economic expansion will proceed less vigorously in the coming year. There have also been some tendencies toward softening in international commodity markets.

These are, however, important elements of strength in the Canadian domestic market outlook. The financial position of consumers is unusually strong; inventory-sales ratios are in a healthy position, and businessmen are predicting a good year. A preliminary survey of investment intentions of large Canadian companies suggests a level of business capital outlay in 1963 approximately 5% higher than in 1962. These considerations point to a relatively high degree of overall demand in Canada during 1963.

In our review of the stock market last year we suggested that 1962 would not prove to be as favorable to investors as 1961. The stock market decline during the first part of 1962 was not quite as severe in Canada as it was in New York, and Canadian stocks participated fully in the subsequent recovery. At the time of writing the Toronto Industrial Average is approximately 5% below the level prevailing a year ago, while American stock averages are approximately 10% lower than at this time last year.

We feel that the higher earnings and dividend payouts which materialized during 1962 together with good prospects for business in 1963 give the market a much firmer base to sustain the present high level of stock prices. Any further extended market rise will depend not only on increased productivity, but on the ability of industry to maintain and improve profit margins.

The fear of recession has been replaced with hope for reasonably good business in 1963. The restoration of confidence and the lift given the American economy by President Kennedy's firm stand on Cuba has been reflected in Canada. The expected reduction in American income taxes in 1963 may set the pattern for later reductions in Canada. While the fear of commodity inflation has disappeared due to the continuing overcapacity in most lines of industry, a deliberately easy money and low interest policy and the prospect of large government deficits raises the possibility of monetary inflation. The rapidity of the recent stock market rise may invite some profit taking over coming weeks and the generous appraisal of current earnings may lead to some consolidation. However, expansionary forces are carrying forward into 1963 and the longer term outlook continues favorable for well-selected Canadian equities.

Continued on page 32

Continued from page 31

E. H. LaBORDE

Chairman of the Board, Canadian Homestead Oils Ltd

The success of the National Oil Policy, the tremendous growth of natural gas production and the consequent sales revenues recorded in 1962 suggest a continuation of this trend in Canada during 1963. Production of petroleum liquids in 1962 averaged 739,000 barrels per day, about 15% higher than in 1961. This performance more than satisfied the Federal Government. Increased domestic markets, particularly in the Ontario area, and increased exports to the United States give added assurance that the National Oil Policy target of 800,000 barrels per day will be reached this year. It is worthy of comment that the attainment of this objective is being accomplished by the industry without undue government restriction.

E. H. LaBorde

With the Alberta-California pipeline on stream early in 1962, natural gas production leaped to an estimated two billion cubic feet per day, approximately 40% higher than the previous year. Demand forecasts for 1963 indicate that the 1962 gas production will be exceeded by at least 18%.

From the point of view of investment, it is acknowledged for the first time in the history of the industry in Canada that, except for a small number of isolated cases, sales revenues exceeded expenditures during 1962. During 1961, an exceptional year, the industry invested $710 million in exploration, development, production gas processing and transport facilities. Expenditures for 1962 on all phases of the industry are estimated at $560 million. Various segments of the industry predict that expenditures in 1963 will be greater, particularly on land acquisition and exploration.

And while the marketing growth indicates that the petroleum industry on the whole is at last attaining some measure of economic stability, there are facets of it, taken in perspective, that arouse concern.

The year 1962 will go down in history as "the year of takeovers" in which majors absorbed or gained control of several independent oil companies.

These takeovers have raised speculations that more such mergers are inevitable. Perhaps it may well be. But it is well to remember that there are many well-managed, aggressive independents which have and will continue to help maintain a strong and healthy industry.

One only needs to refer to the drilling activity in Western Canada during 1962. Analysis indicates that of the total number of wells drilled and their ratio of successes, independents surpassed the majors in this activity by more than 60% in both categories. It is obvious that an independent oil and gas company plays a significant role in exploration and development of Canada's petroleum industry.

It would not be surprising that with the need for additional oil reserves, presently down to 19 years supply by conventional lifting methods, it could be up to an independent to initiate a major oil discovery during 1963. The law of averages is on his side.

The recent tax changes by Ottawa with respect to acquisition and sale of properties between companies is another cause of concern to the industry. Briefly, it is presumed under the new legislation that land acquisitions for oil and gas rights will be considered part of exploration expenses. Conversely, moneys received from sale of oils and gas rights will be taxable. It would appear that if this legislation is interpreted in a strict sense, it will discriminate against a company wth a "tax-loss" position and favor the company with taxable income. The industry is seeking clarification of this legislation.

Looking ahead in 1963, the outlook is indeed encouraging in exploration, production and other related activities. The high level of competition in the industry suggests a greater degree of interest by the investing public. Both demonstrate faith in Canada's future.

A. T. LAMBERT

President, The Toronto-Dominion Bank, Toronto, Can.

In my view there have been several significant economic developments in Canada which have not received the attention they merit and which augur well for continued economic progress in the year ahead.

A. T. Lambert

During the past year our attention has been fixed on the abrupt turnaround in the stock market, our foreign exchange crisis, and the accompanying "austerity measures" which were resorted to by the authorities to stem the speculative pressures on our dollar. It can not be denied that these measures have proved to be successful, but other achievements in Canada point to new strengths in the economy and cast our exchange difficulties in truer perspective. Canada has had a year of solid economic growth. Gross National Product has risen by about 8% and, despite devaluation, prices have risen quite slowly in comparison with other countries. As a result, the total volume of output during the past year has risen by at least 6%. This is indeed a creditable performance and highlights the basic confidence of both consumers and producers, despite the occurrence of events which were expected to shake such confidence.

It is also significant, I think, that Canada has over the past few years, almost unnoticed, made good progress towards resolving its payments imbalance with the world. In 1956 we had a merchandise deficit with the world of over $700 million but by 1961 we had managed to convert this to a surplus and, when the final figures are available for 1962, they should reveal another surplus. When non-merchandise transactions are included, total foreign payments in 1962 still exceeded foreign receipts on current account by an estimated $900 million, but this payments deficit, sharply reduced from the $1.5 billion deficit in 1959, will again be sharply reduced in the year ahead.

I have made these observations concerning the past for they lead me to believe that 1963 will be a year in which Canada will make even more progress in these problem areas. I am convinced that the Canadian economy is now experiencing something more than a "normal" cyclical movement. Were the latter the case we might expect a recession year of very slow growth in Canada. However, the same structural pressures, which inhibited growth until recently, seem to have reversed themselves and appear to be encouraging expansion in the Canadian business community. Evidence of this is seen in our manufacturing industries, which, for several years, have experienced little growth. This important sector of the economy is now enjoying the best rates of expansion since 1955. Nor is this improvement entirely due to devaluation or the imposition of temporary tariff surcharges. The former have yet to yield their maximum impact upon these industries, and the latter were imposed too late in the year to effect the trends I have noted.

My comments may come as a surprise to our American friends who perhaps have only been reading of our difficulties in Canada. I, therefore, hasten to add that our difficulties still linger, though we are making good progress towards their solution. It is not improbable, for instance, that Canada might experience a 3% gain

Continued on page 33

Stock Valuation And Outlook for Equity Prices

Continued from page 3

reflection of long-term value, however, is so overshadowed at times by short-term speculation as to be virtually unrecognizable. We should remember that news is only "news" when it is exciting and changing. When it becomes stale, news tends to lose its force and to be disregarded. Our present methods of communication and the growth of public relations experts have fostered the creating of images and the making of interesting and exciting news, even though it may not really exist. The hard core of underlying economic change thus becomes submerged by the excitement of current news. When these waves of mass psychology become established, they are well-nigh irresistible. Even the most cautious and conservative investor finds himself caught up in the chase for the quick and easy profit and willy-nilly become a speculator.

Resisting Recurring Speculative Fevers

I cling to the idea that in the long run, earnings are the determinant of stock prices. What ought to be, will be, but in the stock market the "ought" is often a long time coming. Even though the investor had the fortitude to stand aside for long periods when the market was going against his position and large profits seemed to be slipping by, the time lag is often so long as to lead one to question seriously the extent to which these recurrent speculative pressures should be resisted in their early stages. It is not enough to be right—we must be right at the right time. There are many stories, for example, of those who correctly appraised the overbought condition of the market and sold out in 1928, only to find that they could no longer resist trying for the profits which their friends presumably were making and repurchased to their sorrow much closer to the 1929 highs.

The market since the end of World War II provides an excellent media in which to examine this conflict between the underlying economic trend and emotion.

The Market After W. W. II

We entered the postwar period with a vast accumulated demand for all sorts of consumer goods both here and abroad, a worn out and inadequate plant in which they might be manufactured, an insistent demand for housing and a money supply accumulated during the war years greatly in excess of the needs of the economy. Furthermore, those demands were coming at a time when the labor supply was suffering from the low birth rates of the depression years of the 30's. A truly inflationary situation — an excess money supply and the demand for goods in excess of productive capacity guaranteeing a high level of business activity and upward price pressure for years to come. Yet, the stock market apparently was living in a different world. From the third quarter of 1946 to the end of 1949, earnings rose sharply, while stock prices moved sideways with the result that the price/earnings ratio dropped from 11 to 6½. From the 1949 low the market did begin to move ahead, while the earnings gain slowed, but stocks in general were still selling at 8½ times earnings in the third quarter of 1953. Disregarding the strong economic underpinnings created by the long war years when the consumer was starved of goods to make way for war material, the stock market listened only to the more exciting spot news which was filled with dire prophecy of unemployment, postwar recession and collapsing prices.

When the Market Finally Moved

It was not until 1953 and 1954 that the market really began to believe that perhaps good times were here to stay, and the investor was again willing to pay as much for earnings as in the fall of 1946.

By 1957 earnings had continued their modest rise, but prices rose even more, and the price/earnings ratio reached 14 or over twice that which prevailed in the immediate postwar period when earnings were rising sharply. By 1958 the more insistent consumer demands had been met, excess plant capacity had been built and Western Europe was again beginning to compete for export markets. For the time being, the postwar inflation was over, and yet it was at this point that inflation, the vision of the Golden 60's, electronics and space became the news of the day to create the cult of the growth stock. Over the past five years corporate earnings in the aggregate have not advanced, but prices rose another 40%. The security analyst fell back into using cash flow instead of net earnings and stressed a better quality of earnings to justify a price of 20 times earnings for the market as a whole, and much higher prices for the glamor stocks whose earnings had in fact continued to rise.

Realization Mood of 1962

Then came 1962. Realization was slowly beginning to creep into financial and market writing that the Golden 60's somehow had been sidetracked and instead of being right around the corner had been pushed off into the latter half of the decade, if not later. Corporate cash flow and rising liquidity were not leading to investment at previous rates and in retrospect perhaps provided the first clue to waning confidence. Even worse, the much advertised rising trend of earnings of the glamour companies was flattening, or in some cases actually disappearing. Finally came the steel wage/price controversy to provide dramatic news. Within a matter of weeks, the market retreated to the 1957 highs to sell at 15 times earnings and erase the gain of five years. I do not for a minute believe that the latter event deserves the blame which it has received for the collapse in confidence and prices. Nevertheless, it did provide the dramatic and unexpected news, which was news, to awaken the investor to a situation which had been five years in the making.

Recalls Prediction of Five Years Ago

In speaking five years ago to the same group to which this paper is addressed, on the subject of the economy ten years hence, I suggested that during the first half of the period the economy would be advancing below our potential and would then catch up to the secular growth curve as the decade closed. In

Continued on page 34

Continued from page 32

in exports in 1963 and a similar drop in imports. Such movements in our favor would cut our payments deficit in half, not an unlikely event over the next 12 months.

This new optimism is already apparent in the business and investment community, for capital formation in the private sector in Canada is on the rise and, after having risen by 5% in the year just passed, should rise at a similar rate in the year ahead. Similarly, the foreign investor now appears to be convinced of the soundness and efficacy of our new fixed exchange rate and has provided proof of his conviction by once again investing in Canada. The inflow of both long and short-term funds has enabled us to build our foreign exchange reserves to a much more comfortable level. This provides us with far greater assurance concerning our ability to maintain what I believe to be a proper exchange rate for the Canadian dollar.

I should like to end with the thought that Canada can not, of course, make the kind of progress which I expect, unless the world economic climate is favorable. But given that assumption, I believe that we will make further progress next year and participate in the development towards improved international trade relations.

H. J. LANG

President, Canada Iron Foundries, Limited

In 1962 the Canadian economy will record one of the highest annual increases in Gross National Product since 1956. Canada Iron experienced a particularly active year reaching a new peak in volume of sales. Government austerity measures taken at midyear had the effect in some sectors of retarding expansion through tighter credit and higher interest rates. This also contributed to a continuation of low price levels. It can be anticipated that the time has come when the selling price of many products will undoubtedly have to improve to that adequate earnings will be available for development programmes and the improvement of facilities necessary in the long term interests of the companies.


H. J. Lang

Recent encouraging signs, among them lower interest rates and an active stock market, suggest that the prospect is for a moderate renewal of business expansion in 1963. Excess productive capacity continues to exist in many industries although there appears to be progress towards greater efficiency resulting from the re-alignment of products and manufacturing facilities. The primary influences on the course of the Canadian economy in 1963 will be government policies toward the manufacturing industries and the results attained in export trade.

Canada Iron contemplates a strong market for capital goods both by government for public works and industry for new plants and equipment. This outlook and further consolidation of manufacturing operations should provide a satisfactory volume of sales at better profit margins.

H. E. LANGFORD

President, Chartered Trust Company, Toronto, Canada

The most newsworthy events on the Canadian Economic Scene in 1962 were the sharp decline in stock prices in May followed by the exchange crisis in June. Both of these events have been commented on and analyzed at length; further comment at this stage would be redundant and untimely. It is of interest, however, that the Toronto Stock Exchange Industrial index closed at 575.15 on Friday, Dec. 28, well above the May 28 closing of 557.96 and above the mid point between the high of 629.06 and low of 503.17 for the year. Similarly, Canada's exchange reserves (including $400 million of stand-by credits) at the end of November were a record $2.6 billion, after repayment from the stand-by credits received from the U. S. A. and the U. K. in June. The bank rate has been reduced in three stages from the 6% fixed at the time of the exchange crisis to the present 4% and the contraction in the money supply from June to September has been reversed—an increase of $402 million, about two-thirds of the previous decline, having been registered between mid-September and November 28. While problems remain, the worst of the two crises is now behind us.


Henry E. Langford

Turning to other facets of the economy, the seasonally adjusted index of industrial production in October 1962, was 189.3 compared to 183.8 in October, 1961. Retail sales for the January-September, 1962 period totaled $12,605.4 million, a gain of 4.2% over the comparable period of 1961. Merchandise exports from January to October, 1962 amounted to $5.239 billion, 8.6% over the comparable 1961 figures and imports were $5.276 billion, 11.6% above the previous year. These figures disclose a trade deficit for the ten months of $36.7 million compared to a surplus of $93.4 million in 1961 but the picture is not as dark as these figures suggest. October figures show an impressive gain of $59.2 million in exports whereas imports increased by only $17.2 million. The dramatic increase in exports has resulted from the export drive which is now gathering steam and the restrictions on imports imposed at the time of the exchange crisis. This trend is expected to continue.

In spite of the two crises referred to, 1962 was on the whole a fairly prosperous year for Canada as the above brief statistics illustrate. As the year draws to a close, a surplus of productive capacity in most industries is still evident. While unemployment has decreased—5.8% of the labor force being unemployed in October 1962 compared to 6.6% in October 1961—it is still a problem.

Politically, 1962 has produced its share of problems. The inconclusive general election in June left the Diefenbaker government in the unsatisfactory position of having to rely on the support of the minority Social Credit Party to remain in power and to retain that support may well have to compromise on certain policies. The opinion has been expressed that it was pressure from the Social Credit Party which prompted the government to make the drastic reduction of the bank rate from 5% to 4% on Nov. 13, instead of a more moderate reduction. Be that as it may, it is well known that the Party is strongly in favor of an easy money policy which may well lead to a certain amount of friction if the exchange situation deteriorates and the Bank of Canada deems it necessary to again raise the bank rates as a defensive measure. In the provincial field there have been several general elections and in every case the party previously in power was re-elected so that there should be stable political conditions in the provinces for the next 12 months. On the international scene, President Kennedy's strong stand on the Cuban situation has helped to clear the atmosphere to some extent and relations between the two great power blocs are expected to be somewhat less tense over the next few months. The China-India border dispute continues as a trouble spot, whether fighting is resumed or not.

In considering the outlook for 1963, study of internal conditions leads to the conclusion that the Canadian economy will continue at more or less its current pace over the next 12 months subject, however, to whether or not a general election is held next spring and the results of that election. The present government, in pursuit of its austerity program, will curtail public works spending but spending by provincial and local

Continued on page 34

Continued from page 33

governments is expected to counteract that reduction. Housing starts will probably decline but it is hoped that the export drive will stimulate the manufacturing industries. Spending by secondary manufacturers and utilities for new facilities will increase but primary industries such as mining and forestry are expected to reduce their expenditures. A stimulant to the economy is the strength of consumer spending. Incomes are high and rising. Purchases of cars and other durable goods in 1962 have been better than expected and the trend is continuing. A similar trend has been observed in the United States of America.

Since Canada is so dependent on economic conditions in the United States, the probable effects of the following factors have been considered:

(1) It is estimated that housing starts in the U. S. A. will decline to a level 4% below 1962.

(2) The ratio of total inventories to sales is at a comparatively conservative 1.5 times. The brisk rate of sales in recent months has led to the belief that inventory accumulation over the next few months is a definite possibility.

(3) Steel inventories are particularly low and as the labor contracts in that industry are due for re-negotiation at mid-year, a substantial build-up in the early part of the year has been forecast.

In view of the opposition which has been expressed by leading U. S. legislators to any tax reductions without a corresponding decrease in government expenditures, Mr. Kennedy's much-heralded tax cuts cannot be adequately considered at this stage.

Summing up the situation, the positive factors outweigh the negative ones and the outlook for 1963 is for continued economic health for Canada, with moderate growth. If the export drive continues strong and the trend towards increasing consumer expenditures gains momentum, it may well be that in the second half of the year the slack in productive capacity and unemployment will be less noticeable. In that event, the close of the year should see the beginnings of another growth period, similar to the mid-1950s.

TOM LAWSON

President, Lawson & Jones, Ltd.

The outlook for the commercial printing industry in Canada for 1963 appears to me to be a continuation of our experience in the past year, namely increasing volume with decreasing margins.

The Canadian Government's June 25th Emergency Program is most certainly helping in three ways. The extra emergency tariff surcharges imposed on imports and the increased foreign exchange differential in many cases make it more costly to bring foreign printed material into Canada. And the attention of Canadian businesses is now more firmly focused on the urgency of reducing their purchases from beyond our national borders. The message of the Canadian Manufacturers' Association "Buy Canadian" is becoming more and more effective. But there is still a volume of printing entering Canada, estimated in excess of $200,000,000 per year from the United States alone.

With higher Canadian printing paper costs, higher costs of machinery, and with the combination of very high American duties (and difficult administration procedures against Canadian printing), it is virtually impossible to export to the United States. Equality of treatment on printed products at the Canadian-United States border would be a very welcome move indeed for Canadian printers.

Faster and more efficient machines are being widely installed in Canada, and most of the basic printing processes are being improved. However, many companies are finding it difficult to generate capital to finance these purchases on their own, and to increasing degree these purchases are being supported by suppliers and other outside sources.

The upward pressure on wages and downward pressure on hours, by strong and generally responsible international unions, with headquarters in the U. S., continues. Our tradesmen are deservedly amongst the highest paid in industry and will undoubtedly achieve new high levels of income during 1963.

The latest industry pretax profit levels in the printing industry in Canada, indicate that these are approximately the same as the United States—namely 4¾ cents per dollar of sales. I would look for a slightly reduced level of profits per dollar of sales during the coming year.

But because of the high level of economic activity that I look for in 1963, the printers in Canada should have profits comparable with this year.

HON. GERARD D. LEVESQUE

Minister of Industry and Commerce, Province of Quebec, Canada

The gross value of production, 6.3% higher than last year, personal disposable income 4.5%, the Government's allotment of 60.1% of its net expenditures to education, health and welfare in 1962-63—these are the three predominant factors which have gained proportions of major importance in Quebec.[1]

Gerard D. Levesque

In 1961-1962 good business conditions generally, coupled with the allotment of Government spending to undertakings of an urgent nature, made this period one of the most dynamic of the past five years in every sector of the economy.

According to a preliminary study and based on the most recent data, it has been estimated that the gross value of Quebec production would exceed $11 billion, personal income, $6.7 billion and personal spending on goods and services, $6.3 billion. This growth is due to the expansion of population, employment, production, public and private income and spending.

Population and Employment

The population of Quebec in July 1962 (most recent estimate) had reached 5,376,000, a rise of 2.1% over the previous year. It will increase by 12.3% and 26% in 1966 and 1971, respectively. Presently, the Quebec population represents 28.9% of the Canadian total.

The labour force has and will follow the population trend but at a more rapid percentage pace: 4.2% in 1962, 14% in 1966 and 27.9% in 1971.

Insofar as employment is concerned, a decrease in the rate of increase was noted in the industrial sector. It showed an upward trend in the service sector and a regular decrease in the agricultural sector.

The combined industrial and service sectors show a gain of 5.3% (yearly average). In the agricultural sector, the decrease was 7.8%. This sector accounts for only 7.6% of the labour force.

Production

Between the second quarter of 1961 and the third quarter of 1962, Quebec showed considerable development in all branches of the production sector, to which the following table bears witness.

Variations in the Gross Value of Production By Sector, in Percentages, 1962-1961

Agriculture	+14.1
Forests, cut wood	+ 6.5
Mines and quarries	+14.7
Fisheries	+ 5.5
Furs	+11.7
Electricity	+ 5.2
Manufacturing	+ 3.5
Construction	+ 7.5
Value of Gross Production	+ 6.3

This exceptional expansion in Quebec, consequent upon economic recovery in the North American hemisphere, is also the result of a series of Government measures in the economic and social welfare fields; technical organization for the rational development of small business and

[1]The figures presented here were compiled by the Economic Research and Forecast Division of the Department of Industry and Commerce and are estimated from data of the past months only.

Continued on page 35

Stock Valuation And Outlook for Equity Prices

Continued from page 33

terms of the averages, one's stock position could have been sold and replaced with medium-term United States Government or tax-exempt bonds at improved yields. And yet I believe that had the typical long-term investor sold out at that time, five years before the break finally came, he would have been wrong. For where do you find the individual strong minded enough to stand aside through such a long period of advancing prices? As with the person who sold out in 1928 to come back in 1929, the temptation to reinstate his position at higher prices with subsequent losses would probably have been irresistible.

In retrospect, we find a lag during the years since the end of World War II of some five years between the termination of fundamental economic trends and the stock market's awareness of these slow moving, but powerful, trends. In the first instance, blindness to the high level economy guaranteed by the war years and, more recently, a disregard of the end of the catching up process, the creation of overcapacity and the development of other fundamental forces leading towards general price stability, in favor of the more glamorous spot news of the moment.

Recently Improved Confidence

The improved international stature of the United States following the Cuban crisis, the better than expected automobile market of last fall, and the budgetary deficits in prospect for 1963 have been coupled with the assumption of an early tax cut to form the basis for a restimulation of inflation psychology. The market has recovered over 50% of the 1962 decline. The price/earnings ratio is back over 18. In appraising the outlook for 1963, we must decide whether the revival of inflation psychology is based upon sound economic grounds that will justify its continuance. Did the decline of last year represent the first rude awakening to economic reality and the start of a return to evaluation of earnings more nearly consistent with the past, or merely a temporary interruption of a long-term trend towards an ever higher evaluation of earnings? In my opinion it should be interpreted as the former. If so, we may look forward to an extended period during which market psychology changes, and the stock buyer slowly readjusts his sights to a lower capitalization of earnings.

Inflation's Dormancy

Political action working through the media of monetary and fiscal policy can influence, but not create, fundamental economic trends. The balance of payments and gold outflow problems can be expected to put a damper on excessively easy money and very low interest rates. Barring a "hottening" up of the cold war to force curtailment of the production of civilian goods, inflation will continue to be dormant for some time to come. Not until the second half of this decade when the 25 to 30 year age group again begins to increase can we expect markets to develop which will again so press upon productive capacity as to turn our economy, dominated for the past five years by nondurable goods and services, into the capital goods economy which is necessary to bring into being the psychology leading to these periods of speculative frenzy.

Investment Advice

If the past is any precedent, the stock market by this time will be thoroughly indoctrinated to the idea of deflation. It will not be until gossip of quick profits becomes the order of the day at the ladies' afternoon bridge, the dinner table or the barber shop that we will rekindle the psychology typical of the frenzied buying of major bull markets. Until then, I think we should seek investment outside the capital goods industry and direct investment towards a concentration in consumer oriented nondurable goods, leisure time and service industries. Above all, we should be on guard against paying an historically high price for earnings.

Role of Government

For some time to come I expect fundamental economic forces will be making for price stability and possibly deflation in those areas subject to international trade. We may also look forward to increasing government influence in business wage and price policy. The Trade Bill of 1962 incorporates the philosophy of direct subsidy for those companies whose business may be hurt by tariff adjustment. There is little evidence that the idea of big government does not continue in the ascendancy. If a 1963 tax bill is to be argued as necessary to combat a weakening economy and to provide incentive for capital investment in a worldwide economy of stability and deflation in contrast to present tax legislation which was appropriately designed to fit postwar inflation, the news of the day will hardly foster the psychology of inflation impelling the stock buyer to pay ever higher multiples for earnings.

Favor High Proportion of Equities

I firmly believe that the investor should continue to hold a high proportion of common stocks, for only by this means may one participate in the growth of our economy. I further believe, however, that in 1963 one should not expect much, if any, over-all rise in the value of the stock market as such. I expect common stock prices to be geared closely to the growth of earnings, rather than to find a willingness to pay ever higher prices for a given level of earnings. The stocks of those companies whose managements succeed in maintaining an above-average rate of earnings growth should continue to capitalize earnings at a higher price than the market as a whole, but at relatively lower absolute multiples than in recent years. Over the years, such common stocks should provide profitable investment even though temporarily bought at too high a price, but it may take longer.

*An address by Mr. Morehouse at the 16th annual forecasting conference of the Chamber of Commerce of Greater Philadelphia, Philadelphia, Pa.

Continued from page 34

the expansion of the agricultural market boosted the economy. The increased spending for health, welfare and education was also reflected in the economic growth of Quebec.

Income

Disposable personal income will probably reach over 6.7 billion dollars (4.8% more than in 1961). Salary and wages in the manufacturing sector alone amount to $1,802 million.

The net income of farmers would be in excess of $194 million and this, considering the particular aspects of this sector, constitutes an appreciable gain in view of the decrease in the number of people engaged in farming as well as in the number of farms.

Corporation profits before taxes would be superior to 1961 and would reach $1.1 billion.

Government revenue, according to estimates, would be 16.7% more than the preceding fiscal year.

Public and Private Expenditures on Goods and Services

The total of public and private expenditures on real estate, goods and services will be in excess of $8.9 billion, of which 30.9% in investments and 69.1% on goods and services.

Personal spending will be 5.8% higher in 1962 than in 1961; investments 7% and government expenditures 12.41%.

Quebeckers would have spent on rent and household expenses $2,346 million; for food, $1,687 million; for clothing $714 million; medical care $417 million; transportation $758 million and on miscellaneous items $708 million.

Of the $2,090.3 million invested in 1962, $1,063.1 million went into non-residential construction, $625.5 million for machinery and equipment and $401.7 million for housing.

The Government of Quebec, during the two consecutive fiscal years (1961-1962, 1962-1963) has and shall allot 53.3% and 60.1% respectively of its net spending to education, health and social welfare. In comparing the expenditures for these items in 1962-1963 with the net total expenditures of the fiscal year 1960-1961, the ratio represents 97.6%.

In conclusion, we may say that the economic climate is good, despite a few structural difficulties. We would like to add that understanding and collaboration, which has become increasingly indispensable between all elements of society and the Government, could establish a healthy environment for the economic and social development of Quebec.

HERBERT H. LANK

President, Du Pont of Canada Limited

Sales of chemicals and related products in 1962 were approximately 10% above the level of the preceding year. A somewhat greater advance might logically have been expected in view of the strong underlying growth in the demand for chemicals and the substantial improvement exhibited by general business conditions. The explanation is to be found in the increasingly greater difficulties encountered by Canadian producers in forging their way into export markets. The expansion of the chemical industry abroad has the effect of reducing Canadian exports, and this tendency is likely to become even more marked in the years ahead.

Herbert H. Lank

Sales of most industrial chemicals advanced during the past year. The demand for man-made fibres and other products serving the consumer market was particularly strong although some inventory accumulation towards the year-end suggests the possibility of a brake on a further increase this year. Plastics, which is one of the fastest growing sections of the industry, again achieved a significant gain, but the advance in 1962 was less than that of prior years because of the import competition offered by excess supplies throughout the world. For most other products the growth of markets has reduced the excess Canadian capacity of a few years ago to a more normal level.

For 1963, the Canadian chemical industry will benefit from the high level of general business activity expected to last at least throughout the first half of the year. How long the industry will continue to be stimulated by the surcharges and the depreciation of the dollar, which were important factors in the industry's high level of production and sales in 1962, cannot, of course, be predicted. But if the present competitive position opposite world producers is maintained by surcharges or other equally effective measures, the rate of increase in chemical production exhibited in 1962 should continue throughout most of the coming year.

A. NEIL LILLEY

President, Texaco Canada Limited

The pace of the Canadian economic activity in 1962 has been somewhat stronger than was generally forecast about this time last year.

Indications are that the Gross National Product will increase by about 7%, reflecting gains in most sectors of the economy. The devaluation of the Canadian dollar, good crop conditions in western Canada and a high level of new car sales were among the factors contributing to the general buoyancy. Improvements in foreign trade, capital spending, industrial production and employment were achieved.

A. Neil Lilley

Production of crude oil, along with condensates and liquified petroleum gas, for the year should reach beyond the mid point of the national oil policy initial (640,000 b/d in 1961) and final (800,000 b/d by the end of 1963) targets. Natural gas output rose by about 40% to a new peak level of approximately 2 billion cubic feet per day under the impetus of increased exports through the newly completed Alberta-California big inch pipeline.

The economic outlook for 1963 allows for cautious optimism. Most of the principal economic indicators add up to a pattern of further growth, although the pace will moderate as we proceed into what appears to be a leveling-off in the current business cycle.

The year 1963 should show a rise in petroleum demand of close to 4%. Present indications point to an increase of over 8% in the average daily production rate for liquid hydrocarbons to a level approaching 800,000 b/d, and peaking to a slightly higher level by the end of the year. This means that the main objective established under the National Oil Policy should be achieved.

The outlook for the petroleum industry in 1963, in summary, is for moderate growth with production and demand reaching record levels.

HON. W. S. LLOYD

Premier, Province of Saskatchewan

The year 1962 will go into the record books as the first year of definite growth in the Canadian economy in per capita real terms since 1956. In terms of current market prices, the consensus is that Canada's Gross National Product in 1962 will have increased by about 8% over the 1961 level.

Looking ahead, it appears to me that the level of business activity in 1963 will be somewhat higher than

Continued on page 36

Continued from page 35

it was in 1962, although the rate of growth in Canada's GNP will not exceed 3½-4%.

The mild recession which many observers predicted for the end of 1962 did not materialize. Nevertheless, there are grounds for caution as far as the outlook for 1963 in Canada is concerned. The slowdown in some sectors of Canada's economy which became apparent in the latter part of 1962 indicates that the 1963 gains will prove modest compared with 1962.

Recession danger signals which appeared so prominently after the May 1962 stock market collapse appear, for the moment at least, to have been replaced by a fairly general feeling of optimism and confidence.

The relaxation of some of the austerity measures imposed during Canada's balance of payments difficulties have served to further strengthen public confidence.

It appears that this renewed optimism and confidence has already led to a major increase in Canada's non-farm business inventories in the third quarter of 1962. The recently published national accounts show that this was the largest increase in seasonally adjusted terms since the first quarter of 1957.

Another positive factor in Canada's economic recovery in 1962 was the bumper harvest of 1962. The favorable effects of the excellent harvest are especially noticeable within the Prairie region. Saskatchewan reports, for instance, indicate an all-time record high in gross and net commodity production; in corporation and personal income; in private and public investments; and also in retail trade.

It should be kept in mind, however, that the Canadian economy in 1962 seemed to spurt forward mainly by comparison with the unsatisfactory growth since 1956. The inherent weakness, overshadowing the outlook for 1963, stems from the absence of dynamic forces in the Canadian economy capable of propelling it forward for any prolonged period of time. For example, there does not appear to be a pent up demand for consumer goods and services such as existed after World War II; or a boom in the capital goods industry of the type which prevailed in the period 1955-57.

Nevertheless, a sector by sector analysis of the Canadian economy seems to indicate that any slowdown in 1963 will be mild in terms of declines in the volume of physical productivity. It seems likely, however, to be considerably more servere in terms of unemployment.

With an expected continuing increase in personal disposable income and an increase in consumer confidence, consumer spending, which contributed relatively little to the economic upturn of 1962, should remain fairly strong throughout 1963.

Government spending will continue to have a stimulating effect on the economy in 1963, particularly at the provincial and municipal levels.

Business capital investment should also show a moderate increase, although present excess capacity in many industries is a definite limiting factor.

The more serious limitations, however, may arise from a return to more "average" farm production yields in 1963, together with a reversal in the increase in business inventories.

Summing up, in spite of the chronic balance of payments problem and the exchange crisis, 1962 has proved to be a good year for the Canadian economy. Looking ahead, it seems that economic conditions will remain relatively strong during the first six months of 1963, but some weakness may be expected to appear during the latter half of the year.

L. F. LONG

President, Building Products Limited

The year 1962 was a weird year for Canada in economic and fiscal affairs. Having decided in 1961 that the retarding influence in Canada's economy was the premium on the Canadian dollar and that the reason for this premium was the pressure of capital funds flowing into Canada from the United States, the Government proceeded to discourage this capital flow by various means such as taxes on dividends going out of the country, legislation requiring replies to additional questionnaires by foreign owned companies, low interest rates and by general propaganda of a nature discouraging foreign capital. The Federal Government was ably assisted by the action of British Columbia in taking over the privately owned B. C. Electric Co. at a Government fixed price without providing for judicial review. A considerable percentage of ownership of this utility was in foreign hands.

L. F. Long

These efforts to discourage the inflow of capital were more than successful and uncovered the fact, which should have been evident before, that until Canada learned to balance its foreign trade it needed an inflow of capital in order to keep the Canadian dollar at anywhere near par. When the Government got into trouble trying to stabilize the Canadian dollar at a 7½% discount with relation to the U. S. dollar, they resorted to the so called austerity measures of reduced Government Public Works expenditures, high interest rates, special import duties and borrowing from foreign governments and international funds. These measures were intended to restore the flow of foreign capital into Canada and were successful in doing so.

On the other hand, their effects on the domestic economy were a curious mixture of inflationary and deflationary forces. On one hand the extra import duties plus the depreciation of the Canadian dollar tended to stimulate Canadian manufacturing industries; on the other hand high interest rates and reduction in public spending were deflationary in effect. Now that the exchange value of the Canadian dollar seems to be well stabilized the Government is again moving toward lower interest rates and is relaxing the import restrictions.

It is very probable that the net effect of all these moves has been to slow down what otherwise would have been a very outstanding rate of economic activity in 1962. By the same token, with the relaxation of money supply which is now occurring, it is reasonable to expect that current high rate of activity may be carried farther in 1963 than would otherwise have been the case. This will probably be true in the construction industry as well as industry as a whole although the Government's limitation of public works construction will have some adverse effect.

Residential construction has been at a moderate rate for the last three years and any increase in the rate of family formation such as can be brought about by the marriage of the war babies should be reflected in an increase in the rate of residential starts. The big increase in the school population and the spread of provincial hospitalization plans will ensure continued high rate of institutional building. Industrial and commercial building can not lag far behind with a high rate of activity in other sectors of the economy.

To sum up, it would appear that 1963 should be equal to, and could well be better than, 1962.

E. D. LOUGHNEY

President, The British American Oil Company Limited

The 1963 outlook in Canada for the producing sector of the oil industry is very good. On the other hand, industry earnings from marketing and manufacturing operations are expected to show little, if any, advance in 1963.

E. D. Loughney

It appears that for 1963 the industry production of crude oil and natural gas liquids will average close to 800,000 barrels per day, or an increase of nearly 10% over the previous year. Natural gas sales for 1963 will increase, according to our estimates, nearly 15% over the 1962 demand of approximately 2.2 billion cubic feet per day.

Exports of crude oil and condensate in 1962 averaged 235,000 barrels per day, and we expect that 1963 will show a growth of around 20,000 barrels daily. We estimate that most of the 20,000 barrel increase will be to the Puget Sound area in District V and condensate movements through the recently approved Aurora/Glacier pipe line. However, the major increase in 1963 production of crude oil and natural gas liquids will result from expansion of Canadian markets. It is estimated that this domestic market, which represented a volume of about 500,000 barrels per day in 1962, will increase by 50,000 barrels per day or 10% in 1963.

Industry sales of residue gas in 1962 increased by 40% over the previous year. The major contributing factor to this increase was the completion of transmission facilities to California and other areas of the West Coast near the end of 1961.

As a result, 1962 export demand is expected to average about 1.0 billion cubic feet per day or a little better than double the daily average for 1961.

In 1963, sales of residue gas will continue to grow substantially—not at the same rate as in 1961 and 1962 when the initial impact of the export program was felt, but still by nearly 15%.

Canadian industry sales of petroleum refined products increased by 6.0% in 1962. Sales of refined products for 1963 are expected to exceed 1962 sales by about 4%.

However, earnings from manufacturing and marketing operations, which have been depressed for some years, were adversely affected in 1962 by increases in the wellhead price of Canadian crude oil and by increases in the price of imported crude oil which resulted from devaluation of the Canadian dollar. These crude price increases were not fully reflected in increased product prices due to the continued pressure on prices for refined products, and this serious situation is not expected to improve materially in 1963.

JOHN B. LYNCH

President, Siscoe Mines Limited

The gap in silver production against world demand has effected a rise in the price of the metal which is surprising most authorities. Silver users in the U. S. had confidently claimed that, following exhaustion of the Treasury's "free stock," "fortuitous supplies will be available, as at all times in the past." This assurance seems to have "taken too much for granted". It failed to give recognition to steadily rising industrial demand and to the vast amounts that were supplied by non-mining sources since the war, as follows:

(1) In 1946, Treasury "free stocks" totalled 696 million ozs. To this, 112.5 million ozs. were added through Treasury purchases at 90.5c under the 1946 Silver Purchase Act. Today the cupboard is practically bare.

(2) During the decade of the '50's, 400 million ozs. of lend-lease silver was returned to the U. S. Only 10 million ozs. remain outstanding. This returned metal was classified in official publications (including Handy & Harman) under "imports".

(3) Authorities estimate that the melting down of national coinages to bridge the "dollar gap" in the 50's supplied a further 350 million ozs. of "imports".

While these fortuitous sources were being depleted, users were advised that a slight price rise would bring in supplies from Mexican and Chinese hoards. The Mexican myth has been exploded. The Chinese hoards may prove as illusory. In 1935, China shipped more than 300 million ozs. into the U. S. in a four month period. Over the three year period, 1934-1936, it is estimated that world markets unloaded one billion ozs. on the U. S.

Silver, meanwhile, became an industrial metal and the U. S. today must import 75 million ozs. annually for industrial purposes alone. The import gap created has been met in recent years by mining the Treasury's "free stocks". The Silver Act of 1934 authorizes the sale of Monetary Reserve silver, (which provides the backing for $1.00 and $2.00 silver certificates) at $1.29 an ounce and this reserve could become available for "mining" under present law. Congress could, however, revise this (on the basis of the experience gained from the disappearance of the Treasury "free stocks"); otherwise Treasury Fixed Price Offerings will begin again if the price reaches the $1.29 level. There are several factors which might upset this.

(1) The silver problem is essentially a mining one. The recent big advance in price has not resulted in increased production. Obviously marginal straight-silver producers are not as numerous or prolific as is the case with most of the other metals. If new mining sources of supply are to be developed, the establishment of another price ceiling will not help. An important part of Mexican production continues to come from the famous Pachuca. This mine, a leading world producer for over two centuries, is now down to a tailings operation and the end is in sight.

(2) The Congress might legislate that sales must be made on the basis of tenders. Treasury offerings between March 1959 and November 1961, made at a fixed price of 91c, cost the U. S. taxpayers $52 million.

(3) The well publicized U. S. stockpile contains no silver. Yet the metal is highly strategic. Congress might require that present holdings be conserved until such time as world production is brought into balance with world consumption. The future is a long, long time.

(4) The statistics upon which the U. S. silver policy is determined, may contain inaccuracies other than the classification of returned lend-lease under "imports". For example, the U. S. Department of Commerce Bulletin on Gold and Silver Movements released under date of October 8th, still used 91.375c as the open market price, although Nov. 28, 1961 brought this to an end in the U. S., as had happened in London months previously.

HON. ERNEST C. MANNING

Premier, Province of Alberta

The year 1962 will be recorded as one of balanced growth and development for the Province of Alberta, with the economic indicators on every front registering gains which varied from modest increases to record-breaking achievements.

Hon. E. C. Manning

A milestone was reached when the value of mineral production exceeded the $500 million mark, placing Alberta second among provinces in Canada on the basis of total value of mineral production. Production of crude oil and natural gas liquids increased by approximately 13% last year, with total production amounting to 526,000 barrels per day, an increase of 62,000 barrels over 1961. However, even at this rising rate, only about half of the province's productive capacity is being utilized.

Late in 1961 the Alberta Southern natural gas pipeline, which was built primarily to serve the California market, was completed. The effects of

Continued on page 37

Robson Pres. of McLeod, Young New York City

J. S. Dinnick, President of McLeod, Young, Weir & Company Limited, has announced that Fremont W. Robson has been elected President of McLeod, Young, Weir, Incorporated, 1 Chase Manhattan Plaza, New York City. Lloyd Clearihue and James A. M. Stewart have been elected Vice-Presidents and directors.


F. W. Robson

Mr. Robson joined McLeod, Young, Weir, Incorporated in 1958 as Secretary and director and was named Executive Vice-President in 1961. Mr. Clearihue has been associated with the firm since 1961 and Mr. Stewart joined the organization in Canada in 1953 and has been with the U. S. firm since mid-1955.

McLeod, Young, Weir, Incorporated is a wholly-owned subsidiary of McLeod, Young, Weir & Company Limited, Toronto, which has branch offices in the major cities across Canada. Both companies are investment dealers and underwriters specializing in Canadian government, municipal and provincial bonds and in public utilities and industrial securities. Direct wire connections are maintained between the New York firm and the Canadian offices who, with affiliates, are members of all recognized stock exchanges in Canada.

New Quotron Tape Service

Complete and accurate stock market information on inexpensive magnetic tape is being offered to the investment community by Scantlin Electronics, Inc. for bankers and brokers to utilize in their own data processing systems for trust account pricing, stock action analysis and portfolio evaluation.

John R. Scantlin, President of the electronics firm, said closing stock prices as well as a summary of stocks' daily activities are available in computer language for the first time through the medium of the magnetic tape.

The new service, called Quotron Data, is available from Scantlin's New York computing center, the world's largest for the processing and documentation of stock market information. The new center provides quotations and other market data on a current basis to the financial community through its Quotron II system.

Form Inst. of Fin. Ind.

SEATTLE, Wash.—The Institute of Financial Independence, Inc. has been formed with offices at 2021 Northwest 89th Street to conduct a securities business. Officers are Lyle H. Kennedy II, President; H. G. Kennedy, Treasurer, and Lee R. McNair, Secretary.

Continued from page 36

supplying this vast market are reflected in the sales and exports of natural gas, which are up 50% over 1961. Production of natural gas liquids is up by over 30% with sulphur production more than double that of 1961.

In almost every area of the province, bumper grain crops were harvested, despite early frosts and wet weather. Livestock prices rose steadily throughout the year, and an increase was noted in cash returns from dairy and poultry products. With good crops and rising prices, the outlook is bright for the segments of the retail trade which supply the needs of the agricultural community.

The construction industry experienced one of its best years on record, with the 1962 value surpassing that of any previous year and exceeding the 1961 aggregate by 26%. These buoyant conditions prevailed throughout the entire province.

Throughout the year the value of manufacturer's factory shipments remained consistently above that of 1961, with the packing plant industry recording the strongest gains. Employment in manufacturing rose by 4%.

During 1962 several new multi-million dollar manufacturing facilities were completed. These included a small diameter steel pipe mill, a milk condensery, a number of gas processing plants, and additions to several large manufacturing concerns. Under construction at the year-end were four major gas processing plants, a brewery and a number of additions to existing plants.

Facilities for the generation of electric power are being expanded continually to meet the ever growing needs of both domestic and industrial consumers. During the past year an additional generating unit was installed at the huge Calgary Power Limited plant at Wabamun, marking the transition from natural gas to coal as a source of fuel. Subsequent units to be installed at Wabamun will be coal-fired as well.

The construction of the Brazeau Dam is now complete, and excellent progress is being made on this $45 million project. The first electric generation unit with a capacity of 200,000 HP will be in operation in late 1964 or early 1965.

An examination of some of the trends of general business activity gives every indication that firm progress is in prospect for 1963. Bank debits in 1962 have been up over 1961, retail sales were about 4% higher, and sales of motor vehicles and lumber and building materials are noticeably increased.

Favorable fall weather conditions enabled construction projects to proceed through the winter with a good carry-over of projects into 1963. As a result, unemployment at the year-end was considerably less than in previous years. Several large industrial projects are planned for the near future, at least one of which, a large gas processing plant to be built at Empress at an estimated cost of $25 million, is proposed for 1963.

The vast developments which will unlock the Athabasca Oil Sands are coming closer to fulfillment with approval to build a $122 million project granted to Great Canadian Oil Sands Ltd. Target date for this enterprise is 1965 or 1966. Work is also continuing on evaluation of several important industrial mineral finds which include iron ore, gypsum and coking coal, each of which when developed would involve multi-million dollar expenditures.

There are at present no indications that the rate of economic development in the province should slacken. In fact the diversity of industrial projects planned for the future should continue to broaden the economic base of the provincial economy and maintain its steady rate of progress.

ROBERT J. McGILLIS
President, Laura Secord Candy Shops

At present, Canada's long-term future is overlooked by those who cannot see beyond the country's "mixed" short-term prospects.

Yet, even from a short-term point of view, several aspects spell encouragement. Retail sales continue at a relatively satisfactory level; as a matter of fact, available figures indicate that every month of 1962 exceeded the corresponding month of the previous year by a sizable margin. Gross National Product has increased. Several important indicators—such as the present level of new car sales and the demand for other products—make the future look promising. In our own industry, production during the first two quarters of 1962 far surpassed the same period of 1961.


Robert J. McGillis

On the temporarily negative side, we still find some measure of unemployment. Several signs point to the fact that the speed of growth of the early fifties has slowed down—at least for the time being. Some of us believe, in retrospect, that the growth of the post-war years may have been abnormal; the present conditions could easily be construed as more "normal".

On the whole, our optimistic faith in the long-term future continues unabated. The food industry in particular is encouraged by the continuing growth of Canada's population, by technological advances in manufacturing and by our increasing skill in the art of marketing. Corporation profits during the first half of 1962 could well serve as an indication of management's competence in dealing with profit squeeze.

Encouraging, too, is the manifest concern of Canadians in our role as world traders, and the realization that the vastly increased speed in travel and communications demands a constructive re-assessment of our country's position in the economy of the world.

G. R. McGREGOR
President, Trans-Canada Air Lines

Trans-Canada Air Lines experienced modest passenger gains and increased revenues in 1962, as the world airlines moved from the critical financial position of the preceding year into a period of less substantial losses and, in some cases, of small profits.

While 1962 was not a good year in terms of financial accomplishment for most of the world's major carriers, it was at least an improvement over 1961. A dearth of passenger traffic in comparison with the capacity offered, resulting in reduced load factors, was largely responsible for the deficits or minimal earnings of most of the major carriers, including TCA.


G. R. McGregor

A gratifying increase in the return per passenger miles flown, despite a continued flow towards economy class travel on both domestic and overseas routes, coupled with lower unit operating costs, were major reasons for the improvement in TCA's financial position. The increase in unit yield was due, in part, to the introduction of a new fare structure which increased some domestic economy class fares and lowered some first class fares, reducing the price gap between economy and first class travel.

In 1961, Canada's two major airlines recorded substantial deficits. However, their financial situation at the end of 1962 should be significantly better than that experienced at the close of the preceding year.

Further increases in passenger traffic, an established and equitable fare structure on btoh domestic and overseas routes, additional reductions in unit operating costs through added experience with the turbo-prop and pure jet aircraft of TCA's fleet and much lower capital expenditures for new aircraft and facilities should all help to stabilize and improve TCA's financial position in 1963.

TCA will take delivery of four DC-8F jet traders early in 1963, two in composite cargo-passenger configuration and two in all-passenger configuration. The carriage of air cargo is assuming greater importance with all airlines, and the DC-8Fs, coupled with TCA's other DC-8s, its Vanguards and its Viscounts, all with substantial cargo capacity, will assist the airline in deriving the very substantial revenues available through the movement of air cargo.

The outlook for 1963 is brighter for most of the world

Continued on page 38

Continued from page 37

airlines. I feel optimistic about the chances of substantially increased passenger and cargo traffic and revenues and, perhaps, a return to the profit position enjoyed by TCA during the nine years prior to 1960. This forecast assumes no adverse alteration to the airline's present route pattern or competitive position.

D. McKELVIE

President, Northern Telephone Company Limited

Northern Telephone Limited and its Subsidiaries operate communication systems across Northern Ontario and Northern Quebec. The economy of these regions depends mainly on agriculture, mining, lumbering, pulp and paper and tourism. The past year has seen all these industries in a flourishing condition.

Donald McKelvie

Mining holds the more promising position at the moment, especially in the fields of base metals and iron. Many new mining areas are being actively developed, such as Mattagami Lake in Quebec (base metals) and the Adams Mine in Ontario (iron). Many others are in the early development stages.

These areas are also attracting an increasing number of tourists. The opening of many new highways to places formerly served only by railroads, has made accessible vast areas of both provinces to campers, hunters and fishermen. The devaluation of the Canadian dollar has had a marked effect on this industry as well as others in these regions.

We look forward with confidence to 1963 and expect further rapid advances in the economy of the North.

HUET MASSUE

General Manager, The Lower St. Lawrence And Gulf Region, Montreal, Canada

As predicted in the 1961 Candaian Annual Review, the year 1962 proved to be one of accelerated progress in the Lower St. Lawrence and Gulf region. When the final count is established, the total tonnage handled at the various ports of the region should not be far from 25,000,000 tons, a record volume exceeding by 20% that handled during 1961.

Huet Massue

The introduction at the beginning of 1962 of the "Pere Nouvel", a 10,000-ton ice-reinforced ferry-vessel operating between Baie Comeau and Pointe-au-Pere, considerably benefitted transportation between the two shores of the Estuary.

Notwithstanding a rather severe winter, causing the Gulf of St. Lawrence to completely freeze over during most of February, 2,400,000 tons of cargoes were transported across Cabot Strait during last winter (Dec. 15 to April 15) as compared to 1,500,000 tons transported during the previous winter.

Quebec Cartier Mining Co. is now by far the largest winter-time shipper. Other large shippers include Bowater's Newfoundland Pulp & Paper Co. Ltd., at Corner Brook; New Brunswick International Pulp & Paper Co. Ltd., at Dalhousie; Quebec North Shore Paper Co. and Canadian British Aluminium Co. at Baie Comeau.

During 1962, great progress was achieved towards the implementation of the following important developments:

(1) HYDRO-QUEBEC: The harnessing of a large part of the 6 million hp water power potential of the Manicouagan and Aux Outardes rivers, back of Baie Comeau;

(2) IRON ORE COMPANY OF CANADA: The $200 million Carol Lake project, 250 miles north of Sept-Iles, capable of producing 7 million tons of 66% beneficiated iron ore yearly. The construction of a 5.5 million-ton-a-year pelletizing plant;

(3) WABUSH IRON COMPANY: A $250 million, 6 million-ton-a-year iron ore concentrator project, 250 miles north of Sept-Iles, and the construction of a deep-water harbor near Clarke City in the Bay of Sept-Iles;

(4) BRITISH NEWFOUNDLAND CORPORATION: The doubling of its 125,000 hp hydro-electric plant, in Labrador, to take care of power requirements in the Wabush Lake area;

(5) PRICE BROTHERS & COMPANY LTD.: The construction, through its subsidiary, Gaspesia Pulp & Paper Co., of a 100,000-ton newsprint mill at Chandler in the Baie des Chaleurs, and,

(6) GULF PULP & PAPER COMPANY: The modernization of its pulp mill at Clarke City.

Also during 1962, it was decided to proceed with the following expansions and developments: (1) the 50% expansion (90,000 tons) of Quebec North Shore Paper Co.'s newsprint mill at Baie Comeau, (2) the 50% expansion (45,000 tons) of Canadian British Aluminium Co.'s smelter at Baie Comeau, (3) the addition of one million bushel capacity to Cargill Grain Co.'s elevator at Baie Comeau, (4) the 50-mile extension of Mont-Joli/Matane railway on the south shore and (5) the development and construction in Northern New Brunswick of a 3,000 ton-a-day mill capable of producing 180,000 tons of zinc and 125,000 tons of lead concentrates yearly by The Brunswick Mining & Smelting Corp. Ltd.

The year 1963 should be one of continued progress. The ability of producing annually 15 million tons of 66% ore concentrates should help to boost the sales of the producers of iron ore of the region. As to the production of newsprint and aluminium, it should remain fairly constant until 1964 or 1965 when the projected expansions of these industries become operative.

It is of interest to note that the investment on the North Shore, between 1950 and 1970 should reach $3 billion or the equivalent of the present taxable valuation of the City of Montreal. The value of production should attain $1 billion by 1970.

N. J. McKINNON

President, Canadian Imperial Bank of Commerce, Toronto, Canada

Our present assessment of the economic outlook for Canada in the coming year suggests that in general the increase in activity will be more modest than in 1962. There are signs that economic activity in the countries which are our major trading partners, and particularly the United States, may be less buoyant in 1963. Thus on the one hand, the major stimulus of last year which came from the continuing strong rise in exports does not appear likely to impart as much additional strength to the economy in the near future. On the other hand, there is substantial strength at the present time in domestic demand. The pace of economic activity may accelerate moderately in 1963 but there will likely be changes in the pattern of activity with more strength appearing in industries whose primary function is to supply the domestic market.

N. J. McKinnon

C. H. McLEAN

President, British Columbia Telephone Company

The down-turn in the Canadian Economy that had been predicted for the latter part of 1962 has not materialized, and in British Columbia a progressively more optimistic view is being taken of the outlook for 1963. The economy of British Columbia is based, to a large extent, on the export of the products of the forest and the mines, complemented by expenditures for housing, and capital expenditures by industry, utilities and government. The primary industries had a good year in 1962 and many of their shipments were based on contracts made before the devaluation of the Canadian dollar. The advantages of the cheaper dollar should produce new contracts that will maintain high levels of production in pulp, paper, lumber and mineral products for some time. Housing starts in 1962 were somewhat higher than in 1961; however, this trend will probably level off, although there is considerable activity in the larger centers where older residential units are being replaced with apartments. Government expenditures on capital construction have been depressed by the austerity program instituted by the Federal Government and "hold-the-line policies" of municipal governments. Any relaxation in these policies will give added impetus to the economy.

C. H. McLean

With the extension of the great network of paved roads, the tourist industry has become an increasingly important factor in the economy of British Columbia. In 1962, record numbers of tourists were attracted to the Pacific Northwest by the Seattle World's Fair and the completion of the spectacular $45,000,000 Rogers Pass section of the Trans-Canada Highway through British Columbia. This inflow of tourists is expected to continue in 1963, with travel from the Prairie Provinces to the Pacific Coast being encouraged by the shorter Rogers Pass route and travel from the United States being stimulated by the devalued dollar.

The northern portion of British Columbia is growing faster than is generally realized. The production of oil and gas and the exploration for new fields along with lumbering, agriculture and the vast new hydro electric project on the Peace River are developing this country into one of the great new frontiers of North America.

A plan for development of power resources on the Columbia River is pending and an early decision regarding a start on this project would mean a great deal to the economy of this Province.

Employment is at a high level and the outlook for 1963 is encouraging. Retail sales, in particular the sale of new cars, have shown recent strength, all of which add to the feeling of optimism for 1963.

CLIFFORD W. MICHEL

Chairman of the Board, Dome Lines Limited

The outlook for profits for the Canadian Gold Mining Industry for 1963 is one of relative stability. While operating costs generally tend to continue their upward trend, increased productivity of the work force and continuous introduction of cost-saving methods and equipment should act as an offset, while the price received for the gold produced should average somewhat higher than in 1962.

Clifford W. Michel

In the middle of the year just past, the Canadian Government devalued its dollar to rectify the imbalance of its international payments position. The former free rate has been replaced by a rate fixed within 1% of either side of 92½c U. S. The effect of this devaluation was to increase the price of gold to the Canadian producer to a level of about $37.80 per ounce in Canadian funds subject to the 1% fluctuation permitted around the new parity. This price is more than $2 per ounce higher than the average price received in the preceding year. Since taking this action, Canada's balance of payments position has improved and it would appear that the new rate of exchange, and hence higher internal price for gold, will be held for the year ahead.

The drain on the U. S. gold reserves continues, and official stocks are now below $16 billion, a decline of about $7 billion in the past ten years. In the face of this the U. S. Treasury still stands firm in its conviction that the price of gold should not be increased. Cooperation from foreign central banks has, at least for the present, succeeded in keeping the London gold price from rising above the U. S. parity, even though there are indications that last year was one in which European investors increased their hoarding of the metal. How long this cooperation will take place, if the U. S. balance of payments position is not rectified, cannot be foretold but the amount of gold reserves available to the western world appears small in the light of expanding world trade position.

HARTLAND de M. MOLSON

President, Molson Breweries Limited

The present state of the Canadian economy gives some cause for optimism, a condition which is less apparent in the economies of either the United States or Europe as a whole. In spite of a reduction in government spending during the latter part of the year, and other government austerity measures, important business indices indicate that an element of expansion prevailed through the 12 months of 1962, which in turn, should run well into the coming year.

H. de M. Molson

Indications are that after the Canadian dollar crisis in June our trading position improved appreciably, exports being up by an estimated 9% over 1961 figures with a resulting improvement in our commodity balance of payments.

Canada relies very heavily on foreign trade and is particularly dependent on her trade with the United States, these two countries being mutual best customers for respective exports. For many years, however, there has been a substantial trade gap with Canada importing more than she exports to the United States. In the 12 months period ended October, 1962, merchandise exported from Canada to the United States was valued at $3.7 billion against imports totaling $4.3 billion. This represents a gap of some 12% compared to 22% for the prior 12 months. Clearly Canada's world trade objective is to further diminish this deficit and to close the gap by selling to overseas countries.

Given no major shift in the trade winds which are blowing at this time, Canada is at present favorably placed to record further gains in her export position. The increasing competitive role of secondary industry in exporting fully manufactured goods, the discount on the dollar, and increased emphasis on the home manufacture of component parts particularly lend weight to this view.

Canada's largest industry and employer, the construction industry, which accounts for almost a fifth of Canada's GNP forecasts a modest improvement in its overall program. They foresee more work on housing, industrial and public works projects. This important factor undoubtedly adds credence to the optimistic outlook for the economy and certainly the recent stable volume of construction helped to forestall the modest recession which was previously forecast for the latter part of 1962.

The Brewing Industry introduced a new compact bot-

Continued on page 39

Grace Again Treas. of Hosp.

J. Peter Grace, President of W. R. Grace & Co., New York City, has been re-elected Treasurer of the National Jewish Hospital at Denver, announces the free-care, non-sectarian medical center.


J. Peter Grace

Specializing in tuberculosis, asthma, cystic fibrosis, emphysema, other respiratory illnesses and surgically correctible heart defects, the National Jewish Hospital in 1962 disbursed almost $4,000,000 in its programs of patient care and rehabilitation, medical research, and professional education and training. Thirty research projects are current at the institution under the direction of Dr. Gardner Middlebrook, Pasteur Award winner.

Mr. Grace has been President of W. R. Grace & Co. since 1945. Under his direction, the 100-year old firm has diversified its business interests to include shipping, air transportation, banking, and production of chemicals. He serves on several government committees concerned with commerce, the Peace Corps and foreign relations.

Cashiers Ass'n Elects Officers

Charles B. Webber of The First Boston Corporation has been elected President of The Cashiers Association of Wall Street, Inc. for the year 1963, it was announced following the annual meeting.

The following also were elected: John A. Nevins of Model, Roland & Co., to serve as First Vice-President; Raymond R. McAuley of Halsey, Stuart & Co., Inc., as Second Vice-President; Francis J. Kenney of M. A. Schapiro & Co. Inc., as Treasurer; and George Boggiano of R. S. Dickson & Co., Inc., as Secretary.

The following were elected directors of the association: Frederick Bock of John K. O'Kane Jr. & Co.; Howard Emen of National Over The Counter Clearing Corp.; Frank A. Flaherty of A. C. Allyn & Co. Incorporated; John J. Kelly of the National Association of Security Dealers, Inc.; James A. McCorkell of F. Eberstadt & Co.; Herbert L. Nicolson of The Chase Manhattan Bank; Christian W. Rosswom of Union Pacific Railroad Company; Henry Tovar of Carlisle & Jacquelin; Raymond B. Vreeland of Blair & Co. Incorporated; and Chester F. Ward of Cities Service Company.

Continental Securities

SALT LAKE CITY, Utah—Continental Securities Corporation is engaging in a securities business from offices at 574 East Second South Street. Officers are Wiley E. Stewart, President; Wade C. Striegel, Vice-President; and Joel R. Smith, Secretary and Treasurer.

Continued from page 38

tle to eastern Canada in the spring of 1962. This bottle is lighter and gives better protection than its predecessor. The excellent public acceptance it received is considered to be a large factor in sending beer sales in Canada to a record high. This new bottle and several other factors combined to raise the per capita consumption of beer in Canada for the first time in five years; other major influences being the increase in the number of licensed premises in Quebec and Ontario and the good crop year experienced by the western Provinces.

The level of beer sales should at least be maintained in the year to come. Employment is expected to remain roughly at the present level; the adult population is likely to increase disproportionately, and given fair weather, the consumption of beer could possibly increase some 5%. There are also reasonable indications that Molson's increasing share of the industry market will continue its modest improvement.

C. J. MORROW

President, National Sea Products Limited

The year 1963 promises to be a reasonably good one for the Fishing Industry on the Atlantic Coast of Canada. The catching of fish, of course, is always a gamble and the success of the Industry depends on whether production is good.


C. J. Morrow

There appears to be a gradual increase in the consumption of fish, due partly to new products and new methods of packaging. A very large percentage of the production today is sold in the frozen state and in recent years the housewife has been able to buy fish that has been breaded and prepared for the pan as well as fish that has been pre-cooked at the processing plant. These convenience items have been responsible for some of the increase in sales. A continuance of this trend is indicated.

The implements of production, such as the large off-shore trawlers and scallop draggers, have been improved in recent years. 1963 should show a continuance of the construction of fish trawlers and scallop draggers. Most of these will be built in Canada.

The modernization of fish plants will also continue. A very large processing plant is under construction at Lunenberg. This plant will be capable of handling 80 million lbs. of fish a year and will be the largest plant of its kind on the North Atlantic Coast. It will cost about $5,000,000.

Scallop fishing has developed rapidly in Nova Scotia in recent years and there will be a further expansion of this branch of the Industry in 1963.

All in all, given a fair production, the Industry should have a fairly prosperous year.

ROBERT H. MORSE, III

President, The Canadian Fairbanks-Morse Co. Ltd.

The upward momentum of the Canadian economy, which appeared about to falter in mid-1962, gathered strength in most sectors in recent months and should continue to expand well into this year, resulting in a generally higher level of business activity in 1963.


Robert H. Morse, III

The favorable upward trend in business activity in the United States, the high level of the economy in Europe and the devalued Canadian dollar, combine to provide an opportunity for expanded exports if aggressively pursued by Canadian business, with a resultant contribution towards improving the balance of payments problem.

The continuing pressure for wage increases experienced in 1962 through all segments of the economy, base materials, transportation, manufacturing, and services, will be reflected in higher prices in 1963.

During the recent slump of business activity that started in 1960, many businesses trimmed their employment to levels which permitted them to remain competitive. With the reversal of the downward business trend, employment has been rising and should continue to rise well into 1963.

While there has been a general improvement in the capital goods industry, spending has lagged behind the general uptrend in other sectors of the economy. However, the improvement in corporate earnings noted in the third quarter should encourage management to step up their equipment replacement programs which have been relatively inactive since the last capital expenditure cycle which expired in 1957. The increased pressure to reduce costs in order to meet the price levels of foreign imports will provide additional stimulus for modern and efficient machinery.

GLENN E. NIELSON

President, Canadian Husky Oil Ltd.

Performance of the Canadian oil industry in 1962 and its promise for 1963 justify an optimistic view of the near-term future. However, there are serious problems facing the oil industry, and many other Canadian industries, which will temper that optimism.


Glenn E. Nielson

Business conditions in Canada appear satsifactory although hardly dynamic for the near-term, but there are persistent warnings of chronic weaknesses in the economy. One of these is the nation's balance of payments deficit which continues to affect national development. The austerity program begun in mid-1962 was a step in the right direction in preserving foreign exchange and it has had a surprisingly quick beneficial effect. But it was only a stop-gap measure which must be reinforced by other, more far-reaching remedies if Canada is to regain its growth position and realize its full potential.

In the oil and gas industry, there was some temporary improvement in the balance of payments, caused by an abnormal increase in the growth of exports of both oil and gas to the United States. This increase more than offset a smaller, more normal increase in oil imports. However, present policy of the United States prohibits continued rapid growth of exports in 1963 and beyond. Therefore, it is obvious that our trade deficit in oil has not been solved but has only undergone a temporary correction. It is also obvious that it cannot be solved until positive steps are taken to reduce oil imports which now drain off more than $400 million of Canada's foreign exchange annually. This economic drain on the nation is even more regrettable in the light of the fact that Canada has enough oil reserves and producibility to be completely self sufficient.

As a first step in reducing oil imports, Canada's present National Oil Policy calls for elimination of all foreign produced crude oil and refined products from all of Canada west of the province of Quebec. Refiners have made admirable progress in accomplishing this objective, but there remains one serious breach of the policy. Foreign oil for making asphalt is still being imported into Ontario because there is not now a domestic asphaltic crude oil available to these refiners. Beginning in 1963, Canadian Husky Oil and its associates will make this type of crude available in Ontario from western Canada. Refiners will then be able to close that last important gap in the present oil policy.

Another serious deterrent to Canada's growth is an antiquated tax structure, badly in need of complete reform. Under existing tax laws, Canadian companies and individuals in the oil business are practically prohibited from forming the strong economic units which are necessary in today's highly competitive oil industry. By placing tax penalties on sales of producing properties, the government has made it extremely difficult for a small Canadian company to benefit from its accumulation of assets or for a medium sized company to grow through acquisition to a size where it can effectively compete with larger, international companies operating in Canada.

These same tax laws also discourage individuals who would like to take part in the growth of the oil industry by making it difficult to sell producing properties for an attractive profit once they have been acquired. Thus the amount of capital available to industry from in-

Continued on page 40

Continued from page 39

dividual investment is limited. By failing to recognize the role of individual and corporate profits in a free economy, the government of Canada is hampering its own efforts to stimulate national industrial growth and reduce its balance of payments deficit.

In 1963, I expect crude oil production to increase by at least 8% with realization of the Oil Policy production goal of 800,000 barrels a day. Natural gas production should increase at a lesser rate than in 1962 since all major export projects are now operating. Demand for petroleum products should increase by about 4%, but the increase in refining capacity will be greater and we will probably see more pressure on product prices.

F. W. NICKS

Chairman of the Board and President
The Bank of Nova Scotia, Toronto, Canada

The Canadian economy will be entering 1963 in a much improved posture as compared with a year ago. Although slackening tendencies have been appearing in recent months, production in 1962 increased by some 6 to 7% in volume terms. This is the best gain in several years and one that has included a most encouraging advance in manufacturing activity as well as a good Prairie grain crop. In addition, the foreign exchange crisis of the second quarter has been followed by a strong recovery in official reserves, permitting a relaxation of some of the earlier emergency measures, especially in the monetary sphere. At the same time, the competitive position of many Canadian industries has clearly been improving, a process which has been helped by the lower exchange rate on the Canadian dollar. Results of such improvement have been slow to appear in the external trade figures, but the signs in recent weeks have become more favorable, and there are good hopes for renewed progress in the narrowing of Canada's foreign trade and payments deficit.

F. W. Nicks

These developments have been particularly encouraging in the light of the many uncertainties in the world economic picture and the indications of less vigorous demand conditions in the United States and Europe. In such conditions, and taking account also of the good overseas crops, new gains in Canadian exports will not be easily achieved in 1963. In addition, it has to be recognized that the exchange market for the Canadian dollar is still dependent on substantial inflows of foreign capital, and thus in turn upon the maintenance of sound economic policies and of orderly political conditions. However, the headway which Canadian industries have been making in the domestic market should help to bolster production in the year ahead, and also stimulate added expenditures of a capital nature. Recent indications, in fact, point to a moderate further rise in business capital outlays in 1963. Expenditures on social capital projects are likewise expected to rise further, but may be countered to some extent by continued restraint in Federal Government spending programs and by some softening in house-building activity.

All in all, the Canadian prospect for 1963, as in the United States, seems to be for a plateau-like business trend following the marked expansion through most of 1961 and 1962. This would produce a moderate gain over the average production level of 1962, but probably not enough to provide jobs for all of the expected new entrants to the labor force. Unemployment, accordingly, may turn upward again from the average rate of 5.8% of the labor force recorded in 1962. Should external demands turn out to be better than thus far suggested, however, the Canadian economy is in a good position to build upon the forward progress made in the past year.

HON. GEORGE C. NOWLAN

Canadian Minister of Finance

For Canada, the year 1962 was one of progress and promise despite some temporary financial disturbances in mid-year.

In the third quarter of 1962 the Canadian Gross National Product reached the milestone of $40 billion at annual rates. This represents an increase of 9% over 1961. While farm production was up greatly from the previous year due largely to recovery from the serious drought conditions of 1961, non-farm production advanced at the same rates as total production. In real terms the increase in total output was 7%. Of significance also is the fact that per capita real output rose in 1962 by more than 5%, and surpassed the previous peak reached in 1956. The growth in real output was accompanied by relative stability in the price level and continued improvement in the efficiency of the Canadian economy.

Equally impressive have been the gains achieved in industrial production which, in the third quarter of 1962, was 13% above the cyclical low point in the first quarter of 1961. Particularly encouraging has been a 19% increase in durable production over the same period following five years of relative stability in this sector.

These gains in production have increased job opportunities and reduced unemployment. In the first eleven months of 1962 there were on average 176,000 more Canadians at work than in the same period of 1961. The rate of unemployment has been declining and the latest figure on a seasonally adjusted basis was 5.9% of the labor force compared with 7.7% at the beginning of 1961.

The higher level of employment has been accompanied by growing incomes. In the third quarter of 1962, income from wages and salaries was 7% above 1961 while personal disposable income increased by 8%. The level of corporation profits has also responded to the gains in economic activity and by the same comparison rose 11%. Higher incomes have, in turn, led to increasing business and consumer confidence and spending. Consumer outlays on goods and services in the third quarter of 1962 were 5% above 1961. Spending on durable goods rose by nearly 6%. Business spending on plant, equipment and machinery has been increasing to meet the demands of expanding markets. In the first nine months of 1962, business investment was running nearly 9% higher than in 1961.

While the performance of the Canadian economy in 1962 was encouraging, there remain two major economic issues to be solved.

First, there is the continuing need to generate a rate of economic growth that will absorb our growing labor force and raise the living standards of all Canadians. Mention was made earlier in this article that employment in Canada had been increasing. However, our labor force has been growing at a rate, high even by our standards and extraordinary when compared with any other industrialized country in the world. The result has been a rate of unemployment in recent years that is higher than we would like it to be.

The second major issue is the urgent need to improve our balance of payments position. Canada's basic balance of payments problem is that we have been running a very heavy deficit in our current transactions throughout the past decade. This deficit has ranged from about $1 billion to $1.5 billion per annum. This gap between imports and exports of goods and services has been covered by a large inflow of capital from other countries.

Until 1962 this inflow of capital had hidden the fact that Canada had a stubborn and difficult balance of payments problem. In the early part of the year the capital inflow was reversed and there was some net outflow. With the current account heavily in deficit the result was a foreign exchange emergency. The excess of imports over exports had to be paid for out of the government's fund of foreign exchange reserves.

In this situation immediate corrective measures were needed to deal with the emergency. The short-term program involved a number of measures, most of them purely temporary. It included higher interest rates, temporary tariff surcharges, special borrowings from the International Monetary Fund and other sources, and reductions in government expenditure. This program restored confidence overnight. It also succeeded, more gradually, in improving our international payments position and building up our reserves towards a more adequate level. In line with this progress the temporary measures are being relaxed. The Bank of Canada has reduced the bank rate in several steps and interest rates generally have fallen to lower levels. The temporary tariff surcharges have been removed from many products and reduced on a number of others. Of the $650 million borrowed in June to bolster our foreign exchange reserves, $350 million has already been repaid, and the stand-by credit of $400 million arranged with the Export-Import Bank of Washington has been cancelled. At the same time, there is some evidence of a resumption of long-term capital inflow into Canada.

Good progress has been made, but it would be premature to remove all of the temporary measures immediately. While there has been some improvement in the current account, the response in commodity trade has been slower than might have been hoped for and we still have a large current account deficit. Similarly, while our reserves have reached a more satisfactory elvel they still include special borrowings and without these they would still be inadequate.

These two issues are not unrelated. In the first place, large continuing deficits in our international transactions carry with them the danger of reliance on massive inflows of capital which, as was illustrated last summer, may not always be available. Secondly, foreign capital import means an increase in interest and dividend payments to other countries. If these are financed by further foreign borrowing this would clearly represent an unhealthy drain on our resources. Thirdly, large current account deficits can be harmful to domestic levels of production and employment particularly when, as in present circumstances, our industries are not working at full capacity.

The looked-for balance in Canada's external transactions cannot be achieved overnight. Canada will probably require net imports of capital for some time to come. We will continue to welcome such capital inflows and we will maintain a hospitable climate for productive foreign investment.

I would like to emphasize that an enduring solution cannot be achieved by restrictive measures such as were imposed at the time of the exchange crisis. We have adopted positive measures of a long-term constructive nature, and further measures will be forthcoming as time goes on. The story of recent Canadian economic policy is a story of meeting these long-term problems in a way consistent with our traditions as a great trader and as a vital, growing and developing economy.

The most important single step taken to deal with our long-term problems has been the lowering and fixing of the exchange rate of the Canadian dollar at 92½ cents U. S. This action, and the clear evidence of the Canadian Government's firm willingness and ability to defend it in the face of an exchange crisis, have laid the foundations for benefits of which we are just now seeing statistical evidence. Over the coming years as this more realistic exchange rate continues to accrue benefits to Canadian producers, we may expect to see a substantial lowering of our deficit on current international transactions. Our exchange rate policy will continue to be assisted and fortified by other policies, including monetary and debt management policies.

As I mentioned earlier, financing a reduced current account deficit will involve a smaller net inflow of capital. To ensure that businessmen in Canada will have sufficient capital to meet their expanding needs, the government has made financing easier in a number of ways. The amounts available for financing a rapidly growing level of exports have been substantially increased in the past few years. The Industrial Development Bank has increased the size of its commitments and has broadened its coverage of industries. New facilities have been made available for the financing of small business. All this has been strengthened by our blend of monetary and debt management policies in a manner consistent with the needs of our balance of payments.

Another broad objective of government policy has been to improve the efficiency of the economy. Success in this area will improve our position in world markets and fortify our realistic exchange rate. Over the past few years we have, along with provincial authorities, invested large sums of money in the construction of technical and vocational schools to improve the quality of our labor force. This has already begun to pay dividends. More recently the government introduced a bill designed to make the labor force more adaptable and flexible in the face of automation and other industrial change. Our National Productivity Council has already served with distinction by bringing together leading representatives from all sections of the economy with a view to improving the basic productivity in Canada.

We established in 1961 a National Design Center to help promote new and efficient designs for Canadian products. In 1962 the government passed two measures designed to improve the quality and quantity of industrial research in Canada. These will enable Canadian producers to keep in the forefront of new developments in techniques and products and assist them to compete more effectively. Our entire transportation system is in the process of being improved. A nation's transportation system is a basic asset and an efficient system permeates the entire economy. Likewise, an inefficient system burdens the entire economy with costs, hidden and open. The government intends to implement the principal recommendations of the recent report of the Royal Commission on Transportation.

At the same time we have extended our transportation network in a number of ways including spur railway lines to new resource areas, and by completing the Trans-Canada Highway. Improvements to the efficiency of the agricultural economy are being carried out under the Agricultural Rehabilitation and Development Act among whose purposes is to adapt submarginal agricultural land to other, more efficient uses. The government has established two royal commissions, dealing with finance and taxation. It is hoped and expected that both commissions will bring in useful recommendations in these fields.

Finally, the government has already begun to put into effect recommendations of the Glassco Commission on Government Operations which will improve the efficiency of government operations.

A fourth area of government policy relates directly to the balance of payments. There has been an intensification of export promotion, more participation in trade fairs, and more foreign contacts for Canadian producers by way of trade missions and in other ways. Other important policies of a more specific nature have been introduced. The National Oil Policy has successfully resulted in an increase in exports as well as in a greater use of Canadian oil in domestic markets. Another and fundamental change was the government's decision to allow the export of surplus power. This will permit the development of a valuable resource of benefit industrially to Canada, and beneficial as well to Canada's balance of payments. Also of great significance to the balance of payments have been measures to improve the balance on tourist account, and a large improvement has occurred in 1962.

A further outstanding development was the action taken on automobile transmissions and engines. While this action is technically complicated, in essence it is simple: Canadian manufacturers will be allowed duty-free import of certain parts, which they cannot now produce cheaply, provided they can export an equivalent value of parts which they can produce cheaply and competitively. This approach of expanding industrial production in Canada by lowering tariffs is now novel; it has been a feature of our automobile tariff schedule for twenty-five years and it is in accord with the economic facts of life. Canada's hopes lie in the direction of increased production and trade in products in which Canada can be efficient. Indeed, this development may be viewed as only part of a larger program to expand Canadian manufacturing in a variety of ways, sample shows of Canadian-made products, double depreciation on investment in new products or in surplus manpower areas, and reduced taxes on revenues from increased sales being other examples.

As a result of some of these policies, Canada experienced her first trade surplus in about a decade in 1961, and I fully expect another trade surplus to have taken place in 1962 when final results are available.

Finally and without having dealt with all significant longer-term measures, I wish to mention the National Economic Development Board. This is a body which will examine some of the longer run problems in the economy, assess particular projects, carry out studies and make reports. It will act as a bridge between the private sector and government, have an independent existence and be staffed by competent people, unharried by day-to-day administrative tasks. By drawing on the best opinion and taking a long look at problems, this board will be able to offer sound judgments on prospective Canadian economic developments.

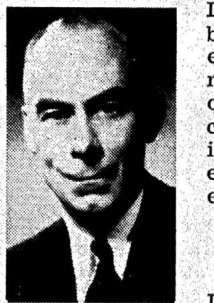
Other longer-term measures will be brought forward in the future to ensure constructive, positive growth in the economy and reduction in our current account deficit.

We have been experiencing a marked expansion in activity. A leading contribution to the upswing has been made by the strength of the external sector. Developments in costs and prices in the past four years in Canada have been among the most favorable of all leading industrial countries; and this, alongside the firm establishment of our exchange rate, has greatly improved our competitive position. Inefficiencies in the economy are being rooted out. The upward longer-run trend in unemployment has stopped. Our manpower is becoming more highly trained and flexible. The foundations of this current upswing are being well distributed throughout the economy. Increases in durable manufacturing production have been especially strong. The deficit on our current account has begun to show signs of improvement, and the government budgetary deficit has been cut. We have some way yet to go. But we have a clear objective and know how to reach it. I am confident we will succeed.

A. ROSS POYNTZ

President, The Imperial Life Assurance Company of Canada

The growth and maturity of Canadian life insurance was demonstrated during 1962 in the increasing flow of benefits to policyholders and beneficiaries. 1963 should see further growth and flow of benefits, which should aggregate about $700 million. This total would include an increasing sum for policyholders' dividends and death benefits exceeding $200 million. Health insurance underwritten by the Canadian life insurance companies should provide additional benefits approximating $100 million.



A. Ross Poyntz

The Canadian economy in 1963 should turn in a solid performance, but without spectacular gains. However, we may expect that the sale of new life insurance should show a modest increase and come close to the total of $7 billion in the year. The overall total of benefits in force should come close to $60 billion, which is the highest figure in the world when related to national income.

The assets of the Canadian life insurance companies will continue to grow at a satisfactory rate and will exceed $10 million by the end of 1963. The net interest yield on these assets should be well above the 5¼% rate of 1962. Conventional mortgages will continue to play a prominent role in the investment operations of the life companies and other real estate investments of various forms will become more prominent. The companies will continue to be the major sustaining force of the corporate bond market and will also undoubtedly increase their ownership of municipal and government bonds.

A feature of the year may very well be the marked increase in the activities of the Canadian life insurance companies in the field of personal health insurance.

J. H. RANAHAN

President, Industrial Acceptance Comporation Limited

Despite the fact that much has been said among economists and a number of business executives that there may be a down-turn in the level of business in early 1963, I feel that this matter has perhaps created more than warranted caution. I am not among those who view the forthcoming year with pessimism.

J. H. Ranahan

I agree that there may be some indications of a levelling-off to a certain extent, but I feel that we have to expect some degree of slowing down from time to time. Since business has been operating at a very high level for many months, I expect that even if the predicted deceleration occurs in 1963, a high level will still be maintained, and any slowdown that we do experience I anticipate to be of a mild nature and brief duration. A measurable decline may be seen in durable goods spending, but while the record may fall short of the 1962 mark, here again, I see no reason to be unduly pessimistic.

The year 1962 has been a successful one for our own company, although the sharp rise of money costs from early May to the middle of August has been reflected in the overall earnings for the year. However, record high receivables acquired in the last half of the year, along with the marked lower trend of interest rates since about the first of October have formed a valuable combination for the company, even though their effects are not instantaneous.

The I. A. C. Group of Companies, consisting of the parent firm, plus its subsidiaries, Niagara Finance Co. Ltd. and Merit Insurance Co., has opened close to 60 new branches in Canada this year; in other respects, we have endeavored to employ our resources by branching into new fields in a way that will have a beneficial effect on the company and the economy as a whole. We will continue to plan for an expanding volume of business in 1963, even though we anticipate the possibility of experiencing some intermittent relapses from newly-established peaks.

HON. JOHN P. ROBARTS

Prime Minister of Ontario

In the early months of 1962, the Canadian economy received a series of shocks that severely tested its fundamental vitality. The dramatic fall of industrial stock prices in May combined with the decline in foreign exchange reserves seemed to foreshadow a period of uncertainty and slackened economic activity. That the economy was able to maintain its growth momentum is concrete evidence of the underlying strength of our economic structure.

Hon. John P. Robarts

Looking back on 1962, from an Ontario point of view, is extremely encouraging. Last year marked a sudden and spectacular recovery of the province's automotive industry. In fact, more motor vehicles were produced in Ontario in 1962 than in any other year, exceeding the previous high of 1953 by more than 20,000 units.

The impact of the recovery in motor vehicles on the rest of our economy was immediate and far-reaching. Total value of factory shipments rose by 10% to a new record level. Production of most durable goods, particularly machinery and equipment, rose over the year. Steel production in the province was up 10% and ran at close to capacity.

The construction industry also expanded during the year as capital investment rose to almost $3.2 billion in Ontario, approximating the 1957 record, with expenditures on construction representing about two-thirds of total capital investment. In the construction field, the leading sectors were the institutional and business fields.

In the resource industries the picture remained bright. Preliminary data indicates that mineral production is valued at $902 million in Ontario as value of output in the metallic minerals fell farther than was expected, reflecting to a large extent the decision to reduce nickel output in the last quarter and the continued decline in uranium production. In agriculture, however, a new record was set in the total value of production. The same was true in production of pulp and paper which reached a new high of $505 million in 1962.

The most heartening development of 1962 was the continued improvement in employment. Total employment in the province rose to 2,300,000. Last year, a significant number of new job opportunities were found in the manufacturing and construction sectors. In addi-

Continued on page 42

W. C. Deitchman Opens

PALO ALTO, Calif.—William C. Deitchman is engaging in a securities business from offices at 1178 Hamilton Avenue.

C. B. Hoke Opens

CHEYENNE, Wyo.—Chester B. Hoke is engaging in a securities business from offices in the Hynds Building.

Woodruff Joins Nat'l Secs. Staff

Paul B. Woodruff has joined the investment staff of National Securities & Research Corporation, 120 Broadway, New York City, as a senior securities analyst.

For the past ten years Mr. Woodruff was with G. H. Walker & Co., Inc., where he was the senior member of the research department. Prior to that, he was a securities analyst with Moody's Investors Service, Inc., from 1943 to 1953.

Mr. Woodruff is well known for his analytical work in the petroleum and paper industries. In addition to the New York Society of Security Analysts, he is a member of the American Petroleum Institute and the Independent Petroleum Association of America.

Continued from page 41

tion, the service and trade sectors continued to employ more workers. Thus the whole labor market came into better balance and the seasonally adjusted rate of unemployment was maintained at an average of 4.4%, well below that of Canada as a whole or the United States. On top of this, the average rate of unemployment in Ontario in the last four months of the year was under four percent.

The combination of increased production and higher employment resulted in a rise of personal incomes in the province in the neighborhood of 8.5%. Retail sales increased by more than 3%. The year was also encouraging as far as our external trade was concerned. Imports rose faster than exports during the first half of the year but the trend was reversed in the last half with the result that we enjoyed a small merchandise trade surplus for the second year in a row. Another significant fact in the trade picture was that the deficit on merchandise trade with the United States was reduced.

The whole of the year 1962 can be summarized as being the best year for business in this province since the 1955-56 capital investment boom. On the basis of the latest information available, it would appear that the Gross Provincial Product increased by 6½% in real terms and by about 8% in dollar terms.

It is difficult to foresee the exact pattern the economy will take in 1963. The sudden financial crisis that appeared in the first half of 1962 is witness to the basic instability in the Canadian balance of payments situation. Nevertheless, the rapidity with which the economy adjusted to this situation demonstrates the basic strength inherent in the Canadian economy. There is no reason to expect a recurrence of the dollar crisis in 1963, particularly if our industries are able to promote export sales. This, of course, depends upon their aggressiveness in seeking out new markets.

To stimulate the efforts of Ontario manufacturers to get into export markets, the government of Ontario launched a trade crusade in 1962. This crusade, designed to increase the province's rate of economic growth and provide new employment opportunities, includes selling missions to the foreign markets of the world, establishment of manufacturers' mutual agencies to represent Ontario companies abroad and the location of new provincial trade offices in Germany and Italy to serve the common market area. This program will be continued and expanded in 1963 with particular emphasis placed on our trade with the United States.

I am confident that we will see a further rise in the levels of production, income and employment in 1963.

J. GORDON ROBERTSON

President, Dominion Oilcloth & Linoleum Co. Limited

At the beginning of 1962 indications pointed to improvement in the hard-surface floorcoverings industry. There was a marked decline in the next few months, however, until the government imposed surcharges and pegged the dollar at 92½ cents. The pattern of trade did not change immediately but later in the year imports dropped and export business was increased.

Agents in other countries have proved that Canadian-made goods can be sold if the price is right. Specific designs and colorings are required for these markets and standards must be kept high.

The cost of raw materials was not greatly affected by these changes, as most are available in Canada and many are not subject to duty or surcharge . . . cork from Spain, burlap from India, natural gums from the Far East. The cost, however, was increased by the depreciated dollar.

Twenty percent more flaxseed will be produced this year and possibly the Argentine harvest will result in a further decline of prices, as sowings there compare favorably with last year.

The devaluation and surcharges have meant that many imported items are priced high enough to discourage importation.

Hard-surface floorcoverings have been "made in Canada" for ninety years, during which period many changes and innovations have been introduced. Originally they were hand-made entirely, making them very expensive. Later, machinery was designed and a great many changes were made, reducing the cost considerably. After World War II many new chemicals were available as raw materials, making possible the manufacture of new products to meet the needs of architects, builders and home-owners.

Housing starts for the first ten months of 1962 increased by 3.3% and completions were up 8.17%, although the accumulated volume of industrial construction is reported down from last year. Renovations and repairs . . . always a large portion of the flooring business . . . can not be predicted at this time.

Despite the depreciation of the dollar, competition will require constant production of new designs and colorings in order to please the consumer.

HON. DUFF ROBLIN

Premier, Province of Manitoba

Manitoba in 1962 established its greatest level of production and business activity in her history, and achieved it through a high and increasing degree of economic diversity that has been such a striking feature of the province's development.

Hon. Duff Roblin

Three factors are encouraging:

(1) Value of manufacturing production, which for the first ten months of 1962 has been running at 7.2% above the record 1961 year when $770.5 million in factory shipments were recorded, should surpass the $820 million mark for the whole year.

(2) Mineral production, bolstered by the first full year of production at the Inco complex at Thompson should exceed $159 million, according to D. B. S. estimates, compared with $101.4 million in 1961 and $58.7 million in 1960.

(3) Agriculture has strongly recovered from the severe drought of 1961, with production of grain crops alone reaching a new record of 210 million bushels, compared with 72 million bushels the year previous.

Manitoba entered the 1962-63 winter season with the highest number of people employed in the province's history, and with the lowest rate of unemployment since 1959. It is expected that labor income for 1962 will be up 3.8% to exceed $900 million.

Personal income in aggregate is expected to show a 7% increase to reach $1,460 million, while gross provincial income should show an 8% rise to reach $1.89 billion, compared with the revised 1961 figure of $1.75 billion.

Retail sales—a good barometer of general economic strength—has been running at 4.7% above that of 1961, and it is expected that annual retail sales in Manitoba will surpass $850 million.

An important factor which indicates the sound development of the economy is that production and trading are roughly in balance.

Preliminary estimates indicate that capital investment in construction, repair and equipment during 1962 amounted to $606.7 million, up $17.2 million from the year previous.

Amongst major construction projects under way during 1962 were: beginning of the five-year, $63 million Red River floodway construction program—the largest excavation project ever undertaken in Canada, and larger by 30% than the combined dredging and excavation of the St. Lawrence Seaway; final work stages on the $16 million Winnipeg international air terminal; continuation of work on the Whiteshell Nuclear Research Establishment which when completed will be comparable to the $165 million, 2,400-employee Chalk River development, and work on the $140 million Grand Rapids hydro-electric project.

Industrial construction includes the building on new location of an $8 million brewery in Winnipeg; construction and relocation of a $3¼ million packing plant in St. Boniface, which already boasts the largest meat-packing complex in the Commonwealth, and development of other meat-packing and food-processing plants.

Most specialized of all new plants on which construction was started during 1962 was a rocket fuel plant, as part of the province's aerospace activities. At present all phases of development of the one- and two-stage Black Brant rockets—from the design and manufacture of delicate nose-cone instruments and ground control mechanisms to the motors and casings—are undertaken in the province, and the rocket fuel plant, the first such commercial plant in Canada, will complete the operation.

Other industrial developments saw new and expanding activity in items ranging from styrofoam and clothing to furniture and metal fabrication.

That Manitoba's economic resilience is based on a high degree of diversity was very apparent during 1961 when, in the face of one of the worst droughts on record, the province still recorded a modest increase in economic growth. With full agricultural participation, this growing strength is more generally evident than ever before.

Value of agricultural production for 1962 is estimated at $378 million, a 40% increase over the $263 million figure of 1961, and the net value of production per farm rose to a record $7,100, compared with $4,800 in 1961.

One of the major aspects of Manitoba development is that there is no overexpansion. The province is not plagued with excess capacity in heavily-committed industries, and consequently investment is free for channeling into "active development" regions.

In this connection, Manitoba is unique in the degree of responsibility assumed by the government in its research and promotion programs to ensure that investment is encouraged in areas where returns can be seen. Similarly, the province is unique in the extent of specialized opportunity, where the emphasis is on selectivity. This aspect becomes increasingly important with recent trading and competitive patterns in the western world.

This point was recognized by the Society of Industrial Realtors of Washington, D. C., which on Jan. 25 had presented the province with the "Professional Trophy Award" for the most effective industrial development program of any state or province in the United States or Canada.

Manitoba is the first Canadian province in the four-year history of the competition to receive the award. The trophy has been described as "the highest award that can be bestowed on a state or province . . . for its industrial development program."

Criteria for the award were the scope and balance of the program, its progress, the number and kind of practical and productive program innovations, the nature of the program, including relations with existing industry as well as concern for newly-imported industry, and the contribution to the stature of industrial development.

Highlights of the Manitoba program which attracted special attention from the independent judges were those measures designed to assist existing industry, the province's regional development program which is unique on the continent, the emphasis on research as the keystone of any long-range program to growth, and the practical, businesslike approach to new industrial development.

In order to determine the pattern that trade and industrial development likely will take throughout the remaining part of this decade, the province, in the fall of 1961, established a "Committee on Manitoba's Economic Future", made up of able representatives from the various sectors of the economy, to identify those areas where development and job opportunities can be enhanced. Its far-reaching report is expected in February, and, because of the considerable amount of study and research of high standard that has gone into it, will be one of the main bases of further economic development. At the same time, operations are under way for the training—and in some cases re-training—of the labor force to keep in step with anticipated technologies.

And in October and November of 1962 a 19-member trade mission established by the government visited Europe for the two-fold purpose of increasing Manitoba exports and of studying at first hand the astonishing and rapid degree of development achieved by members of the ECM and other industrialized European countries. The study will help determine the principles on which Manitoba's own development can be achieved. The success of the group has prompted the government to consider actively a similar mission to the United States.

As a further assist to exports, the federal and Manitoba governments sponsored a "Fly and Buy" program last October, whereby buyers for major U. S. retail stores were flown to Winnipeg to look over the variety and quality of Manitoba-manufactured consumer goods. Results of this unique form of merchandising were impressive, and the quantity of large sample orders indicates that the door has been effectively opened for continued, direct contact between Manitoba exporters and U. S. buyers.

Through such means as these, Manitoba can keep pace with, and can anticipate, industrial development and economic requirements, so that the province's industry can be geared to meet the new trading and industrial patterns that are emerging in the western world.

HON. LOUIS J. ROBICHAUD

Premier, Province of New Brunswick, Canada

The experts were almost unanimous in forecasting a rising level of economic activity in Canada for the year 1962, and these expectations have been more than justified. Pushed by rising spending levels in all sectors, the Gross National Product has been moving upward at an annual rate of nearly 8%, and other indicators recorded similar rates of growth. As well, a major contributing factor was the greater strength of Canadian exports, particularly in the United States market.

Hon. L. J. Robichaud

For New Brunswick and the Atlantic region of Canada the same situation prevailed, with the main areas of growth being pulp and paper, lumber, housing construction and some types of manufacturing. The export trade was, as would be expected, a most prominent factor, both as regards commodity exports and earnings from the tourist trade, which achieved record heights.

However, there does not appear to be the same clarity of expression or unanimity of view in regard to the extension of these trends into 1963. The leading indicators are pointing in several directions at the same time; some experts are advising continued expansion; while others are suggesting that the next post-war recession has already started. There is undoubtedly much evidence that could be brought forth to support either contention, but

Continued on page 43

Head VP of Hendrix & Mayes

BIRMINGHAM, Ala.—Beverly P. Head, Jr., widely-known Alabama businessman and civic leader, has joined the investment firm of Hendrix & Mayes, Inc., First National Bank Building, as Vice-President and Director. The announcement was made today by James R. Hendrix, company President.

Associated with Hill Grocery Company as General Manager since his discharge as Lieut-Col. from the Air Force at the end of World War II, Mr. Head joined Winn-Dixie, Inc., after the sale of Hill's retail grocery operation to that company in July, 1962. Since that time, he has been in charge of the Winn-Dixie retail operation in North Alabama. His resignation from this position becomes effective Feb. 2.

The firm of Hendrix & Mayes, Inc., was formed in 1943 by James R. Hendrix and Harold B. Mayes, now retired. Forerunner of the present firm was a company formed in 1932. Both Mr. Hendrix and Mr. Mayes have had long and active careers in the investment field.

Officers of the present company, in addition to Mr. Hendrix and Mr. Head, include Edward W. Pennington, Vice-President Birmingham office in charge of the Corporate Department; Charles C. Hubbard, Vice-President in charge of the Montgomery office; Miss Mildred Edwards, Treasurer; and H. Coburn Hendrix, Secretary.

Hendrix & Mayes is a member of the Philadelphia-Baltimore-Washington Stock Exchange and associate member of the Boston Stock Exchange and Pittsburgh Stock Exchange.

"Hendrix & Mayes expects to broaden its sphere of activities in the next few months," Mr. Hendrix said. "While we have always maintained a general investment business, we have been most active in the Municipal Bond Market. Our plans for the future include intensifying our efforts in Municipals and placing new emphasis on Corporates, both in securities sold Over-the-Counter and through Exchange transactions."

Bar Association Regional Meeting

SYRACUSE, N. Y. — Plans have been announced for the April 17-20 Northeastern Regional American Bar Association meeting which will include participants from the New England states, Pennsylvania, New York and New Jersey, according to Crandall Melvin, Chairman of the regional meeting.

A. Van W. Hancock, Syracuse President of the Onondaga County Bar Association, Chairman of workshops planned for the meeting, has announced sessions in economics of the law, general law, estate planning, tax, local government law, judicial administration, unauthorized practice of law, lawyer referral and trial practice. A special workshop for traffic judges and prosecutors has been announced for Friday morning, April 19, in connection with an all-day Law-Layman conference which is open to the public.

Prominent regional and national jurists from the region have been invited to speak at general assemblies and other sessions, according to Mr. Melvin.

Continued from page 42

it does seem that there are a number of factors which point to a continuation of the upward movement in the economy, but at a lower annual growth rate.

First, it is easy to state with confidence that government spending at all levels will rise and generate an expansionary influence on the economy. There is also some indication that consumer spending will continue to rise, and possibly at an accelerated annual rate. During the past 18 months consumer spending has generally lagged behind the recovery, and there is at least some historical justification for expecting this lag to be reduced.

Secondly, business spending could very well rise for two reasons: to build up inventory levels and for additional investment in plant facilities. Such an expectation is consistent with the high levels of corporate profits over the past year, and is supported by data from preliminary surveys of business intentions, particularly in the United States.

A third and, for Canada, crucial factor is the likely development of trends in export markets. Here so much depends upon developments in the United States that any precise forecast would entail a complete and detailed analysis of economic prospects in that country. However, given the trends already apparent, it seems probable that there is sufficient impetus behind the current Canadian export drive to carry it well into 1963.

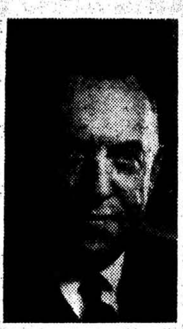
These factors suggest that the current expansion will carry on into 1963, and will produce an annual growth rate of something more than one-half that of the past year. For New Brunswick specifically, these same national influences will be felt, but will be magnified by the effects of several large investment projects already under construction. The mine-mill-smelter complex being developed in conjunction with extensive base metal deposits in the north, and a new pulp mill in the east will both contribute greatly to higher levels of income and employment.

In these pages last year, I felt it incumbent upon me to underline two problems confronting Canadians at the beginning of 1962—the problem of unemployment and the implications of probable British entry into the European Common Market. These problems are still with us, and remain an important consideration in the prospects for longer term economic growth. As 1963 progresses it will become even more pressing to develop better ways in allocating our human resources and to make them more competitive in both national and international markets.

A. G. SAMPSON, ESQ.

President and General Manager
Chateau-Gai Wines Limited

For some of us this time of the year is customarily spent in reviewing the events of the past twelve months and in trying to visualize, with some wishful thinking no doubt, what is to come in the New Year. A "look back" then at the past twelve months showed the Canadian economy closing in a strong position as did our own company, Chateau-Gai Wines Limited. For the end of our second quarter we are gratified to report that a 10% increase in earnings has been achieved. This is a slightly higher record than the general economy in its upward swing of industrial production for a 7% gain as at Oct. 31, 1962. Further records were reached in output of labor, in higher employment and in manpower. Farm income reached a new high due to excellent crops and marketing conditions. The grape growers of Ontario's Niagara Valley heralded a "vintage" year for their excellent wine grapes as well as obtaining the highest selling price to wineries in history!



A. G. Sampson

The trend of imported wine sales dropped considerably during the first five months of the year and recorded a 3% increase as compared to a 15% increase for the same period of 1961. By June a crisis of national importance had developed in Canada which threatened our dollar on the international scene. Heavy buying of imported commodities had created a deficit balance of payments with the rest of the world causing emergency measures to be applied. The dollar was devaluated and a 15% surcharge was levied on some imported goods including imported wines. While no records were available at the end of the year regarding sales of imported wines for the past six months it is reasonable to believe their volume of sales has continued to drop in favor of Canadian wines.

With regard to imported wines versus Canadian wines, we have time and time again been given evidence that Canadian wines, and Chateau-Gai wines in particular, are most acceptable in many countries abroad as fine wines bearing the "Grown in Canada" stamp. To this end we have been pursuing a most vigorous export policy directed to the U. K. and other areas abroad. At this time substantial shipments of our wines have been exported to Jamaica and fourteen more islands of the Caribbean West Indies group. Our philosophy of maintaining the highest possible standards of quality for our products has created a consumer image at home, and abroad of confidence and integrity in all of our activities. This policy was set in the best interests of the public and of the whole Canadian Wine Industry.

A greater recognition of our place in Canada's economy is inevitable! The nine operating wineries in Ontario have in the past decade paid more than twenty-two million dollars for wine grapes alone! We maintain that our wines are a basic commodity and as such should enjoy a greater measure of recognition and protection at home similar to that enjoyed by European wineries at home.

We look forward to another year of strength and promise. Problems of increased costs of materials, production, labor and welfare will be faced again. The decline of imported wine sales and the stimulus of new Canadians emigrating here from abroad will bring us in 1963 another record year, and the continued enrichment of the social life of more and more people both at home and abroad through the use of Canadian wines.

KARL E. SCOTT

President, Ford Motor Company of Canada, Limited

As we approach 1963, the sustained demand by Canadians for new passenger cars and trucks continues to tax the capacity of our manufacturing and assembly plants. Not only is this buying pace continuing unabated, but the frequency of orders for our large-size models is increasing significantly. Thus, if the automotive industry can be considered as an important index of the nation's consumer economy, there is a substantial reservoir of purchasing power in this country of which Canadians, in a mood of optimism, are making full use.

Karl E. Scott

Of course, this buoyancy in the market place does not alleviate the problems imposed on many Canadian industries by the relatively small domestic market. Cost increases cannot be offset here to the same extent or as quickly as they can be in larger countries by economies of large-scale production. This inherent difficulty is aggravated when sudden cost increases of considerable magnitude suddenly are super-imposed on an industry, such as the automotive industry, in which fierce competition exercises a rigid price discipline. A recent example of this was the government's action by which, literally overnght, the historic annual waiver of the 25% tariff on automatic transmissions imported into Canada was not renewed. Since all automatic transmissions installed in Canadian-built cars must be imported from the U. S. because of the relatively small size of the Canadian market, the impact of this step on the economy of the Canadian automotive industry undoubtedly will be of major proportions.

Meanwhile, continuing programs of modernization and expansion are being carried out. In Ford of Canada in 1963 these will include: completion of expansion of the Oakville assembly plant; modernization of Windsor foundry facilities; addition to the glass fabricating plant at Niagara Falls; and establishment of a new national parts depot near Toronto and a new regional sales office building and parts depot in Vancouver.

These, and others, are predicated on the long-term growth of the Canadian automotive market, as well as on its increasing competitiveness. Both these factors, we believe, will be clearly evident in the automotive industry in Canada in 1963.

Continued on page 44

Continued from page 43

R. F. SHAW

President, The Foundation Company of Canada Limited

Decisions made in foreign countries—especially about direct investment in Canada—traditionally have profound effects on the volume of engineering and heavy construction activity in this country. Accordingly, forecasts for 1963 are complicated by uncertainty about the effects of Britain's probable entry into the European Common Market and an indicated re-orientation of United States interest toward Latin America through the Alliance for Progress program.

There are additional complications arising from purely domestic sources. Of these, the main consideration is the fact that we have a minority government in Ottawa. In this situation, the opposition parties can combine to force an election at any time and, as a result, government policies—always an important element in economic prediction—cannot be defined for 1963 with the necessary precision.

Against these uncertainties, however, we can set a number of buoyant factors. Canada's population is still growing at an impressive rate. This should underwrite a good volume of spending on consumer goods and should also influence decisions about capital goods production.

The economy in general and the construction industry in particular should also continue to find stimulation from the institutional, commercial and service construction requirements in Canada's growing and rapidly changing cities.

The impressive rate of industrialization of the country during the '50's seems to have been reflected in a concentration of population in urban areas. This has created not only the need but also the economic conditions necessary for the construction of subways, high rise office buildings, hospitals and, of course, more schools.

The fact that the campaign to strengthen the Canadian dollar has met with some success raises the hope that there will be no undue restraints imposed on investment in these areas during 1963.

For individual companies in many Canadian industries, the effects of these buoyant factors will be modified considerably by the extremely severe competitive conditions which prevail throughout the country. The extended period of expansion in the Canadian economy attracted a great many firms into certain industries. When this period of expansion tapers off, as it has, over-capacity in the industries concerned is the inevitable result. In these circumstances, competition can become so severe that it loses its traditional salutary effects and becomes actually destructive. This is certainly the trend in the Canadian construction industry today.

The general concensus of opinion in Canada seems to be that 1963 will measure up as well as the previous year. People who make it their business to predict are perhaps more cautious than the businessmen about the longer term, but it would be a fair summary to suggest that developments in 1963 are expected to set the stage for another round of impressive economic growth in Canada.

HON. WALTER R. SHAW

Premier, Province of Prince Edward Island

Nineteen Sixty-two was a momentous year; it was a year of crisis, one in which there were explosive events in nearly every quarter of the globe. Africa, South East Asia, East Berlin, Mississippi, Cuba and India are a few of these places. We—in Canada—are very fortunate in that none of this unrest and crisis took place on our own soil. The year, on the whole, was very encouraging.

Walter R. Shaw

There was a sharp recovery from a slight recession in 1961, and this continued through 1962.

Canada's economic performance for the year was the best since the boom of 1956. Consumer spending, government spending, business capital expenditures were all up. Inventories shifted from liquidation to accumulation; housing outlays increased, and the gross national product grew from $2.5 billion to almost $39.5 billion. Moreover, the latter figure for 1962 was 7% over the 1961 figure of $36.8 billion.

Our foreign trade showed a negative effect with an increased deficit on current account. With the impact of new exchange rates and surcharges, this will contribute to a reduction in the trade deficit in 1963. The forecast is that exports will rise by approximately $150 million, and it is expected that there will be an equal drop in imports. The trade gap should be reduced.

The upward momentum carried through the balance of 1962, but there was a tapering off in the rate of expansion as the year wore on. While the rise of unemployment was somewhat halted during the year, the Canadian Economy needs to grow, if it is to absorb its rising labor force.

Canada's economy—at the present time—is in a good state of health. As reflected in her standard of living, which is now at an all-time high, business generally was good in 1962 and the forecast for 1963 is for even bigger and better things for our country.

F. H. SHERMAN

President, Dominion Foundries and Steel, Limited

We are forecasting a high level of activity in our business for 1963, with volume the same or slightly higher than 1962.

Frank H. Sherman

Our outlook for flat rolled steel usage in home construction, commercial construction, highways, and containers is good; for automotive, agricultural implements and pipe lines excellent; while for transportation and export, not as good as 1962.

We expect price levels to be the same, as they have been since 1957. Cost of wages and raw materials have increased during this period, so plenty of effort is needed to try to maintain profit margins.

Employment will stay at the current high level.

Our capital expenditures will be lower than in 1962.

C. E. SOWARD

President, Maple Leaf Mills Limited

In the agricultural sector and related industries of the Canadian economy the expected entry of Great Britain into the EEC has been causing deep concern for many months. Although at this writing no settlement has been reached between Great Britain and the EEC, we must assume that good sense will prevail and that a satisfactory compromise will be reached. Further, we must continue to expect that the interests of Canadian agriculture and related industries will receive deserved consideration. We believe there is reason to hope that the final outcome, as far as Canada is concerned, may not be as serious as originally feared.

C. E. Soward

In our particular field—flour milling, grain handling, feed manufacturing, vegetable oil processing and allied lines—the long term outlook will of course be affected by final decisions between Great Britain and the EEC. However, the outlook for our industry for 1963 is in our opinion improved over the situation a year ago. The industry has adjusted to a higher level of grain prices both in the export and domestic markets, and domestic business is buoyant.

Like other industries, we are impressed with the necessity of a continuing program of cost reduction in order to meet the extremely competitive conditions prevalent today. Because our industry has become highly automated over the years we cannot expect large future gains in productivity. However, we believe that substantial savings in selling, distribution and administrative costs are possible. Further consolidation in the industry may become necessary, should export flour business continue to decline, in order to effectively deal with the problem of excess flour milling capacity.

J. HERBERT SMITH

President, Canadian General Electric Company Limited

Current indications are that Canada's Gross National Product will reach $39½ billion in 1962, an increase of about 7% over the previous year. This will be the largest increase since the 13% increase in GNP recorded in 1956.

J. Herbert Smith

Serving as it does all sectors of the Canadian economy, the electrical manufacturing industry is reflecting the impact of this increased activity. In terms of selling value of factory shipments, the industry's output in 1962 may well exceed 1961's output by 5%, and reach a value in excess of $1.2 billion.

There is in place a substantial plant capacity among Canadian electrical manufacturers to support not only a rising volume of domestic business, but a continuing expansion in export trade.

For electrical manufacturers generally the past year was notable in several major respects:

Canada's first nuclear-electric power station went into operation.

Orders for export were at a record level.

Sales of most appliance product lines showed an increase, with television sets showing the greatest growth.

Sales of electronic equipment and components showed continuing—and, in some cases, record—growth.

Prospects for 1963

Current prospects are that the level of business activity in 1963 should approximate that of the past twelve months. Up until very recently a lower level of activity in 1963 might have been expected, but the apparent strength of the Canadian economy in the closing months of 1962 indicates that the economy will maintain its present pace, at least until late in 1963.

Canadian electrical manufacturers now have in place the manufacturing capacity to serve not only the domestic market but, to an increasing extent, the export market as well. We can expect that Canadian manufacturers will continue to strive most vigorously for export business, particularly in product fields in which this country has already built up unique skills and facilities to serve the Canadian economy, and which can now be oriented toward export markets.

Fundamental changes in world trading patterns are on the horizon. It is up to Canadian industry to continue to exert every effort to lower costs and remove inefficiencies in order to prepare to meet both the intensified competition and the increased opportunities these changes will bring in the months and years ahead.

DANIEL SPRAGUE

President, James B. Carter, Ltd.

Business conditions in Canada should be as good or better in 1963 than in 1962.

Much publicity has been given to Canada's unfavorable trade balance, particularly with the United States, which has been financed over the years by the importation of capital. The consequence of this unfavorable situation was brought into focus last May when there was an outflow of capital and a dollar crisis. Canadians are beginning to realize that, if they are to maintain any independence, they must get their trade in balance by expanding exports—and this they are doing with great vigor.

Daniel Sprague, C.A.

The action of the Canadian Government in devaluating the Canadian dollar and imposing surcharges on a temporary basis has been a great stimulus to the export business and has also encouraged Canadian businessmen to purchase Canadian-manufactured products rather than to import them.

While some favorable trend has been shown in trade, the impact of imposing surcharges and the devaluation of the dollar will not be felt until 1963, because it takes time for buyers to locate new sources of supply and for suppliers to schedule increased or new production lines.

The outlook for Western Canada looks particularly favorable in view of the excellent grain crops which were harvested in 1962.

HON. ROBERT L. STANFIELD

Premier of Nova Scotia

Canada in 1962 enjoyed a general increase in business activity, despite a number of unsettling developments which included the exchange crisis and its corrective measures. This expansion is expected to continue in 1963, although recent national indicators and the possibility of a slowdown in the economies of our major trading partners suggest that the rate of increase may not be as great as that achieved in 1962, when production advanced approximately eight per cent.

Hon. R. L. Stanfield

It is significant that the 1962 growth rate in Canada was one of our largest in recent times and that this buoyancy of business was reflected in a substantial reduction in unemployment. Nineteen hundred and sixty-three in particular should see a strong surge in domestic demand, with preliminary capital investment intentions estimated to be about 5% higher than 1962, inventories now steady, and consumer incomes and savings high.

This prosperity in the national economy was also evident in Nova Scotia. For most people and most industries, 1962 was a good year.

In Nova Scotia, agriculture's farm cash income in 1962 is expected to hold reasonably steady to its 1961 level of $45 million, in spite of poor weather conditions which increased operating costs and consequently will reduce total net income from farming operations.

Although the quantity of fish landed declined slightly, value increased 18% for the first nine months of 1962, compared with 1961. This strong rise was due to generally improved prices for nearly all species. In forestry, both sawn lumber and pulpwood production reflected a general improvement in the industry despite some poor weather for logging operations.

Over the years, coal has been receiving increasing competition from other fuels. This has necessitated the gradual closure of some mines. However, it is believed that the industry is now stabilized. Other mining operations are showing continued growth, with major new facilities being added and further exploration being carried out.

Nova Scotia's leading industry, manufacturing, accounts for approximately 40% of the Province's net value of production, and its selling value showed a strong climb of over 6% in 1962. The value of factory shipments is expected to approximate $420 million.

Signs of growth are also evident in other sectors of the economy, with overall construction advancing (although residential building starts declined), retail trade and electric power generation increasing and motor vehicle sales rising 11% for the first nine months. Unemployment in 1962, while still at a fairly high level, improved considerably over 1961, and wage levels rose.

With Nova Scotia's solid foundation for economic growth, certain developments are favorably viewed for their long term potential. These include international proposals to change the trade pattern in the North Atlantic area, the programs of the government of Canada, and in particular those of the Department of Trade and Commerce, and the new Atlantic Development Board which will be set up in 1963.

Within our provincial government, a new concept of voluntary economic planning has been adopted, which with the cooperation of all concerned, will accelerate the economic growth of Nova Scotia. Initial reaction has been favorable and it is hoped that this continuing program of bringing industry leaders together for their mutual benefit will begin to show results in 1963.

In 1962, tangible industrial development included the addition of facilities for the manufacture of frozen fruit and vegetables, envelopes, folding paper boxes, brewers grains and yeast, stone products, seaweed products, and textiles. Work is progressing on a new oil refinery, and a fish plant, which is expected to be the most modern in the world. Similar developments are expected in 1963.

FRANK TAYLOR

President, Taylor Woodrow of Canada Limited and Monarch Investments Limited

Companies that operate efficiently with aggressive sales approach can expect a not unreasonable year in 1963.

In our group, which comprises a number of wholly-owned companies in the construction, building and allied industries, as well as several associated companies and partly-owned subsidiaries, I feel that the outlook for the year ahead cannot be expected to be better than it was in the year past. The demand for new housing this year is expected to be somewhat less than it was, but with the right location and the proper product, I feel that the company's position should be good in 1963.

Frank Taylor

We should not, perhaps, be too optimistic. Our position in Canada is one of slow and steady progress. We are a young and energetic group moving from strength to strength with determination and enthusiasm, but always cognizant of potential growth based upon economic conditions.

In the field of housing, there is a notable trend toward higher priced homes in most metropolitan areas. This is due, however, mainly to higher land costs rather than to better houses. There is still an unsatisfied demand for well-located, low cost, good value homes, and this demand is expected to continue and to grow, but will, in my view, be difficult to satisfy because of the many overriding charges being assessed against land development by municipalities.

In my view, apartment building is being overdone in many areas. I feel that ideal living conditions for Canadian families are houses with all the amenities not usually found in apartment dwellings. Naturally there is a purpose for apartments, but in my view they serve an entirely different function from that required for family living.

I would anticipate that there would be less government construction projects this year, in view of the government's avowed intention of curtailing major expenditures in many fields. On the other hand, there should be an increasing demand for more schools and hospitals throughout Canada.

In 1963, the outlook for the services offered by Canadian S. T. W. Developments Limited, a member of the Taylor Woodrow Group, should be tremendous. Through this partnership of Taylor Woodrow and The Standard Life Assurance Co., sites are acquired from owners by Canadian S. T. W., structures are built, whether they be business, commercial, shopping center, office or apartment structures, and then the development is leased back or sold to the original owner on completion, or held as an investment. There is a decided trend for this type of service; it is a growing one, and I expect that we will see some remarkable developments this year for our company.

I would anticipate little expansion in secondary manufacturing plants or equipment. I rather feel that we are somewhat over-extended at the present time and that perhaps there might be a period of maintaining status quo this year. The situation in primary manufacturing, however, is such that I believe we can expect expansion in a more aggressive fashion.

There are some areas that are overdeveloped insofar as housing and other building is concerned. There are, however, some key areas in Canada that are underdeveloped. It is in these areas that we can expect our greatest expansion in 1963.

In summing up, I would say that we have some justifiable optimism for this new year. There are great opportunities for further development in Canada, and we have all the necessary talents to contribute to this growth.

ALBERT A. THORNBROUGH

President, Massey-Ferguson Limited

As we enter 1963, sales prospects for the farm machinery industry in Canada are encouraging. Favorable weather, a good harvest and stable price levels for most crops throughout 1962 contributed to a satisfactory year for the industry, establishing a firm base for the present year.

A. A. Thornbrough

The cash position of Canadian farmers in 1963, it is anticipated, will be slightly higher than the $3 billion level achieved in 1962, due to increased sales of wheat, feed grains and livestock. Moisture conditions in most parts of western Canada are particularly favorable at the present time. If they continue, there is every reason to expect that farmers will push forward with mechanization programs, in a drive towards greater output and better management of land and production tools. For Massey-Ferguson, the Canadian outlook appears promising. The company's sales of all products in Canada last year totaled $63 million, an all-time high, and if present trends continue, 1963 sales could exceed this mark. Competitive strength is being increased with the introduction to the Canadian market this year of new major machines, including a tractor in the 100 h.p. range, the largest ever marketed by the company.

Of special significance, in assessing trends, is the continuing emergence of the farmer-businessman, in Canada as in the United States: a highly professional, profit-minded manager and operator who thinks in terms of "systems farming" and the efficient management of his total resources. His influence and decisions on product and farm technology present a healthy challenge to the entire farm equipment industry in 1963 and beyond.

ROBERT WINTERS

President, The Rio Tinto Mining Company of Canada Limited

The Canadian economy, during 1962, weathered a foreign exchange crisis and although an improvement has been achieved, we have not yet eliminated the source of the trouble. Also, we had a Federal election, the results of which were inconclusive. The country is now administered, rather precariously, by a minority government whose survival depends essentially on the voting tactics of the opposition parties.

Hon. Robert Winters

While the exchange crisis, as a result of the emergency measures taken, has been financed, the underlying problem of increasing exports to cover both rising imports and rising service payments on foreign indebtedness still remains. Despite these difficulties, the economy performed reasonably well in 1962, with both GNP and industrial production at all time highs. However, it is still not performing well enough to use existing industrial capacity at optimum levels nor to provide adequate employment to the existing labor force. Indeed, as the labor force is growing at a faster rate than that of industrial production and industry's capacity to absorb it, a relatively high unemployment level is likely to continue to be a major problem for the immediate future. As before, business conditions in Canada continue to be heavily dependent on those in the United States.

Despite current oversupply of almost all raw materials, the Canadian mining industry enjoyed a good year in 1962, with production several percent higher than in 1961 and a record amount paid to shareholders as dividends. In the uranium mining segment of the industry, production for 1962 was about 8,400 tons of U_3O_8 as against 9,700 tons in 1961, although there were no further mine closures in the year. The Canadian industry reached peak production in 1959, with 15,500 tons, which compares with United States production now running at over 17,000 tons a year.

The most significant event for uranium mining in Canada in 1962 was the allocation to the continuing producers of a 12,000 ton uranium contract with the United Kingdom. This contract will permit one of Rio Algom's mines to continue in operation until the early 1970's, by which time it is expected that demand for uranium for nuclear power reactors will have increased sufficiently to permit the continuation of a viable uranium mining industry, unsupported by government contracts. At the same time, this additional contract will enable the other Canadian producers to extend the life of their operations by about a year. This life expectancy will be improved to the extent that orders for uranium for civilian uses can be found.

An announcement by the U. S. Atomic Energy Commission in November, 1962, of a stretch-out programme for domestic uranium producers in the United States now enables a fairly clear picture to be drawn of the uranium supply position for the next decade. Whereas free world output of uranium reached a peak of over 40,000 tons of U_3O_8 in 1959, by 1967 the annual production rate should have fallen to probably not more than 15,000 tons and is likely to continue at this much reduced level for several years.

However, by the early 1970's, expanded uranium production is likely to be called for to meet the rapidly growing construction rate of nuclear power reactors anticipated by then, and it is apparent now that those producers with large, long-term reserves will be in a favorable position to take advantage of expanding business and profit opportunities derived from this major new source of energy.

J. A. TAYLOR

President and General Manager,
The Huron & Erie Mortgage Corporation
The Canada Trust Company
London, Ontario, Canada

The past year was a momentous one for Canada. Also it was a year of paradox. We saw the Canadian dollar weaken to an extent that forced devaluation and brought an appeal for international monetary assistance. On the other hand, there was a larger increase in Gross National Product than for any year since 1956. An unstable political situation was a backdrop to these conditions with a Federal Government which does not enjoy a majority and could be defeated at any time. What does this portend for 1963?

J. Allyn Taylor

Business leaders all across the country show a new awareness of the three basic problems facing Canada—balance of payments, reorientation of trade policies and cost control. With this awareness there is also a determination to find solutions. Unfortunately, the same cannot be said of all our political leaders, many of whom still seem convinced that the panacea of all our ills lies in bigger government expenditures and enlarged welfare plans, whether or not we can afford them. Taxation, already stifling incentive, continues its relentless increase.

Barring a recession in the United States economy, we look for a moderately better year in 1963. Exports should again increase and the devalued dollar, it is hoped, will exercise needed restraint on imports and provide some further improvement in our balance of trade. Our great imbalance in trade account is of course with the United States. Based on preliminary figures the deficit here approached half a billion dollars for the first nine months of 1962. Obviously any permanent solution to our balance of payments' problem rests with an improved trade relationship between our two countries.

The past months have highlighted the thorny problems facing the United Kingdom in its bid for entry into the Common Market. Even if the negotiations are successful, results as far as our trade pattern is concerned will not become noticeable in 1963.

Unemployment remains at a high level—in excess of 5% of the labor force—and will become increasingly difficult to reduce as the number of employable persons grows with the post-war baby crop maturity. Enlightened self-interest dictates that these children attain a higher degree of practical education yet this in itself poses problems of cost only government can assist in meeting.

Consumer income continues its upward trend and with a returning degree of confidence this may become one of the strongest support areas in the economy in the year ahead. Capital expenditures are likely to show only a modest increase as there is still much unused capacity in most industries. Such increased capital expenditures as there may be will probably occur in the field of government or in the area of increasing plant efficiency.

Referring specifically to the savings and mortgage business, there is likely to be greater competition for

Continued on page 46

Continued from page 45

mortgage loans and some downward pressure may be exerted on interest rates. At the same time there is a marked increase in competition among Canadian financial institutions for the savings of the public. Further narrowing in profit margins is likely to result.

EDWARD C. WOOD

President, Imperial Tobacco Company of Canada, Ltd.

In 1962, the Canadian tobacco industry had its second consecutive year of substantial gains. Cigarettes, with sales up 5% over 1961, together with good increases in cigars and pipe tobacco, brought the retail value of tobacco products to over $830 million or 2% of Canadian Gross National Product. Federal excise taxes at $420 million are 7% of federal taxation revenue.

Edward C. Wood

The cigarette market was carried to its high level by favorable economic conditions and by the national distribution of several major new brands. It is most unlikely that these conditions will exist to the same degree in the coming year, and cigarettes, which account for 85% of industry volume, will not likely gain by more than 2 or 3%. Cigar and pipe tobacco volume is expected to gain slightly.

In the last ten years, the Canadian manufacturers' selling price of cigarettes has risen but once and then by less than ⅓ of a cent per package. However, sales volume increases and technological improvements have not enabled the members of the industry to realize sufficient economies to overcome higher leaf, other material, labor and advertising costs. The industry takes great pride in its price record but, without sufficient excise or corporate tax concessions, it is most unlikely that this price record can be maintained.

It is not generally realized that, of the retail price of 37 to 40 cents per package of 20 cigarettes in Canada, the manufacturer receives but 9½ cents to cover his costs, pay dividends, and provide for future capital expenditures.

FRANK W. YOUNG

President, Canada Foils, Ltd.

The strength and confidence which was evidenced in Canada's economy at the close of 1962, should continue well into 1963.

After a year of governmental no-decisions, half-decisions and austerity decisions, Canadian economy has been truly tried and emerged strengthened and undaunted. The period of trials and tribulations was truly good for Canadian industry and forced a halt to a complacent way-of-life that was being recklessly pursued.

F. W. Young

The coming year will find Canada facing many important problems, the solution to which can have long-reaching effect on all phases of Canadian industry and commerce. These problems have already made themselves known and will require strong leadership within the government to solve.

The stimulus with which governmental policies will assist Canadian industry is a matter of paramount importance. The anticipated tax reforms in the United States during 1963 will have a great bearing on Canadians. Such reforms should be met, partially at least, in Canada otherwise the possibility of a declining flow of capital into Canada could well result and could precipitate a serious blow to our economy.

Another major problem, still undecided, is the negotiations by Great Britain to enter the European Common Market. The inability of Great Britain to secure requested concessions for her Commonwealth markets could have drastic and dire effects upon Canada's economy. This could mean a closer tariff alliance with the United States and a stronger endeavor to develop and enlarge export markets for our products.

The fundamental strength of Canadian industry is still the availability of capital. The resources by which we can enlarge our present capacities will depend largely upon the financial status of our country. The mid-1962 actions by our government proved their wise judgment in averting a most chaotic situation. The flow of foreign investment capital has again resumed but on a slower pace. Such investments are essential to the future growth of Canada but must be directed to the expansion of our capital goods rather than to subsidizing imports. It is in the enlargement of our manufacturing industries that the ever-increasing labour pool will find employment.

The present buoyance of the Canadian economy should not diminish appreciably in 1963. The momentum will slow down from the tempo shown in the latter part of 1962 but the movement will still be forward. The confidence which presently exists will persist despite minor setbacks and adjustments. A majority Government is required to implement necessary legislation as conditions arise and it is hoped that the present unstable and uneasy political status will be corrected and rectified in the near future.

There is no lack of confidence in Canada's progress in 1963 except that lurking in the minds of the pessimists. For those who firmly believe in the capabilities of Canadians, there lies ahead a prosperous new year.

As We See It

Continued from page 1

now the New Frontiersmen never tire of citing the first of Adam Smith's notable general principles of any good tax system, namely that "the subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities." No one, of course, is likely to take exception to this general rule so long as it is applied with reason and with due regard to other maxims which Smith as well as many others have laid down through the years. What is unfortunate is the fact that these other maxims are so often, not to say so regularly, overlooked, forgotten or ignored. We have had occasion time and again to cite some of these neglected principles, and doubtless will find it advisable again and again in the future to do so.

The particular maxim which current developments now make quite pertinent is the second in Smith's list, and is no less important that the first. Here it is in the words of the master himself: "The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. . . . The certainty of what each individual ought to pay is, in taxation, a matter of so great importance that a very considerable degree of inequality, it appears, I believe, from experience of all nations, is not near so great an evil as any very small degree of uncertainty."

Our economy and our whole existence, for that matter, have grown immensely more complex since we declared ourselves free and independent (the date at which Adam Smith's words were first published). There can be no question of that fact, and is its equally clear that the application of this most essential principle to current taxation, particularly income taxation, is more than ordinarily difficult, but the fact that it is difficult also suggests the importance of making every effort to do all that is possible to keep the requirements of our income tax system as unequivocal as is humanly possible.

No Simplification?

It is anything but that now, and the program of the President as now presented does not suggest that it will be so if and when current revisions are completed. Protectionists used to say that they cared little who wrote the tariff schedules so long as they were permitted to draft the administrative provisions. Something of the same situation exists in the case of income taxation. Actual levies on this, that, and the other level of income may in actual practice mean this or that depending upon what income must be included and what deductions are granted and what exemptions are allowed.

When the law concerning any of these things is changed, there nearly always, if not always, arise differences of opinion about the precise meaning of phrases. Even the rulings of the Treasury may not stand up when and if the phrases are taken to court. Much of all this is, we are sure, all but unavoidable in any income tax system, but it ought to be reduced to a minimum—and usually is not. In any event, enough has been said to render it quite clear that uncertainty still surrounds even the proposals of the Administration and will continue to do so for a good while to come.

Another Principle

There is another of these classic maxims about taxation which is constantly overlooked. It is the fourth of Adam Smith's list. Here it is: "Every tax ought to so contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy, some of the funds which might enable them more easily to do so. . . . Fourthly, by subjecting the people to frequent visits and the odious examination of the tax gatherers, it may expose them to much unnecessary trouble, vexation and oppression; and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it."

Recent legislation which is aimed at obliging a long list of small taxpayers to include interest and dividends in their income tax reports is a case in point. It is evident beyond question that the system of numbering taxpayers and requiring payers of interest and dividends to report such payment by number of the recipient will cost and is costing a large number of business enterprises very substantial sums of money. Thus the requirement that taxpayers report interest and dividend receipts is taking out of other taxpayers' pockets large sums. This, of course, is but one example. Every businessman is well aware of the cost of keeping and reporting accounts which, but for the requirements of the tax collector, would be unnecessary. If we are to have our overhauling of our tax system let these things not be overlooked.

Patterson V.-P. Of M. A. Schapiro

M. A. Schapiro & Company Inc., 1 Chase Manhattan Plaza, New York City, underwriters, brokers and dealers in bank stocks, have announced that James C. Patterson has joined the firm as Vice-President in the Trading Department.

James C. Patterson

Mr. Patterson had been with Merrill Lynch, Pierce, Fenner & Smith Incorporated for 15 years where he was Manager of the Bank and Insurance Division in their Trading Department since 1955 until he became associated with M. A. Schapiro & Co., Inc.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Thomas J. Vaughan is now affiliated with Walston & Co., Inc., 1801 Farnam Street. He was formerly with Dean Witter & Company.

Now Semmes & Co.

DECATUR, Ala.—The firm name of A. B. Love Investment Company, Masonic Building, has been changed to Semmes & Co., Inc. G. T. Semmes is a principal of the firm.

Science Stock Investing Requires Sound Evaluation

Continued from page 5

Although Texas Instruments had been traditionally known as an electronic or semiconductor concern, its basic orientation has been towards the physics of metals so that viewed in this light the acquisition of Metals and Controls with its experience in metal cladding and nuclear materials can be seen as a logical extension of Texas Instruments' basic business. On the other hand, expansion into nuclear technology represented a substantial change in the type of market in which the company had been theretofore engaged as were the more mundane activities of Metals and Controls' other divisions. The direction of the parent company was substantially altered by this acquisition although sound from an overall business standpoint. Reexamination by investors did not take place until price pressures on Texas Instruments' semiconductor operation brought about a sharp realization that the company's former sharp growth rate could not be maintained.

In contrast to the sound acquisitions cited above, many companies have undertaken haphazard programs which produced a pot pourri of diverse unrelated operations bringing about subsequent problems with which management was unable to cope. As mentioned previously, the investor must carefully examine the sources of profits which scientific companies achieve to make sure that the quality of such earnings are commensurate with the price/earnings ratio assigned the company's stock.

Over-Capitalized R/D Expenses

In assigning a price/earnings ratio it is obviously necessary to examine carefully the financial statement of the company. In setting price/earnings ratios of 20 to 40 or 50 on promising scientific companies, the assumption is generally made that the company is financing a substantial research and development effort which would otherwise show as increased profit. The practice has grown in recent years, however, for companies to capitalize their research so that the figures for profit as publicly released may often not substantiate this assumption. In these cases, more careful examination is needed and a substantially reduced price/earnings ratio is called for inasmuch as such capitalized expenses represent ultimately a call on future profits.

One must be cautious in projecting a steep sales growth curve for a company when the conditions that have brought this growth about have diminished. Occasionally, a company by the force of a major research effort breaks into a virgin field of application which for two, three or four years may afford a market limited only by the company's productive capability. Once such a market is saturated, however, a much more modest steady sales rate may be called for, so that not only is there a sharp termination in growth but an actual decline in sales may occur. An example of this type of situation is to be found in Ampex's tremendous achievement in perfecting the video-tape recorder which opened up overnight a vast untouched market among television broadcasters and associated agencies. For nearly four years the sales of Ampex's tape recorder to this huge hungry market created an ever-increasing and apparently insatiable demand for increased production. This market approached saturation at a time when recorders of comparable quality had begun to be produced by competitors. The sudden sharp shrinking of sales caught both management and investors totally unprepared.

Investors must also be concerned with those companies in technical fields which do not attempt to advance by their own research efforts. In such fields as semiconductor manufacture there are many companies which have simply followed the research activities of others and have duplicated those products for which substantial markets were available. Oftentime such companies can develop a research and technical capability under the umbrella of these profits. On the other hand, if the company permits itself to continue without achieving technical knowledge, it ultimately will become dependent upon price cutting to maintain sales and may eventually find itself fighting a losing battle of product obsolescence and narrowing profit margins. We see this situation today particularly among component companies in the military equipment field.

Fields Promising Profitable Opportunity

The reader might ask what are the fields of scientific endeavor which today offer particular promise for profitable investment. The question of course affords various answers depending upon the lead time sought, the type of investment, etc. There are, however, a number of fields in which significant technological changes are occurring which warrant examination by an investor seeking profits through the growth that occurs with technological change. Among these may be cited the following areas:

Computers

The tremendous capability of computers in achieving vast memory storage and complex methodical calculations are, of course, well known. Applications to accounting, scheduling and scientific computation are already large. Further utilization in such matters as inventory maintenance, record keeping, and control of industrial processes loom large on the horizon and can be expected to expand as application is made to additional functions. Analog as well as digital computers offer significant promise and opportunity for the investor.

Pattern Recognition Systems

The "read-in" and "read-out" of computer information has become one of the major limitations of current computer usage. Interpretation and translation of graphic information of all kinds is becoming of increasing importance in industrial as well as in military use. An example is the automatic translation of literature, one of the more dramatic applications of computer technology. This problem demands rapid recognition and translation to computer language. This entire field is in its earliest stages and one which must become increasingly important over the next several decades.

Radiation Accelerators

Radiation accelerators are best known as scientific tools of theoretical physicists. They have found substantial application in medical treatment and utilization in metallurgical examination. The romance of food irradiation is still elusive but the facilities which have been placed at the disposal of scientists through well-engineered megavolt accelerators must inevitably lead to increased knowledge and application of this important scientific and industrial tool.

High Vacuum

High vacuum techniques have already opened up such new industrial fields as frozen foods, vacuum melting of metals, etc.

The national aerospace effort necessitates vastly increased knowledge of low-pressure phenomena and the functioning of metals under vacuum. Such processes as electron beam melting, dry freezing of foods and pharmaceuticals, epitaxial deposition in the manufacture of semi-conductors all require high vacuum techniques.

Lasers

Laser is in an area which has received much attention in financial and scientific literature recently. The profit potential of commercial or military applications of lasers is yet to be demonstrated. Tremendous research effort is under way in this field and recent developments such as that in gallium arsenide lasers, demonstrate again the need for the investor in this field to be alert to the changing picture in industrial developments if he is to avoid participation in obsolescent techniques.

Fuel Cells

This is another area which has achieved much publicity in advance of commercial realization. Although, theoretically, it appears to hold great potential, much remains to be accomplished from a technical standpoint and a very broadly based effort will be required to open up commercial applications.

Microwave Devices

Microwave devices have acquired a tremendous impetus as a result of the military program. Radar and countermeasures, communications and remote control problems have brought about the development of highly complex sensitive and accurate power sources for microwave, and the continued development of associated devices particularly of a solid state nature remains unabated.

Semiconductors

Of particular interest at the present time are the strides being made in the development of production techniques for integrated semiconductor circuits. Whereas it was once felt that integrated circuitry would afford the advantage of substantial miniaturization, but would be prohibitive in cost for commercial application, it now appears likely that such circuits will compete economically with established solid state systems.

The list one could add is an extensive one. Significant developments are taking place in magnetics, in direct current power sources, automatic data processing, cryogenics, porous metals, infrared and many other areas just to mention a few associated with the electronic field alone. Each of these technologies beckons new opportunities to the investor but each requires an awareness of the many complexities involved if major pitfalls are to be avoided.

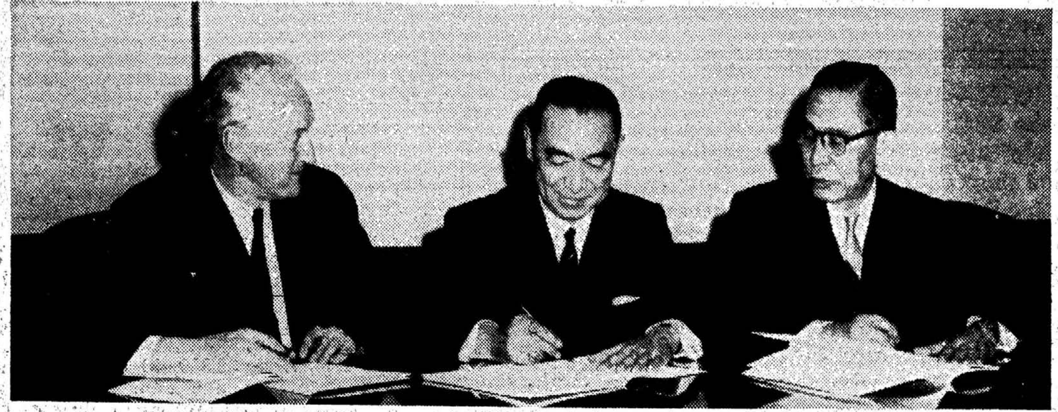
Technical Knowledge Needed

The institutional investor may face a serious problem with regard to investment in these fields. In any balanced or appreciation-oriented portfolio such holdings must be included. The investor who is accustomed to examining financial ratios, management history and other standard investment criteria finds, however, that entirely different measures requiring advanced technical knowledge are demanded in the evaluation of scientific investments. If he is to pursue as conscientious an investment program as in conventional security investment, he is faced with the necessity of organizing a research department capable of knowing diverse technologies and following industry trends and corporate developments in technical fields—an extremely expensive undertaking. A budget of $50,000 to $100,000 a year for such a department should be anticipated.

To invest in technical industries without proper investigation and evaluation is a procedure which is generally inconsistent with standards set by competent institutional management. If then the institution finds the budgetary requirements of establishing its own technically-oriented research department excessive, how then can it meet the requirements of sound investment evaluation in this area?

The answer is to be found in the use of organizations which embrace both technical and investment knowledge. The investment evaluator must understand the technology involved lest there exist a gap between the information furnished by scientist and engineer and investment interpretation. There are organizations which span these two diverse fields of knowledge. My own company, Technological Investors Management Corporation, focuses its attention specifically on this problem. Other organizations such as Stanford Research Institute, Arthur D. Little & Co., Greenebaum Associates and Armour Research Institute provide somewhat similar services. In any such approach, however, attention must be given to all aspects of a company's activities—its management, its marketing capability, its financial position as well as its technical strength—if sound security evaluation is to be achieved.

Nippon Electric Shares Offered



The First Boston Corporation and The Daiwa Securities Co., Ltd. are joint managers of a group offering publicly, 400,000 American Depositary Shares of Nippon Electric Company, Limited (representing 10,000,000 shares of the company's common stock, par value 50 Japanese yen per share) at $16.75 per American Depositary Share. Signing the underwriting agreement are Yuzaburo Makino (center), Senior Managing Director of Nippon Electric Company, Limited; Andrew N. Overby (left), Vice-President, The First Boston Corporation, and Chisato Fukuda (right), President, The Daiwa Securities Co., Ltd. Nippon Electric, which was incorporated in 1899, is the largest Japanese manufacturer of telecommunication equipment and one of the leading producers in the field of electronic equipment.

Form A. P. G. Investments

LONG ISLAND CITY, N. Y.—Albert P. Galdi is conducting a securities business from offices at 29-07 Broadway under the firm name of A. P. G. Investments.

S. Zucker Opens

BROOKLYN, N. Y. — Samuel Zucker is engaging in a securities business from offices at 713 Vermont Street under the firm name of Samuel Zucker Co. Mr. Zucker was formerly with Ezra Kureen Co. and I. H. Wright Co., Inc.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parenthesis alongside the company's name, and in the index, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the caption "Effective Registrations" are those issues which became effective this week and were offered publicly.

● Abbot Realty Fund, Inc.
June 29, 1962 filed 380,000 class A common. **Price**—$10. **Business**—Real estate ownership and management. **Proceeds**—For debt repayment and general corporate purposes. **Office**—292 Madison Ave., N. Y. **Underwriters**—Morris Cohon & Co. and Street & Co., Inc., N. Y. **Offering**—Indefinite.

Accounting Corp. of America
Dec. 5, 1962 ("Reg. A") 300,000 common. **Price**—$1. **Business**—Operation of an electronic data processing service. **Proceeds**—For expansion, equipment and working capital. **Office** — 37 Brighton Ave., Boston. **Underwriter**—Walker, Wachtel & Co., Inc., Boston. **Offering**—Indefinite.

● Aerosystems Technology Corp.
Aug. 29, 1962 filed 165,000 common. **Price**—$3. **Business**—Company has been engaged in experimentation on aerodynamic concepts and holds ten U. S. Patents relating to advanced vertical lift vehicles and systems for achieving controlled vertical flight. **Proceeds**—For additional equipment, research and development, plant facilities and other corporate purposes. **Office**—Route 15, Sparta, N. J. **Underwriter**—Chase Securities Corp., N. Y. **Offering**—Indefinite.

Aiken Savings Trust
Aug. 22, 1962 filed 100,000 shares of beneficial interest. **Price**—$10. **Business**—Company plans to qualify as a real estate investment trust. **Proceeds**—For investment. **Address**—Florence, S. C. **Underwriter**—None.

Alaska Power & Telephone Co.
Dec. 26, 1962 filed $600,000 of 6% debentures due 1978, 240,000 common, and 180,000 10-year warrants to purchase a like number of common shares, to be offered in 600 units, each consisting of one $1,000 debenture, 400 common, and 300 warrants. **Price**—$1,000 per unit. **Business**—A public utility supplying electricity and telephone service to 4 Alaskan communities. **Proceeds**—Expansion of service, loan repayment, and working capital. **Office**—Fifth Ave., Skagway, Alaska. **Underwriter** — Jay W. Kaufmann & Co., New York. **Offering** — Expected in March or April.

All-State Properties, Inc.
April 24, 1962 filed $5,000,000 of conv. subord. debentures due 1977. **Price**—At par. **Business**—Company and subsidiaries conduct a general real estate business with emphasis on land development and home construction in Fla., Md., N. Y., and Ky. **Proceeds**—For repayment of debt. **Office**—230 Park Ave., N. Y. **Underwriters**—To be named.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price**—50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office** — 80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Bolt & Screw Mfg. Corp.
Dec. 15, 1961 filed $900,000 of 6% convertible subordinated debentures and 90,000 common, to be offered in units consisting of one $100 debenture and 10 shares. **Price**—$100 per unit. **Business**—Manufacture of standard and special industrial aircraft and missile fasteners. **Proceeds**—For debt repayment, equipment and other corporate purposes. **Office**—Lawson Blvd., Oceanside, L. I. N. Y. **Underwriter**—S. D. Fuller & Co., N. Y. **Offering**—Indefinite.

● American Gas Co.
March 26, 1962 filed $2,300,000 of 6½% sinking fund debentures (par $20) due Jan. 15, 1978 and 230,000 common (par $1) to be offered in units of one debenture and two common shares. **Price**—$25 per unit. **Business** — Transportation, distribution and sale of natural gas. **Proceeds** — For construction, debt repayment and other corporate purposes. **Office**—546 S. 24th Avenue, Omaha. **Underwriters**—A. C. Allyn & Co., Chicago and Walston & Co., New York. **Offering**—Imminent.

American Mortgage Insurance Co.
Jan. 10, 1963 filed 31,070 common to be offered for subscription by stockholders on the basis of one share for each five shares held. **Price**—$18. **Business**—A mortgage insurance company. **Proceeds** — For investments. **Office**—300 S. Salisbury St., Raleigh, N. C. **Underwriter**—None.

American Pacific Fund, Inc.
July 9, 1962 filed 94,500 common. **Price**—Net asset value. **Business**—An open-end management company specializing in life, health, casualty and accident insurance. **Proceeds**—For investment. **Office**—1523 Kalakaua Ave., Honolulu. **Underwriter**—American Pacific Management Corp. (same address).

● American Plan Corp.
March 30, 1962 filed $3,100,000 convertible debentures due 1982, and 155,000 common (of which 120,000 will be sold by company and 35,000 by a stockholder). The securities will be offered in units of one $20 debenture and one share. **Price**—By amendment. **Business**—Production and servicing of physical damage insurance on automobiles, trucks and mobile homes. **Proceeds**—To finance the purchase of American Fidelity Fire Insurance Co. **Address**—American Plan Bldg., Westbury, L. I., New York. **Underwriter** — Bear, Stearns & Co., New York. **Note**—This registration was withdrawn.

Ampeg Co., Inc.
Oct. 29, 1962 ("Reg. A") $294,000 7% conv. subord. debentures due 1972 and 29,400 common to be offered in units of one $1,000 debenture and 100 shares. **Price**—$1,020 per unit. **Business**—Manufacture of amplifiers and accessory equipment for musical instruments. **Proceeds**—For inventory, equipment, debt repayment and new products. **Office**—1570 W. Blancke, Linden, N. J. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Indefinite.

Antenna Systems, Inc.
Sept. 28, 1962 filed 35,000 common. **Price**—By amendment (max. $30). **Business**—Design, manufacture and installation of large microwave antennas and antenna components. **Proceeds**—For reduction of bank loans, and working capital. **Office**—349 Lincoln St., Hingham, Mass. **Underwriter**—None.

Arden Farms Co.
May 23, 1962 filed 49,993 shares of $3 cumulative preferred stock and 205,105 common shares being offered for subscription by stockholders of the respective classes on the basis of one new share for each 10 held. Record date for both offerings is Nov. 21 and the rights expiration date Feb. 15. **Price**—For preferred $52; for common $13. **Business** — Manufacture, purchase and sale of ice cream and other dairy products. **Proceeds**—For debt repayment. **Office** — 1900 W. Slauson Ave., Los Angeles. **Underwriter**—None.

● Arkansas Power & Light Co. (2/20)
Jan. 10, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—To refund outstanding 5⅝% first mortgage bonds due Dec. 1, 1989. **Address** — Ninth and Louisiana Sts., Little Rock, Ark. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.-Dean Witter & Co. (jointly); Lehman Brothers-Stone & Webster Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly). **Bids** — Feb. 20 (11:30 a.m.) at 2 Broadway (28th floor), New York.

● Ashland Oil & Refining Co. (2/20)
Jan. 23, 1963 filed $25,000,000 sinking fund debentures due 1988; $35,000,000 convertible subordinated debentures due 1993; and 260,000 common. **Price**—By amendment. (max. $30 for the common). **Business** — A refiner, transporter and marketer of petroleum products. **Proceeds**—For proposed acquisition of United Carbon Co. **Address**—1409 Winchester Ave., Ashland, Ky. **Underwriter**—Eastman Dillon, Union Securities & Co., and E. F. Hutton & Co., Inc., New York, and A. G. Becker & Co., Inc, Chicago.

● Associated Mortgage Co., Inc.
Dec. 21, 1962 filed 135,205 common, of which 100,000 are to be offered by company and 35,205 by stockholders. **Price**—By amendment (max. $10). **Business**—Originating, marketing and servicing of first mortgages and loans on real estate. **Proceeds**—For loan repayment, and working capital. **Office**—1120 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Shields & Co., Inc., New York. **Offering**—Indefinite.

Atmosphere Control, Inc.
May 28, 1962 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Manufacture and sale of Misti-Cone humidifiers. **Proceeds**—For equipment, inventories and working capital. **Office**—668 Jenks Ave., St. Paul, Minn. **Underwriter**—To be named. **Offering**—Expected sometime in February.

Automatic Controls, Inc.
Dec. 28, 1961 filed 50,000 common. **Price**—$4. **Business**—Design, manufacture and installation of electrical, pneumatic, hydraulic and mechanical systems, controls and devices to control and automatically operate industrial machinery and processes. **Proceeds** — For general corporate purposes. **Office**—3601 Merrick Rd., Seaford, N. Y. **Underwriter**—S. Schramm & Co., Inc., N. Y.

Automatic Merchandising, Inc.
May 24, 1962 filed 225,000 common, of which 125,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Company operates, owns, services and leases coin-operated automatic vending machines. **Proceeds**—For debt repayment, inventories, equipment and working capital. **Office**—217 N. Willow Ave., Tampa. **Underwriter**—A. C. Allyn & Co., Chicago.

Basic Properties, Inc.
June 29, 1962 filed 400,000 class A common. **Price**—By amendment (max. $12). **Business**—Real estate investment. **Proceeds**—For debt repayment, acquisition of a building and other corporate purposes. **Office**—521 Fifth Ave., N. Y. **Underwriter**—Hornblower & Weeks, N. Y. **Offering**—Indefinite.

Bell Telephone Co. of Pennsylvania (2/5)
Jan. 15, 1963 filed $50,000,000 of debentures due Feb. 1, 2003. **Proceeds** — To repay advances from A. T. & T., parent, for construction and other corporate purposes. **Office** — 1835 Arch St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.-Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Feb. 5, 1963 (11 a.m. EST) in Room 2315, 195 Broadway, New York.

Big Top Stores, Inc.
Nov. 26, 1962 filed 86,000 common. **Price**—$3.50. **Business**—Operation of five retail toy, stationery and variety stores, and the servicing of franchised dealers. **Proceeds**—For expansion, additional inventory, and working capital. **Office**—832 Scarsdale Ave., Scarsdale, N. Y. **Underwriter**—P. J. Gruber & Co., Inc., N. Y. **Offering**—Expected in April.

● Black Hills Power & Light Co. (2/14-18)
Jan. 17, 1963, filed 22,516 common to be offered for subscription by stockholders on the basis of one new share for each 19 held. **Price**—By amendment (max. $44.40). **Proceeds**—For construction, and loan repayment. **Office**—621 Sixth St., Rapid City, South Dakota. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

C-Thru Products, Inc.
Dec. 13, 1962 ("Reg. A") 90,000 common. **Price**—$1.50. **Business**—Design and manufacture of flexible re-usable vinyl packages. **Proceeds**—For debt repayment; sale promotion; equipment; research and development, and working capital. **Office** — 2401 Pacific St., Brooklyn, N. Y. **Underwriter** — Broadwell Securities, Inc., New York. **Offering**—Indefinite.

Cable Carriers, Inc.
June 22, 1962 filed 1,015,564 capital shares to be offered for subscription by stockholders on the basis of four new shares for each share held on Feb. 14, 1962. **Price**—25 cents. **Business**—Manufacture and sale of overhead trolley conveyers, vertical tray lift systems, floor and overhead tow systems, etc. **Proceeds**—For working capital. **Office** — Kirk Blvd., Greenville, S. C. **Underwriter**—None.

● Caldwell Publishing Corp. (2/5)
June 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Company plans to publish classics. **Proceeds**—For general corporate purposes. **Office**—339 W. 51st St., N. Y. **Underwriter**—S. B. Cantor Co., N. Y.

● Cambridge Fund of California, Inc.
Sept. 28, 1961 filed 280,000 common. **Price**—By amendment. **Business**—General real estate. **Proceeds**—Debt repayment and working capital. **Office**—324 E. Bixby Rd., Long Beach, Calif. **Underwriter**—To be named. **Note**—This registration was withdrawn.

● Canaveral Hills Enterprises, Inc. (2/25-28)
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

Castle Hospitality Services, Inc.
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

Cedar Lake Public Service Corp.
March 20, 1962 filed 9,964 common. **Price**—$100. **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.R. N. 3, Box 28, Cedar Lake, Ind. **Underwriter**—None.

● **Center Star Gold Mines, Inc.**
April 10, 1962 ("Reg. A") 2,000,000 common. **Price**—15c. **Business**—For exploration, development and production of mineral deposits. **Proceeds** — For mining expenses. **Address**—Box 469, Wallace, Idaho. **Underwriters**—Pennaluna & Co. and Standard Securities, Inc., Spokane, Wash. **Offering**—Expected sometime in March.

Central Mutual Fund, Inc.
Aug. 20, 1962 filed 100,000 capital shares. **Price**—Net asset value (max. $14) plus a 2% sales commission. **Business**—A mutual fund specializing in life insurance stocks. **Proceeds**—For investment. **Office**—110 North East St., Jacksonville, Ill. **Underwriter**—CN Agency, Inc., same address. **Offering**—Indefinite.

Chemair Electronics Corp.
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office** —221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York.

Chemical Coating Corp.
June 29, 1962 filed 70,000 common. **Price**—$5. **Business** —Company plans to operate a painting contracting business and manufacture paints. **Proceeds**—For general corporate purposes. **Office**—Santurce, P. R. **Underwriter**— Arnold Malkan Investment Growth of Puerto Rico, Inc., Santurce, P. R.

Chestnut Hill Industries, Inc.
Nov. 29, 1961 filed 300,000 class A common, of which 225,000 are to be offered by the company and 75,000 by stockholders. **Price**—$5. **Business**—Design and manufacture of women's, misses' and junior sportswear, coordinates, and dresses. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2025 McKinley St., Hollywood, Fla. **Underwriter** — Clayton Securities Corp., Boston, Mass. **Offering**—Indefinite.

Child Guidance Toys, Inc.
May 23, 1962 filed 100,000 common, of which 70,000 are to be offered by company and 30,000 by stockholders. **Price**—By amendment (max. $12.50). **Business**—Design, manufacture and sale of plastic educational toys. **Proceeds**—For working capital. **Office**—1125 Close Ave., Bronx, N. Y. **Underwriter**—J. R. Williston & Beane, New York. **Offering**—Indefinite.

Colonial Board Co.
March 28, 1962 filed 37,500 shares of $1.50 preferred ($25 par), 75,000 common and warrants to purchase 37,500 common shares to be offered in units of one preferred, two common and a warrant to purchase one common share. Of the common, 26,000 shares will be sold for the company and 49,000 for stockholders. **Price**—By amendment. **Business** — Manufacture of fiberboard, boxboard and shoeboard. **Proceeds**—For equipment, plant improvement, loan repayment and working capital. **Office**—615 Parker St., Manchester, Conn. **Underwriter**—Putnam & Co., Hartford. **Offering**—Expected in February.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter** —None.

Commercial Life Insurance Co. of Missouri
Nov. 26, 1962 ("Reg. A") 46,000 common to be offered for subscription by stockholders on the basis of one share for each 3.36 common shares held. **Price**—At-the-market. **Business**—Sale of health, accident, life and hospital insurance. **Proceeds**—For working capital. **Office**—3570 Lindell Blvd., St. Louis. **Underwriter**—Edward D. Jones & Co., St. Louis. **Offering**—Indefinite.

● **Computer Control Co., Inc. (2/11-15)**
Jan. 24, 1962 filed 165,000 common, of which 100,000 will be sold for the company and 65,000 for stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of digital equipment. **Proceeds**—For debt repayment. **Office**—983 Concord St., Framingham, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

● **Conso Products, Inc.**
Sept. 27, 1962 filed 125,000 common. **Price**—By amendment (max. $10). **Business**—Manufacture of home furnishing trimmings and accessories. **Proceeds**—For machinery and working capital. **Office**—27 W. 23d St., N. Y. **Underwriter**—H. Hentz & Co., N. Y. **Offering**—March.

Consolidated Leasing Corp. of America
April 27, 1962 filed $1,000,000 of 6½% subord. debentures due 1977 (with warrants), and 99,000 common. **Price**—For debentures, at par; for stock, by amendment (max. $9). **Business**—Renting of cars, trucks and equipment. **Proceeds**—For debt repayment, an acquisition and other corporate purposes. **Office** — 1012 Baltimore Ave., Kansas City, Mo. **Underwriter**—Blair & Co., N. Y. **Offering**—Indefinite.

Consolidated Vending Corp.
April 2, 1962 filed 70,000 common. **Price**—$5.75. **Business** —Operation of vending machines. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—129 S. State St., Dover, Del. **Underwriter**—Dana Securities Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Consultant's Mutual Investments, Inc.
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business** —A new mutual fund. **Proceeds**—For investment. **Office** —211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia.

Contact Lens Guild, Inc.
Sept. 19, 1962 ("Reg. A") 75,000 class "A" common. **Price**—$4. **Business**—Manufacture and sale of a patented contact lens. **Proceeds**—For moving expenses, research, inventory, advertising and working capital. **Office**—360 Main St. E., Rochester, N. Y. **Underwriter**— John J. DeGolger Co., Inc., Rochester, N. Y. **Offering**— Indefinite.

Continental Device Corp.
Dec. 26, 1962 filed 275,000 common. **Price**—By amendment (max. $6). **Business**—Company is engaged in research, development and manufacture of certain types of semiconductor products, and specialized test equipment. **Proceeds**—For loan repayment, equipment, and other corporate purposes. **Office**—12515 Chadron Ave., Hawthorne, Calif. **Underwriter**—Carl M. Loeb, Rhoades & Co., Inc. New York. **Offering**—Expected in February or March.

Cosnat Corp.
May 26, 1962 filed $1,250,000 of 6% convertible subordinated debentures due 1977. **Price**—At par. **Business** —The manufacture and distribution of phonograph records. **Proceeds** — For the repayment of debt, and working capital. **Office**—315 W. 47th St., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Note**—This firm was known formerly as the Cosnat Record Distributing Corp. **Offering**—Indefinitely postponed.

Cotter & Co.
Nov. 21, 1962 filed $3,000,000 of 6% subordinated notes, series I. **Price**—At par. **Business**—A cooperative wholesaler of hardware and related items. **Proceeds**—For working capital. **Office**—2740 N. Clybourn Ave., Chicago. **Underwriter**—None.

Creative Ventures Corp.
May 28, 1962 filed 150,000 common and warrants to purchase 30,000 additional shares, to be offered in units of one share and one warrant. **Price**—$2.25 per unit. **Business**—A corporate guidance and interim financing concern. Company may also act as a broker-dealer and underwriter. **Proceeds**—For investment. **Office**—733 Third Ave., N. Y. **Underwriter**—Hampstead Investing Corp., New York.

Continued on page 50

NEW ISSUE CALENDAR

February 1 (Friday)

Lunar Films, Inc.______Common
(Ingram, Lambert & Stephen, Inc.) $718,750
Modern Laboratories, Inc.______Common
(A. J. Davis Co.) $291,000
National Mortgage Corp., Inc.______Certificates
(National Mortgage Agency, Inc.) $8,000,000
National Mortgage Corp., Inc.______Common
(National Mortgage Agency, Inc.) $345,000
Olympia Record Industries, Inc.______Common
(Mid-Town Securities Corp.) $265,000

February 4 (Monday)

Florida Bancgrowth, Inc.______Common
(Dempsey-Tegeler & Co., Inc.) 250,000 shares
Great Eastern Insurance Co.______Common
(Emanuel, Deetjen & Co. and Zuckerman Smith & Co.) $1,908,000
Greatamerica Corp.______Common
(Goldman, Sachs & Co., and Lehman Brothers) 2,500,000 shares
Pacific Southwest Airlines______Common
(E. F. Hutton & Co., Inc.) 293,000 shares
Pioneer Telephone Co.______Common
(Dean Witter & Co. and M. H. Bishop & Co.) 75,000 shares
Roddy Recreation Products Inc.______Units
(Dempsey-Tegler & Co., Inc.) $1,300,000

February 5 (Tuesday)

Bell Telephone Co. of Pennsylvania______Debentures
(Bids 11 a.m. EST) $50,000,000
Caldwell Publishing Corp.______Common
(S. B. Cantor Co.) $350,000

February 6 (Wednesday)

Laclede Gas Co.______Debentures
(Bids 10:30 a.m. EST) $10,000,000
Laclede Gas Co.______Preferred
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Reinholdt & Gardner) 200,000 shares
Southwestern Public Service Co.______Bonds
(Dillon, Read & Co., Inc.) $14,000,000

February 11 (Monday)

American Savings & Loan Association______Cap. Shs.
(J. A. Hogle & Co.) $2,061,938
Computer Control Co., Inc.______Common
(Kidder, Peabody & Co.) 165,000 shares
Emtec Inc.______Debentures
(Fulton, Reid & Co., Inc.) $300,000
R. E. D. M. Corp.______Common
(Schweickart & Co.) 80,000 shares
Western Power & Gas Co.______Debentures
(Paine, Webber, Jackson & Curtis; Dean Witter & Co.; and Stone & Webster Securities Corp.) $9,000,000
Zero Mountain, Inc.______Common
(Don D. Anderson & Co., Inc.) $300,000

February 14 (Thursday)

Black Hills Power & Light Co.______Common
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) 22,516 shares
Wallace & Tiernan Inc.______Common
(White, Weld & Co. and Cyrus J. Lawrence & Sons) 256,000 shares

February 15 (Thursday)

Natural Gas & Oil Producing Co.______Class A
(Peter Morgan & Co.) $900,000

February 18 (Monday)

Atlantic Coast Line RR.______Equip. Trust Ctfs.
(Bids 12 noon EST) $3,600,000
Drexel Enterprises, Inc.______Common
(Lehman Brothers; R. S. Dickson & Co., Inc. and Powell, Kistler & Co.) 156,414 shares
Texas Power & Light Co.______Bonds
(Bids 11:30 a.m. EST) $10,000,000

February 19 (Tuesday)

Emerson Electric Manufacturing Co.______Common
(Blyth & Co., Inc.) 162,045 shares
Packard Instrument Co., Inc.______Common
(A. G. Becker & Co., Inc.) 100,000 shares
Potomac Electric Power Co.______Bonds
(Bids 10 a.m. EST) $50,000,000

February 20 (Wednesday)

Arkansas Power & Light Co.______Bonds
(Bids 11:30 a.m. EST) $15,000,000
Ashland Oil & Refining Co.______Debentures
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) $35,000,000
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) $25,000,000
Ashland Oil & Refining Co.______Common
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) 260,000 shares
Buckingham Corp.______Class A
(Lehman Brothers) 400,000 shares

February 25 (Monday)

Canaveral Hills Enterprises, Inc.______Common
(Willis E. Burnside & Co., Inc.) $500,000
Data Corp. of America______Common
(A. D. Gilhart & Co., Inc.) $131,250
Pak-Well Paper Industries, Inc.______Class A
(Francis I. du Pont & Co.) 150,000 shares

February 26 (Tuesday)

Seaboard Air Line RR.______Equip. Trust Ctfs.
(Bids 12 noon EST) $6,360,000

February 27 (Wednesday)

Brooklyn Union Gas Co.______Bonds
(Bids to be received) $12,000,000

March 5 (Tuesday)

Northwestern Bell Telephone Co.______Debentures
(Bids to be received) $40,000,000

March 6 (Wednesday)

Atlantic City Electric Co.______Bonds
(Bids 11 a.m. EST) $15,000,000

March 7 (Thursday)

Great Northern Ry.______Equip. Trust Ctfs.
(Bids 12 noon EST) $5,250,000

March 11 (Monday)

Central Illinois Light Co.______Bonds
(Bids 11 a.m. EST) $9,375,000

March 12 (Tuesday)

Oklahoma Gas & Electric Co.______Bonds
(Bids 11 a.m. EST) $15,000,000

March 19 (Tuesday)

Michigan Consolidated Gas Co.______Bonds
(Bids to be received) $30,000,000

March 25 (Monday)

Norfolk & Western Ry.______Equip. Trust Ctfs.
(Bids to be received) $5,475,000

March 27 (Wednesday)

Southern Railway Co.______Equip. Trust Ctfs.
(Bids 12 noon EST) $4,020,000

April 2 (Tuesday)

Pacific Northwest Bell Telephone Co.______Debens.
(Bids to be received) $50,000,000

May 1 (Wednesday)

Western Light & Telephone Co., Inc.______Common
(Offering to stockholders underwritten by Dean Witter & Co.) $3,000,000

May 9 (Thursday)

Alabama Power Co.______Bonds
(Bids to be received) $13,000,000
Alabama Power Co.______Preferred
(Bids to be received) $5,000,000

May 14 (Tuesday)

Virginia Electric & Power Co.______Bonds
(Bids to be received) $30,000,000

November 7 (Thursday)

Georgia Power Co.______Bonds
(Bids to be received) $30,000,000
Georgia Power Co.______Preferred
(Bids to be received) $7,000,000

Continued from page 49

● Credit Department, Inc.
Jan. 26, 1962 filed $1,200,320 of 7% conv. subord. debentures due 1974 and 54,560 common shares to be offered in 2,728 units, each consisting of $440 of debentures and 20 common shares. **Price**—$550 per unit. **Business**—A consumer sales finance company. **Proceeds**—For debt repayment. **Office**—1775 Broadway, N. Y. **Underwriter** — Bernard M Kahn & Co., Inc., N. Y. **Offering**—Sometime in March.

D. C. Transit Systems, Inc.
April 30, 1962 filed $6,250,000 of 6½% conv. subord. debentures due 1977 and five-year warrants to purchase an aggregate of 187,500 class A shares, to be offered for subscription by holders of class A and class B stock in units consisting of $100 of debentures and three warrants. **Price**—$100 per unit. **Business**—Operation of a public transit system in Washington, D. C.; a new subsidiary to construct housing projects in Washington, D. C. **Proceeds**—For construction and general corporate purposes. **Office**—3600 M St., N. W., Washington, D. C. **Underwriter**—None.

● Data Corp. of America (2/25-28)
Oct. 29, 1962 filed 105,000 common. **Price**—$1.25. **Business**—Development of specialized data processing applications and the furnishing of data processing services. **Proceeds**—For training of personnel, advertising and sales promotion, and working capital. **Office**—44 Beaver St., New York. **Underwriter**—A. D. Gilhart & Co., Inc., New York.

● Data Systems Devices of Boston, Inc.
April 26, 1962 filed 200,000 common. **Price**—$5. **Business**—Company plans to design, develop and produce electronic and electro-mechanical devices, including printers for electronic computers. **Proceeds**—For product development, new plant and equipment and working capital. **Office**—342 Western Ave., Boston. **Underwriter**—Schmidt, Sharp, McCabe & Co., Inc., Denver. **Note**—This registration was withdrawn.

● Delta Bowling Corp.
Sept. 28, 1962 filed 100,000 common, of which 50,000 shares are to be offered by company and 50,000 by stockholders. **Price**—$3. **Business**—Leasing and operating of bowling centers. **Proceeds**—For expansion, equipment and working capital. **Office**—230 Park Ave., N.Y. **Underwriter**—Provost Securities, Inc., N. Y. **Note**—This registration was withdrawn.

De Troy Bergen, Inc.
Dec. 20, 1962 filed 140,000 common. **Price**—$4. **Business**—Commercial printing. **Proceeds**—For debt repayment, and other corporate purposes. **Office** — 750 Hyler St., Teterboro, N. J. **Underwriter**—Van Alstyne Noel Corp., New York. **Offering**—Expected in late Feb. or March.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Diamond Mills Corp.
Jan. 23, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of women's nylon hosiery. **Proceeds**—For debt repayment and working capital. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Indefinitely postponed.

Diversified Collateral Corp.
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—Karen Securities Corp., N. Y.

Diversified Real Estate Trust
March 8, 1962 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 Fifth Ave., N. Y. **Underwriter** — Consolidated Financial Program (same address). **Offering**—Indefinite.

● Diversified Realty Investors
June 28, 1962 filed 1,900,000 certificates of interest. **Price**—$1 per interest. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—19 E. First South, Salt Lake City. **Underwriter**—Realty Securities, Inc., Salt Lake City. **Note**—This registration was withdrawn.

Diversified Resources, Inc.
Jan. 16, 1963 ("Reg. A") 67,000 common. **Price** — $3. **Business**—Manufacture of a lightweight structural board and sheet insulating material (wallboard). **Proceeds**—For equipment, leasing of working space, advertising, and working capital. **Office**—42 Broadway, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York.

● Dixie Lime & Stone Co.
Sept. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $6.75). **Business**—Mining and processing of crushed granite, lime rock, and agricultural limestone. **Proceeds**—For loan repayment, and working capital. **Office**—11 N. Main St., Ocala, Fla. **Underwriter**—Courts & Co., Atlanta, Ga. **Offering**—Indefinite.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has questioned the accuracy and adequacy of this statement.

Donmoor-Isaacson, Inc.
Feb. 26, 1962 filed 150,000 common, of which 50,000 are to be offered by the company and 100,000 by stockholders. **Price**—By amendment (max. $12). **Business**—Design and manufacture of boys knit shirts, sweaters, and pajamas. **Proceeds**—For working capital. **Office**—1115 Broadway, N. Y. **Underwriter**—Goodbody & Co., New York. **Offering**—Expected in February.

● Drexel Enterprises, Inc. (2/18-22)
Jan. 23, 1963 filed 156,414 common. **Price**—By amendment (max. $25). **Business**—Manufacture of furniture for homes and institutions. **Proceds**—For selling stockholders. **Address**—Drexel, N. C. **Underwriters**—Lehman Brothers, New York, R. S. Dickson & Co., Inc., Charlotte, N. C, and Powell, Kistler & Co., Fayetteville, N. C.

● Duro-Test Corp.
Dec 6, 1962 filed 150,000 common. **Price**—By amendment (max. $9). **Business** — Manufacture of various types of lights for industrial and commercial use. **Proceeds**—For the selling stockholder. **Office** — 2321 Hudson Blvd., North Bergen, N. J. **Underwriter**—Auchincloss, Parker & Redpath, New York. **Offering** — Temporarily postponed.

Dynamic L. P. Industries, Inc.
June 21, 1962 filed 75,000 common. **Price**—$4. **Business**—manufacturing, labeling and packaging of long playing stereophonic and monaural phonograph records for label record companies. **Proceeds**—For equipment and working capital. **Office** — 900 Passaic Ave., East Newark, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1. **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eastern Camera & Photo Corp.
March 28 1962 filed $500,000 of 6% conv. subord. debentures due 1972 and 50,000 common shares (of which 25,000 will be sold by the company and 25,000 by stockholders). The securities are to be offered in units of one $100 debenture and 10 shares. **Price**—By amendment. **Business**—Operation of retail camera stores and department store concessions. Company also processes black and white film and repairs photographic equipment. **Proceeds**—For debt repayment and working capital. **Office**—68 W. Columbia St., Hempstead, N. Y. **Underwriters**—Edwards & Hanley, Hempstead, L. I., and Street & Co., Inc., New York. **Note**—This registration is expected to be withdrawn.

Electro-Nucleonics, Inc.
Sept. 24, 1962 ("Reg. A") 29,525 common. **Price**—$5. **Business**—Research and development toward improvement of gas centrifuge technology for separation of isotope and gaseous materials. **Proceeds**—For equipment, expansion, research and working capital. **Office**—368 Passaic Ave., Caldwell, N. J. **Underwriter**—M. L. Lee & Co., Inc., New York. **Offering**—Imminent.

● Electro-Temp Systems, Inc.
Oct. 18, 1962 ("Reg. A") 160,000 common. **Price** — $1. **Business**—Sale of commercial and industrial refrigeration machinery and equipment. **Proceeds**—For debt repayment, equipment, inventory and working capital. **Office**—150-49 Hillside Ave., Jamaica, N. Y. **Underwriter**—S. C. Burns & Co., Inc., N. Y. **Offering**—Imminent.

Emerson Electric Manufacturing Co. (2/19)
Jan. 17, 1963 filed 162,045 common. **Price**—By amendment (max. $35). **Business** — Manufacture of electric motors, automatic controls, electronic devices, and builder products. **Proceeds**—For selling stockholders. **Address**—8100 Florissant Ave., St. Louis. **Underwriter**—Blyth & Co., Inc., New York.

● Emtec Inc. (2/11-15)
Jan. 4, 1963 ("Reg. A") $300,000 of 6% convertible subordinated debentures due 1968. **Price**—At par ($500). **Business** — Design and manufacture of miniature and subminiature metal products for electronic, appliance and automotive industries. **Proceeds**—For equipment, debt repayment and working capital. **Office** — 140 S. Olive St., Elyria, Ohio. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—Wisconsin-Continental, Inc., Milwaukee.

Fastpak, Inc.
Nov. 30, 1961 filed 125,000 common. **Price**—$5. **Business**—The distribution of nuts, bolts and other fastening devices manufactured by others. **Proceeds**—For debt repayment and general corporate purposes. **Office**—8 Benson Place, Freeport, N. Y. **Underwriter** — Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

Fidelity Mining Investments Ltd.
Nov. 30, 1961 filed 800,000 common. **Price**—By amendment. **Business**—Exploration and testing of mining properties. **Proceeds**—For general corporate purposes. **Office**—62 Richmond St., Toronto. **Underwriter**—G. V. Kirby & Associates, Ltd., Toronto.

● First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A mutual fund which plans to invest primarily in equity type securities of Israeli companies. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston. **Offering**—Expected in late February.

First New York Capital Fund, Inc.
Oct. 27, 1961 filed 2,770,000 capital shares. **Price**—$1. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1295 Northern Blvd., Manhasset, N. Y. **Underwriter**—None.

Florida Bancgrowth, Inc. (2/4-8)
March 16, 1962 filed 250,000 common. **Price**—By amendment (max. $15). **Business**—An investment company specializing in bank stocks. **Proceeds**—For investment. **Office**—3356 Atlantic Blvd., Pompano Beach, Fla. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

Florida Jai Alai, Inc.
June 28, 1962 filed 400,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office**—Fern Park, Fla. **Underwriter**—To be named.

Floseal Corp.
May 10, 1962 filed 169,420 common to be offered for subscription by stockholders. **Price**—By amendment (max. $2). **Business**—Company owns and licenses carton pouring spout patents and die patents. **Proceeds**—For debt repayment and other corporate purposes. **Office**—100 W. 10th St., Wilmington, Del. **Underwriter**—None.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 125,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., New York. **Offering**—Indefinite.

Freoplex, Inc.
Jan. 2, 1963 ("Reg. A") $200,000 of 7% convertible subordinated debentures due March 1, 1975. **Price**—At par. **Business**—Operation of retail meat supermarkets. **Proceeds**—For debt repayment and working capital. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., N. Y.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

● Geigher Pipe Supply Inc.
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes, valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo. **Offering**—March.

General Design Corp.
April 25, 1962 ("Reg. A") 65,000 common. **Price**—$3. **Business**—Design and development of new products for various industries. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1252 W. Peachtree St., N. W., Atlanta, Ga. **Underwriter** — Robert M. Harris & Co., Inc., Philadelphia. **Note**—The SEC has issued an order temporarily suspending this issue.

Glasco Pacific, Inc.
July 12, 1962 filed 250,000 class A and 250,000 common shares to be offered in units of one class A and one common share. **Price**—$5.05 per unit. **Business**—Company plans to manufacture flat glass mirrors and sliding wardrobe mirror doors and related products. **Proceeds**—For equipment, inventory and working capital. **Office**—1299 N. First Street, San Jose, Calif. **Underwriter**—Birr, Wilson & Co., Inc., San Francisco. **Note**—This registration will be withdrawn.

Glensder Corp.
March 23, 1962 filed 150,000 common, of which 60,000 are to be offered by the company and 90,000 by the company's parent, Glen Modes, Inc. **Price**—By amendment (max. $7). **Business**—Design, production and sale of women's fashion accessories, and sportswear. **Proceeds**—For general corporate purposes. **Office** — 417 Fifth Ave., N. Y. **Underwriter**—Sprayregen, Haft & Co., N. Y. **Offering**—Indefinitely postponed.

Global Construction Devices, Inc.
June 29, 1962 filed 100,000 common. **Price**—$10. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriters**—Winslow, Cohu & Stetson and Laird, Bissell & Meeds, N. Y.

Gold Leaf Pharmacal Co., Inc.
March 13, 1962 filed 80,000 common. **Price**—$4. **Business**—Manufacture, development and sale of pharmaceutical and veterinarian products. **Proceeds**—For advertis-

ing, research, debt repayment and working capital. **Office**—36 Lawton St., New Rochelle, N. Y. **Underwriter**—Droulia & Co., N. Y.

Gotham Educational Equipment Co. Inc.
Dec. 4, 1962 filed 75,000 common. **Price**—By amendment (max. $6). **Business**—Design, manufacture, and marketing of items used in educational institutions such as chalk boards, exhibit cases, etc. **Proceeds**—For general corporate purposes. **Office** — 91 Weyman Ave., New Rochelle, N. Y. **Underwriter**—Federman, Stonehill & Co., New York. **Offering**—Expected in mid-March.

Great Continental Real Estate Investment Trust
Aug. 3, 1961 filed 300,000 shares of beneficial interest. **Price**—$10. **Business**—Real estate. **Proceeds**—For investment. **Office**—530 St. Paul Place, Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Great Eastern Insurance Co. (2/4-8)
April 13, 1962 filed 381,600 common. **Price**—$5. **Business**—Company plans to write certain types of fire and casualty insurance. **Proceeds** — For general corporate purposes. **Office**—116 John St., New York. **Underwriters**—Emanuel, Deetjen & Co., and Zuckerman Smith & Co., New York.

Greatamerica Corp. (2/4-8)
Dec. 31, 1962 filed 2,500,000 common, of which 1,650,000 are to be offered by the company and 850,000 by a stockholder. **Price**—By amendment (max. $19). **Business**—A holding company for four life insurance companies and a bank. **Proceeds**—For debt repayment. **Office**—311 So. Akard St., Dallas. **Underwriters**—Goldman, Sachs & Co., and Lehman Brothers, New York.

● **Greater McCoy's Markets, Inc.**
June 28 1962 filed 219,150 class A common. **Price**—By amendment (max. $14). **Business**—Operation of 16 supermarkets in the Los Angeles area. **Proceeds**—For selling stockholders. **Office**—17602 Bellflower Blvd., Bellflower, Calif. **Underwriter**—Morris Cohon & Co., New York. **Offering**—Indefinite.

Greenman Bros., Inc.
April 25, 1962 filed 150,000 common, of which 50,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $7). **Business**—Wholesale and retail distribution of toys, hobby lines and sporting equipment. **Proceeds**—For debt repayment, inventory and working capital. **Office**—35 Engel St., Hicksville, N. Y. **Underwriter**—J. R. Williston & Beane, New York. **Offering**—Indefinite.

Hallandale Rock & Sand Co.
March 30, 1962 filed $250,000 of 8% subordinated debentures due 1977, 200,000 common and 6-year warrants to purchase 25,000 common at $1 per share to be offered in units consisting of a $10 debenture, 8 common shares and one warrant. **Price**—$18 per unit. **Business**—Extraction, processing and sale of rock and sand. **Proceeds**—For a new plant and other corporate purposes. **Address**—Hallandale, Fla. **Underwriter**—To be named.

● **Harwyn Publishing Corp.**
Jan. 29, 1962 filed 300,000 class A common. **Price**—By amendment. **Business** — Publishes illustrated encyclopedic works for children and operates an advertising agency for sale of TV and radio spot time. **Proceeds**—For working capital. **Office**—170 Varick St., N. Y. **Underwriter**—Van Alstyne, Noel & Co., New York. **Note**—This registration will be withdrawn.

Heartland Development Corp.
March 28, 1962 filed 23,300 shares of 5% convertible preference stock to be offered for subscription by stockholders on basis of one preferred share for each 10 common held. **Price**—$12. **Business**—Real estate. **Proceeds**—For general corporate purposes and debt repayment. **Office**—40 Beaver St., Albany, N. Y. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., New York. **Offering**—Indefinite.

Hek Manufacturing Co., Inc.
Aug. 7, 1962 ("Reg. A") 75,000 common, of which 69,000 shares are to be offered for the account of the company and 6,000 shares for the underwriter. **Price**—$2. **Business**—Manufacture of dental equipment. **Proceeds**—For debt repayment, advetrising, research and development and working capital. **Office**—2176 Palou, San Francisco. **Underwriter**—L. H. Wright Co., Inc., N. Y.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

Hillsboro Associates, Inc.
Nov. 27, 1962 filed $1,000,000 of 4% cum. income debentures due 1982 and 15,000 capital shares to be offered in units consisting of 10 shares or one $500 debenture and five shares. **Price**—$1,000 per unit. **Business**—Company plans to purchase the Hillsboro Club, a social and recreational organization. **Proceeds**—For working capital, debt repayment, and property improvement. **Office**—1776 E. Sunrise Blvd., Fort Lauderdale, Fla. **Underwriter**—None.

Hobam, Inc.
Jan. 16, 1963 ("Reg. A") 75,000 class A. **Price**—$4. **Business**—Development and marketing of new equipment for the processing industry. **Proceeds**—For debt repayment, purchase of Strudh Co., in Sweden, and working capital. **Office**—1720 Military Rd., Tonawanda, N. Y. **Underwriter**—Doolittle & Co., Buffalo.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed.

● **Home Entertainment Co. of America**
Jan. 16, 1963 filed 230,000 common of Home Entertainment Co., Inc., Los Angeles, a subsidiary, and 23,000 stock purchase warrants in parent, to be offered in units of 10 shares and one warrant. **Price** — $100 per unit. **Business**—Company and subsidiary are engaged in the development and promotion of a pay television system in Santa Monica, Calif. **Proceeds**—For installation of a pay television system. **Address** — 19th and Broadway, Santa Monica, Calif. **Underwriter**—Bernard M. Kahn & Co., Inc., New York. **Offering**—Expected in February.

Hunsaker (S. V.) & Sons
March 30, 1962 filed $1,300,000 of convertible subordinated debentures due 1977 and 200,000 common shares. **Price** — By amendment (max. $6 per common share). **Business**—Construction of homes and apartments on land which company has acquired in Southern Calif. **Proceeds**—For debt repayment and other corporate purposes. **Office**—15855 Edna Pl., Irwindale, Calif. **Underwriter**—To be named. **Offering**—Indefinite.

ICOA Life Insurance Co.
Oct. 25, 1962 filed 1,130,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—$4. **Business**—Sale of ordinary life, individual health and disability, and group credit life and disability insurance. **Proceeds**—For expansion, and investment. **Office**—250 Liberty St., S. E. Salem, Ore. **Underwriter**—Oregon Underwriters, Inc., Salem.

Ideal Toy Corp.
May 1, 1962 filed 490,000 common, of which 250,000 will be offered by company and 240,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture of toys and related products. **Proceeds** — For debt repayment and general corporate purposes. **Office** — 184-10 Jamaica Ave., Hollis, Long Island, N. Y. **Underwriter**—White, Weld & Co., Inc., N. Y. **Offering** — Indefinitely postponed.

Industry Capital Corp.
Dec. 26, 1961 filed 500,000 common. **Price**—$15. **Business**—A small business investment company. **Proceeds**—For general corporate purposes. **Office**—208 S. La Salle St., Chicago. **Underwriter**—A. C. Allyn & Co., Chicago. **Note**—This registration will be withdrawn.

Infotronics Corp.
Oct. 23, 1962 filed 100,000 common. **Price**—$5. **Business**—Research, engineering, manufacturing and marketing in the field of electronic information handling and automation systems. **Proceeds**—For new products, inventory, new plant and working capital. **Office**—1401 S. Post Oak Rd., Houston. **Underwriter**—None.

Instr-O-Matics, Inc.
Sept. 28, 1962 filed 32,000 class A common. **Price**—By amendment (max. $10). **Business** — Company develops, manufactures and sells electronic equipment for use in the marine field, principally in pleasure boating. **Proceeds**—For debt repayment, advertising, inventories, new products and working capital. **Office**—3181 N. Elston Ave., Chicago. **Underwriter** — R. A. Holman & Co., Inc., N. Y.

Intelectron Corp.
Dec. 10, 1962 filed 100,000 common. **Price**—$3. **Business**—Company plans to engage in the research and development of devices for the hard of hearing and equipment applicable to certain specialized and affiliated areas of communication. **Proceeds**—For general corporate purposes. **Office**—171 E. 77th St., New York. **Underwriter**—None.

International Systems Research Corp.
March 30, 1962 filed 110,000 class A common and 9-month warrants to purchase 110,000 class A shares at $4 per share, to be offered in units, each consisting of one share and one warrant. **Price**—$4 per unit. **Business**—Design, development and manufacture of mechanical, electromechanical and electronic equipment for government agencies and the military. **Proceeds**—For equipment, debt repayment and working capital. **Office**—Engineer's Hill, Plainview, L. I., N. Y. **Underwriter**—Leib, Skloot & Co., Inc., Clifton, N. J. **Offering**—Indefinite.

International Terrazzo Co., Inc.
Nov. 8, 1962 ("Reg. A") 75,000 common. **Price**—$2. **Business**—Manufacture and installation of terrazzo, and the installation of marble and tile. **Proceeds**—For debt repayment, equipment, working capital and other corporate purposes. **Office**—826 E. 62nd St., Brooklyn, N. Y. **Underwriter**—Jay Gould & Co., Inc., 111 W. 57th St., New York. **Offering**—Imminent.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. **Price**—(max. $10). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

Investors Trading Co.
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co., (same address).

● **Jaap Penraat Associates, Inc.**
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering** — Indefinitely postponed.

Jamoco Air Conditioning Corp.
Feb. 28, 1962 ("Reg. A") 40,000 common. **Price** — $3. **Business**—Design, installation and maintenance of heating, plumbing and air conditioning systems. **Proceeds**—For inventory, equipment and other corporate purposes. **Office** — 954 Jamaica Ave., Brooklyn, N. Y. **Underwriter**—Martin-Warren Co., Ltd., New York **Offering**—Indefinite.

● **Jayark Films Corp.**
Aug. 24, 1961 filed 85,000 common. **Price**—By amendment. (Approx. $5). **Business**—Company is engaged in distribution of motion picture films for television. **Proceeds** — For financing of production costs of films, for sales and promotion, debt repayment, and general corporate purposes. **Office**—733 Third Ave., New York. **Underwriter**—Pacific Coast Securities Co., San Francisco. **Offering**—Imminent.

Kavanau Corp.
March 29, 1962 filed 50,000 shares 6% cum. preferred and four-year common stock purchase warrants to be offered in units consisting of one preferred and one warrant. **Price**—By amendment (max. $101 per unit). **Business**—Real estate investment. **Proceeds**—For debt repayment and working capital. **Office**—30 E. 42nd St., N. Y. **Underwriter**—Hayden, Stone & Co., N. Y. **Note**—This registration will be withdrawn.

Kenner Products Co.
March 30, 1962 filed 542,000 common, of which 205,000 are to be offered by company and 317,000 by stockholders. **Price**—By amendment (max. $24). **Business**—Manufacture, design, and distribution of plastic toys. **Proceeds**—For general corporate purposes. **Office**—912 Sycamore St., Cincinnati, Ohio. **Underwriter**—Kuhn, Loeb & Co., New York. **Offering**—Indefinite.

● **Kingsberry Homes Corp.**
April 9, 1962 filed 140,000 shares of capital stock of which 100,000 will be offered by company and 40,000 by stockholders. **Price**—By amendment (max. $17.50). **Business**—Manufacture of prefabricated homes. **Proceeds**—For a new plant. **Office**—1725 S. Gault Ave., Ft. Payne, Ala. **Underwriters**—The Robinson - Humphrey Co., Inc., Atlanta, and J. C. Bradford & Co., Nashville. **Note**—This registration was withdrawn.

King-Stevenson Gas & Oil Co.
Nov. 26, 1962 filed $1,526,200 of 6½% conv. subord. debentures, due 1977, to be offered by subscription by common stockholders at the rate of $100 of debentures for each 30 shares held of record Nov. 15. **Price**—At par. **Business**—Company is engaged in operating gas and oil properties, supervising drilling on its leases and managing exploration programs for investors. **Proceeds**—For general corporate purposes. **Office**—2200 First National Bank Bldg, Denver, Colo. **Underwriter**—None.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares. **Price**—$900 per unit. **Business**—Processing and distribution of sesame seed. **Proceeds**—For accounts receivable, inventories, plant expansion and working capital. **Office**—2301 N. Main St., Paris, Texas. **Underwriters**—John A. Dawson & Co., and Leason & Co., Inc., Chicago.

Kreedman Realty & Construction Corp.
April 19, 1962 filed $5,000,000 of conv. subord. debentures due 1982 and 200,000 common shares to be offered in units consisting of $25 of debentures and one common share. **Price**—By amendment (max. $27). **Business**—Construction and operation of office buildings. **Proceeds**—For debt repayment. **Office**—9350 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Indefinitely postponed.

Kwik-Kold, Inc.
March 29, 1962 ("Reg. A") 100,000 common of which 65,000 will be sold for company and 35,000 for stockholders. **Price** — $3. **Business** — **Manufacture** of certain patented cooling packages. **Proceeds**—For debt repayment and working capital. **Office**—Jennings Bldg., P. O. Box 638, Moberly, Mo. **Underwriter**—John W. Flynn & Co., Santa Barbara, Calif. **Note**—This letter will be withdrawn.

Laclede Gas Co. (2/6)
Jan. 17, 1963 filed $10,000,000 of sinking fund debentures due 1983. **Business** — Distribution and sale of natural gas in and around St. Louis. **Proceeds**—To repay bank loans. **Office**—1017 Olive Street, St. Louis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Reinholdt & Gardner (jointly); Stone & Webster Securities Corp.; First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Feb. 6, 1963 (10:30 a.m. EST) at Bankers Trust Co., 16 Wall St., New York. **Information Meeting**—Jan. 31, 1963 (11 a.m. EST) same address.

Laclede Gas Co. (2/6)
Jan. 17, 1963 filed 200,000 preferred (par $25). **Price**—By amendment. **Business** — Distribution and sale of natural gas in and around St. Louis. **Proceeds**—To repay bank loans. **Office**—1017 Olive Street, St. Louis. **Underwriters**—Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., New York, and Reinholdt & Gardner, St. Louis.

Continued on page 52

Continued from page 51

Las Vegas Properties Trust
Oct. 29, 1962 filed 500,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—4933 Paradise Rd., Las Vegas. **Underwriter**—Securities Co. of Nevada (same address).

Lewis (Tillie) Foods, Inc.
April 9, 1962 filed $2,250,000 of 5½% convertible subordinated debentures due 1982. **Price**—At par. **Business**—Processing, canning, bottling and selling of fruits and vegetables. **Proceeds**—For debt repayment and working capital. **Office**—Fresno Ave. & Charter Way, Stockton, Calif. **Underwriter** — Van Alstyne, Noel & Co., New York. **Offering**—Indefinite.

Livestock Financial Corp.
Feb. 23, 1962 filed 130,000 common. **Price**—$10. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds**—To form new subsidiaries. **Office**—26 Platt St., N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y. **Offering**—Indefinite.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Loyalty Financing Corp.
Dec. 19, 1962 ("Reg. A") 24,000 shares of 6½% cumulative convertible preferred and 60,000 common to be offered in units consisting of 20 preferred and 50 common shares. **Price**—$250 per unit. **Business**—A business finance company. **Proceeds**—For working capital. **Office**—5 W. Main St., Freehold, N. J. **Underwriter**—Friedman & Co., Inc., New York.

● **Lunar Films, Inc. (2/1-8)**
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

Madison Life Insurance Co.
Dec. 27, 1963 filed 219,000 capital shares. **Price** — $6. **Business** — Company plans to sell life, accident and health, group insurance and annuities in New York State. **Proceeds**—For organizational expenses, and investment. **Office**—1 Liberty St., New York. **Underwriter**—None.

Mail Assembly Service, Inc.
April 27, 1962 filed 100,000 common. **Price**—$2.25. **Business**—Assembling of packages for shipment to post offices. **Proceeds**—For general corporate purposes. **Office**—145 Ave. of the Americas, N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

Manchester Insurance Management & Investment Corp.
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., N. Y.

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary St., Brooklyn, N. Y. **Underwriter**—Dana Securities Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

McGrath (John W.) Corp.
June 28, 1962 filed 253,875 common. **Price**—By amendment (max. $15). **Business**—Contract stevedoring and related operations. **Proceeds**—For selling stockholders. **Office**—39 Broadway, N. Y. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc., Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Merco Enterprises, Inc.
Nov. 5, 1962 filed 104,000 common, of which 33,000 are to be offered by company and 71,000 by stockholders. **Price**—By amendment (max. $5.50). **Business**—Sale of phonograph records to, and the providing of merchandising services to retail record department. **Proceeds**—For general corporate purposes. **Office**—750 Stewart Ave., Garden City, L. I., N. Y. **Underwriter**—J. R. Williston & Beane, N. Y. **Offering**—Indefinite.

Met Food Corp.
March 30, 1962 filed $1,000,000 of convertible subordinated debentures due Nov. 1, 1977. **Price** — By amendment. **Business**—Distribution of food and related products to supermarkets and other retail stores in the New York Metropolitan area. **Proceeds**—For general corporate purposes. **Office**—345 Underhill Blvd., Syosset, N. Y. **Underwriter**—Brand, Grumet & Siegel, Inc., N. Y. **Offering**—Indefinite.

Midwestern Indemnity Co.
Dec. 26, 1962 filed 25,495 common to be offered for subscription by stockholders on the basis of one share for each three held of record Dec. 31, 1962. **Price**—$19.50. **Business**—A multiple line insurance carrier. **Proceeds**—For additional capital and surplus. **Office**—6901 Wooster Pike, Cincinnati. **Underwriters**—W. D. Gradison & Co., Cincinnati, and Greene & Ladd, Dayton.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes. **Office** — 2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

● **Modern Laboratories, Inc. (2/1)**
Oct. 29, 1962 ("Reg. A") 97,000 common. **Price**—$3. **Business** — Manufacture of cosmetics. **Proceeds** — For equipment. **Office**—837 W. North Ave., Pittsburgh. **Underwriter**—A. J. Davis Co., Pittsburgh.

Monarch Plastics Corp.
May 28, 1962 ("Reg. A") 140,000 common. **Price**—$2. **Business**—Manufacture and sale of plastic letters, embossed sign faces, quantity signs and boat windshields. **Proceeds**—For purchase of land and building, moving expenses, equipment and working capital. **Office**—5606 Stuebner Airline Rd., Houston. **Underwriter**—W. R. Sauve Co., N. Y.

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests. **Price** — To be supplied by amendment. **Business** — The fund will invest in tax-exempt bonds of states, counties, municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor**—**Ira Haupt & Co., 111 Broadway**, New York. **Offering**—Indefinite.

Music Royalty Corp.
July 27, 1962 filed 150,000 common. **Price**—$1. **Business**—Company acts as representative of artists, musicians, etc. and plans to engage in the music publishing business. **Proceeds**—For debt repayment, public relations, acquisition of musical properties, and working capital. **Office**—545 Fifth Ave., N. Y. **Underwriter**—Associated Securities Co., 545 Fifth Ave., N. Y.

National Central Life Insurance Co.
Dec. 7 filed 125,000 common. **Price** — By amendment (max. $15). **Business**—Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address**—2632 McGee St., Kansas City, Mo. **Underwriter**—To be named.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

● **National Fence Manufacturing Co., Inc.**
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence, welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inv., New York. **Offering**—Indefinite.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price**—$1. **Business**—Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc. (2/1)
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds**—For general corporate purposes. **Office**—113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

National Security Life Insurance Co.
March 23, 1962 filed 100,000 common, of which 80,000 are to be offered by company and 20,000 by stockholders. **Price**—$17.50. **Business**—A life, accident and health insurance company. **Proceeds**—For investment. **Office** — 130 Alvarado, N. E. Albuquerque, N. M. **Underwriter**—To be named.

National Security Life Insurance Co., Inc.
Nov. 28, 1962 filed 590,075 common to be offered for subscription by common stockholders of record Oct. 15, on a share-for-share basis. **Price**—By amendment (max. $2). **Business**—Writing of participating and non-participating ordinary life insurance. **Proceeds** — To expand operations. **Office**—6225 University Ave., Madison, Wis. **Underwriter**—None.

National Telepix, Inc.
July 30, 1962 filed $150,000 of 6½% conv. subord. debentures due 1972. **Price**—At par. **Business**—Production of motion pictures. **Proceeds**—For production and distribution expenses and working capital. **Office**—1270 Ave. of the Americas, N. Y. **Underwriter**—None.

National Uni-Pac, Inc.
July 31, 1962 filed 85,000 common. **Price**—By amendment (max. $4). **Business**—Company plans to sell or lease coin operated vending machines. **Proceeds**—For debt repayment, equipment and working capital. **Office**—15 Peachtree St., Atlanta. **Underwriter**—None. **Note**—This registration will be withdrawn.

Natural Gas & Oil Producing Co. (2/15)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City. **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50c. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. MacPherson & Co., Toronto.

Norda Essential Oil & Chemical Co., Inc.
March 20, 1962 filed 200,000 class A shares. **Price**—By amendment (max. $15). **Business**—Manufacture, processing and distribution of natural and synthetic essential oils, flavor, essences, etc., to food and drug industries. **Proceeds** — For debt repayment, working capital and other corporate purposes. **Office**—601 W. 26th St., N. Y. **Underwriter**—S. D. Fuller & Co., N. Y. **Offering**—Expected in March.

Nordon Corp., Ltd.
March 29, 1962 filed 375,000 capital shares, of which 100,000 are to be offered by company and 275,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Acquisition and development of oil and natural gas properties. **Proceeds**—For drilling expenses and working capital. **Office** — 5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Beverly Hills, Calif.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Nuveen Tax-Exempt Bond Fund, Series 4
Oct. 17, 1961 filed $15,000,000 of units representing fractional interests in the Fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., and political subdivisions thereof which are believed to be exempted from Federal Income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

● **Olympia Record Industries, Inc. (2/1)**
May 29, 1962 filed 53,000 class A common. **Price** — $5. **Business**—Company is engaged in wholesale distribution of phonograph records and albums. **Proceeds**—For loan repayment, inventories, new products, and working capital. **Office**—614 West 51st St., New York. **Underwriter**—Mid-Town Securities Corp., New York.

Orr (J. Herbert) Enterprises, Inc.
May 1, 1962 filed 200,000 common. **Price**—$5.25. **Business**—The company and its subsidiaries manufacture and distribute cartridge type tape player recorders and programs therefor; sell at retail nationally known audio visual equipment; and manufacture men's and boy's dress trousers. **Proceeds** — For additional inventory, equipment, research, and working capital. **Address**—P. O. Box 27, Opelika, Ala. **Underwriter**—First Alabama Securities, Inc., Montgomery. **Offering**—Indefinite.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

● **Pacific Southwest Airlines. (2/4-8)**
Dec. 26, 1962 filed 293,000 common, of which 80,000 are to be offered by company, and 213,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Company operates a scheduled airline in California, providing daily service between San Diego, Los Angeles, and San Francisco. **Proceeds**—For prepayment of loans. **Office**—3100 Goddard Way, San Diego, Calif. **Underwriter**—E. F. Hutton & Co., Inc., Los Angeles.

● **Pak-Well Paper Industries, Inc. (2/25-28)**
March 30, 1962 filed 150,000 class A common. **Price**—By amendment (max. $13). **Business**—Manufacture of envelopes, packaging materials of various kinds, wrapping paper, stationery, and school supplies. **Proceeds**—For selling stockholders. **Office**—198 W. Alameda, Denver. **Underwriter**—Francis I. du Pont & Co., N. Y.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds**—For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

PanAm Realty & Development Corp.
March 12, 1962 filed 400,000 class A stock. **Price**—$10. **Business**—A real estate holding and development company. **Proceeds**—For general corporate purposes. **Office**—70 N. Main St., Freeport, L. I., N. Y. **Underwriter**—To be named.

Parkway Laboratories, Inc.
Dec. 6, 1961 filed 160,000 common. **Price**—$5. **Business**—Manufacture of drugs and pharmaceuticals. **Proceeds**—For an acquisition, research and other corporate purposes. **Office**—2301 Pennsylvania Ave., Philadelphia. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Pellegrino Aggregate Technico, Inc.
Aug. 10, 1961 filed 130,000 class A common shares. **Price**—$5. **Business**—The manufacture of building materials. **Proceeds**—For payment of income taxes and loans and for working capital. **Office**—Woodbridge-Carteret Road, Port Reading, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y. **Offering**—Temporarily postponed.

● **Pioneer Telephone Co. (2/4-8)**
Dec. 28, 1962 filed 75,000 common, of which 44,416 are to be offered by company and 30,584 by stockholders. **Price**—By amendment (max. $20). **Proceeds**—For debt repayment, expansion and working capital. **Office**—40 S. Elm St., Waconia, Minn. **Underwriters**—Dean Witter & Co., San Francisco, and M. H. Bishop & Co., Minneapolis.

Playboy Clubs International, Inc.
May 28, 1962 filed 270,000 common. **Price**—By amendment. (max. $7). **Business**—Company is engaged in the ownership and franchising of Playboy Clubs. **Proceeds**—For debt repayment and general corporate purposes. **Office**—232 E. Ohio St., Chicago. **Underwriter**—Golkin, Divine & Fishman, Inc., Chicago. **Offering**—Indefinite.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. **Price**—$5. **Proceeds**—To drill for and operate oil wells. **Office**—418 Market St., Shreveport, La. **Underwriter**—None.

Prescott-Lancaster Corp.
March 30, 1962 filed 150,000 common. **Price**—$5. **Business**—Real estate. **Proceeds**—For purchase of mortgages, and working capital. **Office**—18 Lancaster Rd., Union, N. J. **Underwriter**—To be named.

Prince Georges Country Club, Inc.
Oct. 15, 1962 filed 500 common to be offered for subscription by stockholders on the basis of one new share for each share held of record Feb. 18, 1962. **Price**—$1,000. **Proceeds**—For debt repayment, construction of a swimming pool, and other improvements. **Address**—Landover, Prince Georges County, Md. **Underwriter**—None.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. **Price**—$5. **Business**—Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

Publishers Co., Inc.
Aug. 29, 1962 filed 25,000 outstanding common shares to be sold by stockholders. **Price**—By amendment (max. $10). **Business**—Book publishing. **Office**—1106 Connecticut Ave., Washington, D. C. **Underwriter**—Roth & Co., Inc., Philadelphia. **Note**—This registration will be withdrawn.

Putnam Management Co., Inc.
Aug. 22, 1962 filed 150,000 common (non-voting). **Price**—By amendment (max. $14). **Business**—An investment adviser and distributor of mutual funds. **Proceeds**—For selling stockholders. **Office**—60 Congress St., Boston. **Underwriter**—To be named.

Quick-N-Clean Corp. of Minnesota, Inc.
Oct. 1, 1962 ("Reg. A") 205,000 common. **Price**—$1.15 **Business**—Company plans to open a chain of coin operated dry cleaning stores. **Proceeds**—Advertising, expansion and working capital. **Office**—712 Fir St., Brainerd, Minn. **Underwriter**—Northwest Securities, Inc., Detroit Lakes, Minn.

R. E. D. M. Corp. (2/11-15)
June 29, 1962 filed 80,000 common, of which 40,000 will be offered for the company and 40,000 for certain stockholders. **Price**—By amendment (max. $6). **Business**—Engaged in manufacturing, engineering and research under Defense Department contracts; also manufactures ball point pens, points, mechanical pencils and desk sets **Proceeds**—For equipment and working capital. **Office**—Little Falls, Passaic County, N. J. **Underwriter**—Schweickart & Co., New York.

Radar Relay, Inc.
Oct. 1, 1962 filed 100,000 common, of which 75,000 will be sold by company and 25,000 by a stockholder. **Price**—By amendment (max. $10). **Business**—Design and manufacture of electronic monitoring and warning systems, and integrally lighted switches. **Proceeds** — For product improvement and development, working capital, and other corporate purposes. **Office**—1631 10th St., Santa Monica, Calif. **Underwriter**—White, Weld & Co. Inc., New York. **Offering**—Indefinite.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2. **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 W. 7th St., Los Angeles. **Underwriter** — Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Indef.

Regulators, Inc.
Jan. 29, 1962 filed 75,000 common, of which 50,000 are to be offered by the company and 25,000 by Electronic Specialty Co., parent. **Price**—$5. **Business**—Design and manufacture of regulating and control devices used in the electric and electronic fields. **Proceeds**—For debt repayment and working capital. **Office**—455 W. Main St., Wyckoff, N. J. **Underwriter**—Myron A. Lomasney & Co., N. Y. **Note**—This registration will be withdrawn and then refiled.

Remitco, Inc.
Nov. 19, 1962 filed 952,000 common. **Price**—$10. **Business**—Company is engaged in selling "puts" and "calls." **Proceeds**—For working capital. **Office**—130 N. Virginia St., Reno, Nev. **Underwriter**—None.

● **Resort Corp. of Missouri**
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price**—$32 per unit. **Business**—Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co., St. Louis. **Offering**—Expected in March or April.

Richard Gray & Co., Inc.
June 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business**—A securities broker-dealer. **Proceeds**—For working capital and other corporate purposes. **Office**—237 W. 51st St., N. Y. **Underwriter**—Richard Gray Co., New York. **Offering**—Indefinite.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

Roddy Recreation Products Inc. (2/4-8)
Dec. 31, 1962 filed $1,000,000 of 6½% convertible subordinated debentures due 1978 and 50,000 common shares to be offered in units of one $500 debenture and 25 shares. **Price**—$650 per unit. **Business**—Manufacture and sale of fishing equipment, ammunition reloading devices and cord, tapes, etc. **Proceeds**—For debt repayment and working capital. **Office**—1526 W. 166th St., Gardena, Calif. **Underwriter** — Dempsey - Tegeler & Co., Inc., St. Louis.

Rona Lee Corp.
Sept. 26, 1962 filed 100,000 common. **Price**—$5. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., N. Y. **Underwriter**—Winslow, Cohu & Stetson Inc., N. Y. **Offering**—Indefinite.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital **Office**—245 7th Ave., N. Y. **Underwriter** — Federman Stonehill & Co., N. Y. **Note**—This registration will be withdrawn.

● **Ruby Silver Mines, Inc.**
Jan. 2, 1962 ("Reg. A") 2,400,000 common. **Price**—12½ cents. **Business**—Exploration and development of mineral deposits. **Proceeds**—For debt repayment and general corporate purposes. **Address**—Box 1088, Wallace, Idaho **Underwriter**—To be named.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company formerly was called Russell Manufacturing Co. **Offering**—Indefinite.

San Francisco Capital Corp.
April 23, 1962 filed 60,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—400 Montgomery St., San Francisco. **Underwriter**—Cantor, Fitzgerald & Co., Inc., Beverly Hills, Calif. **Note**—This registration will be withdrawn.

Seaboard Land Co.
July 25, 1962 filed 200,000 class A common. **Price**—By amendment (max. $2.50). **Business**—Ownership and development of real estate. **Proceeds**—For working capital. **Office**—912 Thayer Ave., Silver Spring, Md. **Underwriter** — North American Seaboard Securities Corp., (same address).

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Sentinel Life Insurance Co.
Sept. 10, 1962 filed 250,000 capital shares. **Price** — $5. **Business**—Company plans to sell life and disability insurance. **Proceeds**—For organizational expenses and other corporate purposes. **Office**—225 Bush St., San Francisco, Calif. **Underwriter**—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest. **Price**—$15. **Business** — A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter**—McDonald & Co., Cleveland. **Offering**—Indefinite.

Signalite Inc.
Jan. 29, 1962 filed 126,000 common. **Price**—$4.50. **Business**—Manufacture, sale and development of glow lamps for use as indicators and circuit components. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1933 Heck Ave., Neptune, N. J. **Underwriter**—Milton D. Blauner & Co., N. Y. **Offering**—Postponed.

Southwestern Public Service Co. (2/6)
Jan. 16, 1963 filed $14,000,000 of first mortgage bonds due Jan. 1, 1993. **Proceeds** — For debt repayment, construction and other corporate purposes. **Address**—720 Mercantile Dallas Building, Dallas. **Underwriter**—Dillon, Read & Co., Inc., New York.

Southeastern Towing & Transportation Co., Inc.
Nov. 29, 1961 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Construction and operation of towing boats. **Proceeds**—For debt repayment, conversion of a boat, and working capital. **Office**—3300 N. W. North River Drive, Miami, Fla. **Underwriter**—Irwin Karp & Co., Inc., 68 William St., N. Y.

Southwest Forest Industries, Inc.
Jan. 11, 1963 filed 638,237 common to be offered for subscription by stockholders on the basis of three new shares for each five held. **Price**—By amendment (max. $7). **Business**—Company manufactures lumber and wood products, and converts, processes and distributes paper products. **Proceeds**—For working capital and debt repayment. **Office** — 444 First National Bank Building, Phoenix. **Underwriter**—None.

Sovereign Life Insurance of California
Nov. 28, 1962 filed 800 capital shares. **Price**—$2,500. **Business**—Company plans to engage in writing life and disability insurance in California. **Proceeds**—For capital and surplus. **Office**—510 S. Spring St., Los Angeles. **Underwriter**—McDonnell & Co., Inc., New York. **Offering**—Indefinite.

Stars of New York, Inc.
Dec. 28, 1962 filed $450,000 of 15-year 8% debentures and 15,000 common shares to be offered in 300 units, each consisting of $1,500 of debentures and 50 shares. **Price**—$2,000 per unit. **Business**—Operation of discount department stores. **Proceeds**—For debt repayment and working capital. **Office**—North Colony Rd., Wallingford, Conn. **Underwriter**—None.

Sterling Copper Corp.
Aug. 2, 1962 filed 850,000 common. **Price**—$1. **Business**—Company plans to operate a non-ferrous rod and tube mill. **Proceeds**—For plant and equipment, working capital and other corporate purposes. **Office**—300 Horn Rd., Pinconning, Mich. **Underwriter**—None.

Stratford Financial Corp.
March 29, 1962 filed 315,000 class A shares of which 218,000 are to be offered by the company and 97,000 by the stockholders. **Price**—$6. **Business**—Commercial finance company. **Proceeds**—For debt repayment. **Office**—95 Madison Ave., N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y.

Stratton Fund, Inc.
March 20, 1962 filed 500,000 common. **Price**—$20. **Business**—A new mutual fund which plans to offer investors the opportunity of exchanging their individual securities for shares of the Fund without incurring Federal income tax liability. **Office**—15 William St., New York. **Dealer-Manager**—J. R. Williston & Beane, N. Y. **Note**—This company formerly was named Stratton Realty & Construction Fund, Inc., **Offering**—Indefinite.

● **Superior Commercial Corp.**
Nov. 15, 1962 filed 200,000 class A common, of which 100,000 are to be offered by the company and 100,000 by stockholders. **Price**—$1.50. **Business**—Company buys and holds second mortgages. **Proceeds**—For general corporate purposes. **Office**—9 Maiden Lane, New York. **Underwriter**—S. C. Burns & Co., Inc., New York. **Note**—This registration was withdrawn.

Teaching Systems, Inc.
June 1, 1962 ("Reg. A") 50,000 common. **Price**—$2. **Business**—Production and sale of educational audio-visual teaching aids. **Proceeds**—For equipment, promotion and advertising and working capital. **Office**—1650 Broadway, N. Y. **Underwriter**—Creative Ventures Corp., 733 Third Ave., N. Y.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc., (same address).

Ten-Tex, Inc.
Dec. 31, 1962 ("Reg. A") 3,000 units each consisting of one 6½% 10-year debenture, 25 common shares and purchase warrants for 100 common shares to be offered for subscription by stockholders of Ten-Tex Corp., parent, of record Feb. 1, 1963 on the basis of one unit for each 150 common shares held. **Price**—$100. **Business**—Sale and lease of machinery for production of tufted textile products. **Proceeds** — For debt repayment and working capital. **Office**—3814 Tennessee Ave., Chatsworth, Ga. **Underwriter**—Irving J. Rice & Co., Inc., St. Paul.

Continued on page 54

Continued from page 53

Tenna Corp.
Sept. 28, 1962 filed 122,000 common. **Price**—By amendment (max. $11). **Business**—Manufacture of automobile antennas and radios. **Proceeds**—For repayment of bank loans and working capital. **Office**—19201 Cranwood Parkway, Warrensville Heights, Ohio. **Underwriters**—Westheimer & Co., Cincinnati, and Hartzmark & Co., Inc., Cleveland.

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—Crow, Brourman & Chatkin, Inc., N. Y.

Texas Power & Light Co. (2/18)
Jan. 22, 1963 filed $10,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and other corporate purposes. **Office** — 1511 Bryan St., Dallas. **Underwriters**—(Competitive). Probable bidders: Kuhn, Loeb & Co.-Blyth & Co., Inc.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers; Halsey, Stuart & Co. Inc. **Bids**—Feb. 18 (11:30 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—Feb. 14 (11 a.m. EST) at same address.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$5. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Philips, Appel & Walden, 115 Broadway, N. Y. **Offering**—Temporarily postponed.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50 **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Tyson's Foods, Inc.
Dec. 26, 1962 filed 100,000 common. **Price**—By amendment (max. $12). **Business**—Company operates an integrated poultry business. **Proceeds** — For construction, equipment and working capital. **Office**—317 East Emma Ave., Springdale, Ark. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

Ultrasonic Laboratories, Inc.
Nov. 29, 1962 filed 67,200 common. **Price**—$3.50. **Business**—Design, engineering and manufacture of specialized products primarily in the field of contamination control. Company also acts as sales agents and distributors of allied equipment in the fields of contamination control and ultrasonics. **Proceeds**—For debt repayment, equipment, advertising and other corporate purposes. **Office**—1695 Elizabeth Ave., Rahway, N. J. **Underwriter**—None.

● United Camera Exchange, Inc.
Nov. 29, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of retail stores selling and trading cameras, films and other photographic equipment. Company also sells radios, tape recorders, dictating and photocopying machines, and provides a film developing and printing service. **Proceeds**—For new stores and camera concessions. **Office**—25 W. 43rd St., N. Y. **Underwriter**—Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—In early February.

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

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

Valu-Rack, Inc.
May 4, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price** — $5. **Business** — Wholesale distribution and retail merchandising of health and beauty aids, housewares, kitchenwares, wearing apparel and other goods. **Proceeds**—For debt repayment. **Office**—2925 S. San Pedro St., Los Angeles. **Underwriter**—To be named.

Vend-Mart Inc.
Jan. 22, 1963 filed 60,000 common. **Price**—$4. **Business**—Operation of coin-operated automatic ice cube vending machines and clothes washing and drying machines. **Proceeds** — For debt repayment, equipment, expansion and working capital. **Office**—565 Fifth Ave., New York. **Underwriter**—M. G. Davis & Co., Inc., New York.

Wade, Wenger ServiceMaster Co.
Nov. 23, 1962 filed $250,000 of 7% conv. subord. debentures due 1973. **Price**—95% of principal amount. **Business**—Sale of franchises for on-location cleaning of carpets, furniture, floors, etc., and the manufacture and sale of cleaning equipment and materials. **Proceeds**—For debt repayment and other corporate purposes. **Office**—2117 N. Wayne, Chicago. **Underwriter**—None.

● Wallace & Tiernan Inc. (2/14)
Jan. 16, 1963 filed 256,000 common. **Price**—By amendment. **Business** — Manufacture of chemicals, equipment and pharmaceuticals. **Proceeds**—For selling stockholders. **Office**—25 Main St., Belleville, N. J. **Underwriters**—White, Weld & Co. and Cyrus J. Lawrence & Sons, N. Y.

● Wallace (William) Co.
Jan. 9, 1963 filed $2,500,000 of subordinate debentures due 1981 (wth attached warrants) and 150,000 common to be offered in units consisting of one $1,000 debenture and one warrant to purchase 55 common shares. **Price**—By amendment. **Business**—Manufacture of double wall gas vent systems, prefabricated chimneys, roof drainage equipment, stove pipe, and fittings. **Proceeds**—For loan repayment and working capital. **Address**—230 Park Ave., New York. **Underwriters**—Reynolds & Co., Inc., and P. W. Brooks & Co., Inc., New York. **Offering**—Expected in late February.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes. **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. (mgr.). **Offering**—Temporarily postponed.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest. **Price**—$4. **Business**—Company plans to quality as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **Underwriter**—None.

● Western Power & Gas Co. (2/11-15)
Jan. 21, 1963 filed $9,000,000 of subordinated debens. due Feb. 15, 1978. **Price**—By amendment. **Proceeds**—For debt repayment, construction, advances to subsidiaries, and other corporate purposes. **Office**—144 South 12th St., Lincoln, Neb. **Underwriters**—Paine, Webber, Jackson & Curtis, Dean Witter & Co., and Stone & Webster Securities Corp., New York.

Western Travel, Inc.
Oct. 29, 1962 ("Reg. A") 187,000 common. **Price** — $1. **Business**—Operation of motels, hotels, restaurants and related businesses. **Proceeds**—For completion of a motel and working capital. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Western Securities, Inc., Provo, Utah.

Wheeler & Ryan, Inc.
July 30, 1962 filed 80,000 common. **Price**—$12.50. **Business**—Acquisition of leases and production of oil and gas. **Proceeds** — For repayment of debt and other corporate purposes. **Office**—Thompson Bldg., Tulsa. **Underwriter**—R. J. Edwards, Inc., Oklahoma City.

● White Photo Offset, Inc.
July 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Photo-offset printing. **Proceeds** — For debt repayment, equipment and working capital. **Office**—142 W. 26th St., N. Y. **Underwriter** — K-Pac Securities Corp., New York. **Offering**—In mid-February.

Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y.

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans. **Underwriter** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans. **Note**—This registration will be withdrawn.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York. **Note**—This registration will be withdrawn.

Workman Electronic Products, Inc.
Oct. 25, 1962 filed 140,000 common. **Price**—$3. **Business**—Manufacture, development and assembling of precise electronic replacement components for radio, TV and industrial use. **Proceeds**—For debt repayment, inventory, research, and other corporate purposes. **Office**—Packinghouse Rd., Sarasota, Fla. **Underwriter**—Hensberry & Co., St. Petersburg, Fla. **Offering**—February.

● Zero Mountain Inc. (2/11-15)
March 30, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of underground cold storage facilities. **Proceeds**—Expansion, debt repayment and working capital. **Address**—Box 594, Fayetteville, Ark. **Underwriter** — Don D. Anderson & Co., Inc., Oklahoma City.

Issues Filed With SEC This Week

★ Allied Mortgage & Development Co., Inc.
Jan. 28, 1963, filed $2,000,000 of 6% subordinated sinking fund debentures due 1973 (with warrants) and 100,000 common, to be offered in units of one $20 debenture (with a warrant to purchase two shares) and one common share. **Price**—By amendment. **Business**—Mortgage banking, real estate development, and sale of insurance. **Proceeds** — For debt repayment, land development, and working capital. **Office** — 3756 Lamar Ave., Memphis, Tenn. **Underwriter**—To be named.

★ Anadite, Inc.
Jan. 28, 1963, filed $800,000 convertible subordinated debentures due 1978, and 15,000 capital shares. **Price**—For debentures, at par; for stock, by amendment (max. $20). **Business**—Furnishing of specialized chemical metal processing and finishing services. **Proceeds**—For debt repayment, new plants and other corporate purposes. Proceeds from the stock sale will go to certain stockholders. **Address**—10647 Garfield Ave., South Gate, Calif. **Underwriter**—Dean Witter & Co., San Francisco.

★ Buckingham Corp. (2/20)
Jan. 25, 1963, filed 400,000 class A common. **Price**—By amendment (max. $30). **Business** — Importer of Cutty Sark Scotch whiskey. **Proceeds**—For selling stockholders. **Address**—620 Fifth Ave., New York. **Underwriter**—Lehman Brothers, New York.

★ Butternut Basin, Inc.
Jan. 15, 1963 ("Reg. A") 250 common. **Price** — $1,000. **Business**—Development and operation of a ski and recreational area. **Proceeds**—For construction, equipment and working capital. **Address**—Butternut Basin, Great Barrington, Mass. **Underwriter**—Kennedy-Peterson, Inc., Hartford, Conn.

★ Dudley Sports Co., Inc.
Jan. 28, 1963 ("Reg. A") 66,000 common. **Price**—$2.25. **Business** — Distribution of baseballs, softballs, baseball pitching machines and other sports equipment. **Proceeds**—For repayment of loans, promotional materials and working capital. **Office** — 633 Second Ave., New York. **Underwriter**—W. R. Reish & Co., Inc., New York. **Offering**—Imminent.

★ Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter**—L. D. Brown Co., New York.

★ Jebco, Inc.
Jan. 21, 1963 ("Reg. A") 125,000 class A common to be offered for subscription by stockholders. **Price**—$2. **Business**—Manufacture of metal office furniture and equipment for the U. S. Government and others. **Proceeds**—For inventory, equipment and financing of customer accounts. **Address**—Jonesboro, Ga. **Underwriter**—None.

★ Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

★ National Land Corp.
Jan. 21, 1963 ("Reg. A") 300,000 class A common. **Price**—$1. **Business**—Land development for residential, agricultural and commercial purposes. **Proceeds**—For debt repayment, acquisition and land improvement. **Office**—82 W. 2865 S., Salt Lake City. **Underwriter**—None.

★ National Oil & Gas Investment Fund
Jan. 11, 1963 ("Reg. A") $300,000 of certificates. **Price**—$600 per unit. **Business**—Purchase of oil and gas leasehold interests. **Proceeds**—For development and operation of properties. **Office**—531 Petroleum Bldg., Wichita, Kan. **Underwriter**—None.

★ Oklahoma Gas & Electric Co. (3/12)
Jan. 30, 1963, filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Office**—321 No. Harvey St., Oklahoma City. **Underwriters** — (Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co. Inc. (jointly); First Boston Corp.; Harriman Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. **Bids**—March 12 (11 a.m. EST) at First National City Bank, 55 Wall St., New York.

★ Packard Instrument Co., Inc. (2/19)
Jan. 28, 1963, filed 100,000 common, of which 50,000 are to be offered by company and 50,000 by L. E. Packard, Chairman. **Price**—By amendment (max. $25). **Business**—Development and manufacture of scientific instruments, principally for detection and measurement of radio-activity. **Proceeds**—For debt repayment, plant expansion, and working capital. **Office**—3713 Grand Blvd., Brookfield, Ill. **Underwriter**—A. G. Becker & Co., Inc., Chicago.

★ Potomac Electric Power Co. (2/19)
Jan. 25, 1963, filed $50,000,000 of first mortgage bonds due 1998. **Proceeds**—For loan repayment, and construction. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—(Competitive) Probable bidders: Dillon, Read & Co., Inc.-Lehman Brothers-Eastman Dillon,, Union Secu-

rities & Co.-Stone & Webster Securities Corp.-Johnston, Lemon & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co.-Salomon Brothers & Hutzler (jointly). **Bids**—Feb. 19 (10 a.m. EST) at above address.

★ Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. **Price**—$4.75. **Business**—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. **Proceeds**—For equipment, and working capital. **Office** — 2604 Leith St., Flint, Mich. **Underwriter**—Farrell Securities Co., New York.

★ Thunder Mountain Skiing, Inc.
Jan. 11, 1963 ("Reg. A") 5,000 common. **Price** — $15. **Business**—Development of a ski and recreational area at Hawley, Mass. **Proceeds**—For debt repayment. **Office**—4 Putnam Hill, Greenwich, Conn. **Underwriters**—Putnam & Co., Hartford, and Smith, Ramsay & Co., Inc., Bridgeport, Conn.

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

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Circle K Food Stores, Inc.
96,000 common offered at $6.50 per share by Eppler, Guerin & Turner, Inc., Dallas.

Dallas Power & Light Co.
$25,000,000 of 4¼% first mortgage bonds due Feb. 1, 1993, offered at 101.019% and accrued interest, to yield 4.19%, by Kidder, Peabody & Co.; Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Japan Development Bank
$22,500,000 of 6% Guaranteed External Loan Bonds due Feb. 1, 1978 offered at 96.50%, to yield 6.366%, by First Boston Corp.; Dillon, Read & Co. Inc.; and Smith, Barney & Co., Inc., New York.

Lewiston-Gorham Raceways, Inc.
450,000 common offered at $1 per share by the company, without underwriting. The company is headquartered at Auburn, Maine.

Nippon Electronic Co. Ltd.
400,000 American Depositary Shares offered at $16.75 each by First Boston Corp., and Daiwa Securities Co., Ltd., New York.

Petrolane Gas Service, Inc.
100,000 common offered at $26 per share by Dean Witter & Co., San Francisco.

Prospective Offerings

● Alabama Power Co. (5/9)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $13,000,000 of first mortgage bonds and $5,000,000 of preferred stock in May. **Proceeds**—For construction. **Office**—600 North 18th St., Birmingham, Ala. **Underwriters**—(Competitive). Probable bidders: (Bonds): Blyth & Co., Inc.-Kidder, Peabody & Co. (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. (Preferred): First Boston Corp.; Eastman Dillon, Union Securities & Co.-Equitable Securities Co. (jointly); Blyth & Co.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Expected May 9, 1963.

★ American Savings & Loan Association (2/11-15)
Jan. 29, 1963 it was reported that 242,581 shares of this firm's capital stock will be offered publicly in February. Of the total, 200,000 will be sold for the company and 42,581 for certain stockholders. The issue is exempted from SEC registration. **Price**—$8.50. **Business**—A savings and loan company with branches in Utah and Hawaii. **Office**—63 South Main St., Salt Lake City. **Underwriter**—J. A. Hogle & Co., Salt Lake City.

Atlanta Gas Light Co.
Jan. 22, 1963 the company stated that it was negotiating with certain underwriters for the proposed sale of $27,000,000 of first mortgage bonds. It added that if the negotiations are not fruitful the bonds would be sold at competitive bidding. **Proceeds** — To refund approximately $17,000,000 of outstanding 5⅛% bonds due 1982-85, and for construction. **Office**—243 Peachtree St., N. E., Atlanta, Ga. **Underwriters**—To be named. The following bid on the last sale of bonds on Dec. 8, 1960: White, Weld & Co.-Kidder, Peabody & Co. (jointly); First Boston Corp.; Shields & Co.- Equitable Securities Corp. (jointly); Halsey, Stuart & Co.; Stone & Webster Securities Corp. **Offering**—Expected in March.

Atlantic City Electric Co. (3/6)
Jan. 22, 1963 it was reported that the company plans to sell $15,000,000 of first mortgage bonds due 1993. **Office**—1600 Pacific Ave., Atlantic City, N. J. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Shields & Co. (jointly); Kuhn, Loeb & Co., Inc.-American Securities Corp.-Wood, Struthers & Co. (jointly); Lee Higginson Corp.; Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.-Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Blyth & Co. **Bids**—Expected March 6 (11 a.m. EST) at Irving Trust Co., One Wall St., New York.

Atlantic Coast Line RR (2/18)
Jan. 15, 1963 it was reported that this road plans to sell about $3,600,000 of 1-15 year equipment trust certificates. **Office**—220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Feb. 18 (12 noon EST) at above address.

Bethlehem Steel Co.
Dec. 3, 1962, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed over the next three years. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required in the immediate future. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Brooklyn Union Gas Co. (2/27)
Dec. 26, 1962 it was reported that the company plans to offer $12,000,000 of 25-year first mortgage bonds in February. **Office** — 195 Montague St., Brooklyn, N. Y. **Underwriters**—(Competitive.) Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Blyth & Co., Inc.-Eastman Dillon, Union Securities & Co.-F. S. Moseley & Co. (jointly); Harriman Ripley & Co., Inc.-First Boston Corp. (jointly). **Bids**—Expected Feb. 27.

California Electric Power 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 the utility is thinking of selling 380,000 common shares, although a final decision has not been made. **Office**—2885 Foothill Blvd., San Bernardino. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Central Illinois Light Co. (3/11)
Jan. 2, 1963 it was reported that this utility plans to sell $9,375,000 of first mortgage bonds due 1993 in March. **Proceeds**—To refund a like amount of 3¼% bonds due April 1, 1963. **Office**—300 Liberty St., Peoria, Ill. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Stone & Webster Securities Corp. (jointly); Blyth & Co.-Lehman Brothers & Co.-Salomon Brothers & Hutzler (jointly). **Bids**—March 11 (11 a.m. EST) at 300 Park Ave., New York. **Information Meeting**—March 8 (11 a.m.) at 16 Wall St. (2nd floor), New York.

Central Illinois Public Service Co.
July 10, 1962 it was reported that this company plans to issue about $10,000,000 of first mortgage bonds in 1963. **Proceeds**—For construction. **Office**—607 E. Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; First Boston Corp.; Lehman Brothers-Bear, Stearns & Co. (jointly).

Chicago Burlington & Quincy RR
Jan. 16, 1963, following the sale of $6,300,000 of equipment trust certificates, it was reported that $14,700,000 of certificates remain to be sold in 1963, in two or more instalments. **Office** — 547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

Chicago Union Station Co.
Nov. 28, 1962 it was reported that this company will issue $48-$50 million of first mortgage bonds in May 1963. **Proceeds**—To refund outstanding 3⅛% and 2⅞% bonds maturing July 1, 1963. **Office**—210 S. Canal St., Chicago. **Underwriters** — (Competitive). Probable bidders: Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.

Consumers Power Co.
Jan. 16, 1963 it was reported that the company plans to sell $40,000,000 of bonds in the second half of 1963, or in 1964. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co.. New York.

Federation Bank & Trust Co.
Jan. 23, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 100,114 shares on the basis of one new share for each seven held of record Jan. 22. Rights will expire Feb. 7. **Price**—$32. **Proceeds**—To increase capital funds to permit the opening of additional branches. **Office**—10 Columbus Circle, New York. **Underwriters** — Kuhn, Loeb & Co., Inc.; Paine, Webber, Jackson & Curtis, and Laird, Bissell & Meeds, 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 will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment. **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Allegheny Ave., Philadelphia. **Underwriter**—To be named. The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
On Oct. 22, 1962, President Kennedy signed a bill authorizing the Government to sell its holdings of 540,894 class A and 2,050,000 class B shares, representing 98% of the voting control of the company. The stock, now held by the Attorney General, was seized in 1942 as a German asset. No date has been set for the offering which need not be registered with the SEC. Proceeds from the sale will be used to reimburse American citizens for losses of life and property during World War II. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Bache & Co.; Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly).

● Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

★ Great Northern Ry. (3/7)
Jan. 30, 1963 it was reported that this road plans to sell $5,250,000 of equipment trust certificates in March. **Office**—39 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected March 7 (12 noon EST) at above address.

★ Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C. Langley & Co. (jointly); Lee Higginson Corp.

Highway Trailer Industries, Inc.
Sept. 10, 1962 it was reported that this company plans to raise some $2,500,000 by a rights offering to stockholders. Authorized stock now consists of 2,000,000 $1.25 par common shares of which 714,086 shares are outstanding. **Business**—Manufacture of truck trailers, cargo containers, telephone and power line construction equipment, etc. **Proceeds**—To help form a new finance company subsidiary. **Office**—250 Park Ave., N. Y. **Underwriters**—To be named. The last financing by the company was underwritten by Allen & Co., and Van Alstyne, Noel & Co., New York City.

Interstate Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $7,000,000 of first mortgage bonds and $3,000,000 of common stock in May 1963. **Office**—1000 Main Street, Dubuque, Iowa. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; White, Weld & Co.

Iowa Power & Light Co.
Jan. 16, 1962 it was reported that the company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Iowa Public Service Co.
Nov. 5, 1962 it was reported that this company plans to sell $16,000,000 of bonds in the third quarter of 1963. **Address**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; White, Weld & Co.; First Boston Corp.

Jamaica Water Supply Co.
March 20, 1962 it was reported that this utility plans to sell $3,000,000 of mortgage bonds and $2,000,000 of preferred and common stocks. **Proceeds**—For debt repayment, and construction. **Office** — 161-20 89th Ave.,

Continued on page 56

Continued from page 55

Jamaica, N. Y. **Underwriters**—To be named. The last sale of bonds on May 3, 1956 was made by Blyth & Co. Other bidders were: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. The last several issues of preferred were sold privately. The last sale of common on May 9, 1956 was made through Blyth & Co., Inc.

Kentucky Utilities Co.

Aug. 1, 1962 it was reported that this utility plans to sell approximately $15,000,000 of 30-year first mortgage bonds, in the first quarter of 1963. **Office**—120 So. Limestone St., Lexington, Ky. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., Inc.; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Laguna Niguel Corp.

Dec. 11, 1962, Gerald W. Blakeley, President, stated that the company is "seriously considering" the issuance of about $10,000,000 of debentures to redeem its 60-cent cumulative class A stock. Mr. Blakeley said class A dividends must be paid from after-tax earnings, meaning the company has to earn 12% of gross revenue, whereas interest on debentures is an expense item, so the company would have to earn only 6% to provide the same return. **Business**—Acquisition, development and management of real properties. **Office** — 32802 Pacific Coast Hwy., So., Laguna, Calif. **Underwriter**—To be named. The last financing for the company was handled by Paine, Webber, Jackson & Curtis, Boston.

Massachusetts Electric Co.

Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly).

● Michigan Consolidated Gas Co. (3/19)

Jan. 30, 1963 it was reported that this company plans to sell $30,000,000 of 25-year first mortgage bonds in March. **Proceeds**—For construction. **Office**—415 Clifford St., Detroit. **Underwriters**—(Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly). **Bids**—Expected March 19.

Michigan Wisconsin Pipe Line Co.

Oct. 24, 1962 it was reported that this company plans to sell about $22,000,000 of first mortgage bonds in the third quarter of 1963. **Proceeds**—For construction. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.

Mitsubishi Electric Mfg. Co.

Oct. 24, 1962 it was reported that the Japanese Finance Ministry had authorized the company to sell $10,000,000 of convertible bonds in the U. S. by March 31, 1963. It is expected that the bonds would mature in 15 years and bear interest of 6.5%. No decision has yet been made as to whether the issue will be sold publicly or privately. **Business**—Production of electric machinery. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriter**—Kidder, Peabody & Co., New York.

New England Power Co.

Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Nippon Telegraph & Telephone Public Corp.

Dec. 19, 1962, it was reported that the company plans to sell $20,000,000 of bonds in the United States in the fiscal year April 1, 1963 to March 31, 1964. The financing program is subject to approval by the Japanese Diet. **Business** — Nippon Telegraph, wholly-owned by the Japanese Government, furnishes domestic telephone and telegraph services, without competition, in Japan. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co.; First Boston Corp., and Smith, Barney & Co., New York.

Norfolk & Western Ry. (3/25)

Dec. 26, 1962 it was reported that this road plans to sell about $5,475,000 of 1-15 year equipment trust certificates in March. **Office**—8 N. Jefferson St., Roanoke, Va. **Underwriters**—(Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Expected March 25.

Northern Illinois Gas Co.

Dec. 20, 1962 the company stated that it plans to spend $40,000,000 on construction in 1963, an undetermined amount of which will be raised by sale of bonds. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-Equitable Securities Corp. (jointly); Glore, Forgan & Co.

Northern Indiana Public Service Co.

Jan. 27, 1963, the company stated that it plans to sell $25-$30,000,000 of first mortgage bonds sometime in 1963, depending on market conditions. **Office** — 5265 Hohman Ave., Hammond, Ind. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp.; Dean Witter & Co.-Blyth & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Kuhn, Loeb & Co.

Northern Natural Gas Co.

Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of debt securities sometime in 1963 or 1964. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Northern States Power Co. (Minn.)

Jan. 11, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly).

Northwestern Bell Telephone Co. (3/5)

Dec. 3, 1962 it was reported that this A. T. & T., subsidiary plans to sell $40,000,000 of debentures to mature not later than 40 years after date of issuance. **Office**—100 So. 19th St., Omaha, Neb. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.-Eastman Dillon, Union Securities & Co. **Bids**—Expected March 5, 1963 at 195 Broadway, New York.

Otter Tail Power Co.

Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

★ Pacific Northwest Bell Telephone Co. (4/2)

Jan. 28, 1963 it was reported that this company plans to sell $50,000,000 of debentures due 2003. **Proceeds**—To reduce outstanding debt, due Pacific Telephone & Telegraph Co., in connection with the transfer in 1961 of the latter's properties in Washington, Oregon and Idaho. **Office**—1200 Third Ave., Seattle, Wash. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. **Bids** — Expected April 2.

Pacific Power & Light Co.

Nov. 28, 1962 it was reported that the company plans to issue $30,000,000 of first mortgage bonds in June 1963. **Proceeds**—To repay outstanding loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly).

Pennsylvania Power & Light Co.

Feb. 20, 1962. Jack K. Busby, President and C. E. Oakes, Chairman, stated that the company will require about $93,000,000 in debt financing in the period 1962 to 1970. **Proceeds**—For construction and the retirement of $17,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

● Seaboard Air Line RR (2/26)

Jan. 29, 1963 it was reported that this company plans to sell $6,360,000 of equipment trust certificates in late February. This is the second installment of a total issue of $12,720,000. **Office**—3600 W. Broad St., Richmond, Va. **Underwriters** — (Competitive.) Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Feb. 26 (12 noon EST) at office of Willkie, Farr, Gallagher, Walton & Fitzgibbon, One Chase Manhattan Plaza, New York.

Snelling & Snelling, Inc.

Nov. 20, 1962 it was announced that the company plans its first public offering of stock. **Business**—Operation of a nationwide network of franchised personnel consultants with offices in 35 major cities. **Proceeds**—For expansion. **Office**—1530 Chestnut St., Philadelphia. **Underwriter**—To be named.

Socony Mobil Oil Co., Inc.

Jan. 22, 1963 the company announced plans to sell about $200,000,000 of debentures in early April. **Business**—Company and its subsidiaries are engaged in the production, refining, transportation and distribution of petroleum products. **Proceeds**—For general corporate purposes. **Office**—150 E. 42nd St., New York. **Underwriter**—Morgan Stanley & Co., New York.

Southern California Edison Co.

Jan. 16, 1963 it was reported that this company plans to sell $60,000,000 of bonds later this year or in 1964. **Office**—601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Dean Witter & Co. (jointly).

Southern Counties Gas Co. of Calif.

Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Railway Co.

Jan. 15, 1963 stockholders authorized the company to issue $50,000,000 of general mortgage bonds. **Proceeds**—To acquire stock of Central of Georgia Ry.; retire first mortgage 3¾% bonds of Atlanta & Charlotte Air Line RR.; reimburse the treasury for capital expenditures and provide for additional capital expenditures. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly). **Bids**—Expected in late February.

Southern Railway Co. (2/14)

Jan. 16, 1963 it was reported that the company plans to sell $4,020,000 of equipment trust certificates in February. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Feb. 14 (12 noon EST) at above address.

★ Southern Railway Co. (3/27)

Jan. 29, 1963 it was reported that this company plans to sell $4,020,000 of equipment trust certificates in March. This is the second instalment of a total $8,040,000 issue. **Office** — 70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—March 27, 12 noon EST) at above address.

Southern Union Gas Co.

Aug. 15, 1962 it was reported that this utility plans a rights offering of $10,000,000 of convertible preferred stock in the first quarter of 1963. **Office**—1507 Pacific Ave., Dallas. **Underwriters** — To be named. The last rights offering of preferred stock in April 1959 was handled by Snow, Sweeny & Co., Inc., N. Y., and A. C. Allyn & Co., Chicago.

Southwestern Electric Power Co.

Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of first mortgage bonds in the fall of 1963. **Office**—428 Travis St., Shreveport, La. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co.-Blyth & Co. Inc.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.

Tennessee Valley Authority

Oct. 3, 1962, A. J. Wagner, Chairman, stated that the Authority plans to issue $50,000,000 of short- or long-term securities in the spring of 1963. **Proceeds**—For construction. **Office**—Knoxville, Tenn. **Underwriters**—To be named. On Jan. 24, 1962 the Authority sold at competitive bidding $45,000,000 of 4½% bonds due Feb. 1, 1987. The issue was won by a group jointly managed by Chase Manhattan Bank; Morgan Guaranty Trust Co. of New York; Chemical Bank New York Trust Co.; C. J. Devine & Co.; and the First National Bank of Chicago.

Union Light, Heat & Power Co.

Nov. 21, 1962 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $5,000,000 of first mortgage bonds in 1963. **Office**—139 East Fourth St., Cincinnati. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Equitable Securities Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Virginia Electric & Power Co. (5/14)

Jan. 16, 1963 the company announced plans to sell $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—7th and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler. **Bids**—Expected May 14.

Washington Gas Light Co.

Aug. 1, 1962 it was reported that this company plans to sell $12,000,000 of 25-year bonds, in the second quarter of 1963. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters**—(Competitive): Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

● Western Light & Telephone Co., Inc. (5/1)

Jan. 29, 1963, the company announced plans to raise about $3,000,000 by offering stockholders the right to purchase 113,300 additional common shares on the basis of one new share for each 10 held of record about May 1. **Proceeds**—To repay bank loans, and for construction. **Office**—2015 Forest Ave., Great Bend, Kan. **Underwriter**—Dean Witter & Co., San Francisco.

Wisconsin Public Service Corp.

Jan. 16, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year or in 1964. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Indications of Current Business Activity

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

	Date	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Jan. 25	1,863,000	1,915,000	1,874,000	2,390,000
Index of production based on average weekly production for 1957-1959	Jan. 25	100.0	102.8	100.6	128.3
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 18	7,299,210	7,289,110	7,340,110	7,405,010
Crude runs to stills—daily average (bbls.)	Jan. 18	8,611,000	8,574,000	8,436,000	8,246,000
Gasoline output (bbls.)	Jan. 18	30,256,000	30,776,000	30,606,000	27,898,000
Kerosene output (bbls.)	Jan. 18	3,568,000	3,752,000	3,713,000	2,938,000
Distillate fuel oil output (bbls.)	Jan. 18	15,503,000	16,047,000	13,940,000	14,600,000
Residual fuel oil output (bbls.)	Jan. 18	6,293,000	5,722,000	6,138,000	6,707,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbls.) at	Jan. 18	194,418,000	191,782,000	182,684,000	189,305,000
Kerosene (bbls.) at	Jan. 18	28,843,000	29,449,000	32,090,000	28,647,000
Distillate fuel oil (bbls.) at	Jan. 18	129,885,000	136,271,000	153,100,000	129,376,000
Residual fuel oil (bbls.) at	Jan. 18	49,349,000	49,375,000	50,893,000	44,805,000
Unfinished oils (bbls.) at	Jan. 18	82,048,000	82,454,000	85,284,000	79,392,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 19	501,957	521,515	512,038	533,331
Revenue freight received from connections (no. of cars)	Jan. 19	478,361	462,048	476,443	487,492
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 19	8,505,000	8,605,000	9,185,000	8,540,000
Pennsylvania anthracite (tons)	Jan. 19	399,000	419,000	402,000	411,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS - RECORD—NEW SERIES:					
Total advance planning by ownership	Jan. 24	$601,900,000	$716,400,000	$306,800,000	$382,900,000
Private	Jan. 24	239,000,000	357,300,000	90,300,000	270,100,000
Public	Jan. 24	362,900,000	359,100,000	216,500,000	112,800,000
State and Municipal	Jan. 24	302,300,000	345,700,000	213,400,000	94,800,000
Federal	Jan. 24	60,600,000	13,400,000	3,100,000	18,000,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Jan. 19	95	99	271	90
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 26	18,321,000	18,110,000	16,435,000	16,686,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 24	321	286	143	389
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 21	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Jan. 21	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Jan. 21	$27.17	$27.17	$25.83	$37.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 25	30.600c	30.600c	30.600c	30.600c
Export refinery at	Jan. 25	28.500c	28.450c	28.475c	28.100c
Lead (New York) at	Jan. 25	10.500c	10.500c	10.000c	10.000c
Lead (St. Louis) at	Jan. 25	10.300c	10.300c	9.800c	9.800c
‡Zinc (delivered at)	Jan. 25	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Jan. 25	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Jan. 25	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Jan. 25	111.500c	111.250c	113.000c	120.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 29	90.21	90.12	90.02	85.92
Average corporate	Jan. 29	89.09	89.09	88.67	86.11
Aaa	Jan. 29	92.93	93.08	92.79	90.06
Aa	Jan. 29	90.77	90.77	90.63	88.13
A	Jan. 29	89.37	89.37	88.54	85.59
Baa	Jan. 29	83.53	83.40	83.15	81.29
Railroad Group	Jan. 29	86.11	85.98	85.59	83.40
Public Utilities Group	Jan. 29	90.63	90.48	90.34	87.32
Industrials Group	Jan. 29	90.63	90.63	90.20	87.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 29	3.71	3.72	3.72	4.15
Average corporate	Jan. 29	4.48	4.48	4.51	4.70
Aaa	Jan. 29	4.21	4.20	4.22	4.41
Aa	Jan. 29	4.36	4.36	4.37	4.55
A	Jan. 29	4.46	4.46	4.52	4.74
Baa	Jan. 29	4.90	4.91	4.93	5.08
Railroad Group	Jan. 29	4.70	4.71	4.74	4.91
Public Utilities Group	Jan. 29	4.37	4.38	4.39	4.61
Industrials Group	Jan. 29	4.37	4.37	4.40	4.57
MOODY'S COMMODITY INDEX	Jan. 29	374.9	372.5	369.7	373.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 19	341,351	355,234	288,610	323,390
Production (tons)	Jan. 19	350,964	355,178	350,697	333,652
Percentage of activity	Jan. 19	94	98	95	94
Unfilled orders (tons) at end of period	Jan. 19	446,459	457,966	361,907	470,553
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Jan. 25	124.06	123.49	123.46	117.67
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 4	2,178,010	1,864,060	3,493,300	2,397,580
Short sales	Jan. 4	405,920	261,670	653,900	333,880
Other sales	Jan. 4	2,209,620	1,389,040	2,677,820	2,402,110
Total sales	Jan. 4	2,615,540	1,650,710	3,331,720	2,735,990
Other transactions initiated off the floor—					
Total purchases	Jan. 4	433,540	350,420	622,040	390,290
Short sales	Jan. 4	39,700	13,600	68,600	51,300
Other sales	Jan. 4	397,800	220,210	541,380	476,960
Total sales	Jan. 4	437,500	233,810	609,980	528,260
Other transactions initiated on the floor—					
Total purchases	Jan. 4	917,919	854,888	1,175,540	724,729
Short sales	Jan. 4	130,420	81,700	178,700	67,320
Other sales	Jan. 4	950,036	563,360	1,194,894	921,256
Total sales	Jan. 4	1,080,456	645,060	1,373,594	988,576
Total round-lot transactions for account of members—					
Total purchases	Jan. 4	3,529,469	3,069,368	5,290,880	3,512,599
Short sales	Jan. 4	576,040	356,970	901,200	452,500
Other sales	Jan. 4	3,557,456	2,172,610	4,414,094	3,800,326
Total sales	Jan. 4	4,133,496	2,529,580	5,315,294	4,252,826
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Jan. 4	1,327,453	1,046,649	1,582,008	1,904,244
Dollar value	Jan. 4	$62,026,252	$46,052,825	$75,329,790	$101,294,266
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Jan. 4	1,620,489	1,657,284	2,090,219	1,668,190
Customers' short sales	Jan. 4	9,315	4,981	22,640	13,088
Customers' other sales	Jan. 4	1,611,174	1,652,303	2,067,579	1,655,102
Dollar value	Jan. 4	$71,040,982	$61,790,907	$95,667,969	$90,258,217
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 4	730,720	749,390	845,920	503,360
Short sales	Jan. 4	------	------	------	------
Other sales	Jan. 4	730,720	749,390	845,920	503,360
Round-lot purchases by dealers—Number of shares	Jan. 4	312,830	165,380	352,090	659,660
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Jan. 4	726,010	456,070	1,256,710	552,860
Other sales	Jan. 4	17,569,720	14,337,110	23,265,700	15,751,450
Total sales	Jan. 4	18,295,730	14,793,180	24,522,410	16,304,310
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Jan. 22	100.5	100.5	100.6	Not avail.
Farm products	Jan. 22	98.8	*98.6	99.1	Not avail.
Processed foods	Jan. 22	100.5	100.5	100.7	Not avail.
Meats	Jan. 22	96.6	96.7	98.2	Not avail.
All commodities other than farm and foods	Jan. 22	100.6	100.7	101.7	Not avail.

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. a Not available.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of November	179,679	185,190	164,125
Stocks of aluminum (short tons) end of Nov.	152,852	148,120	240,343
AMERICAN RAILWAY CAR INSTITUTE—			
Month of December:			
Orders of new freight cars	4,524	3,573	5,710
New freight cars delivered	1,899	2,205	1,940
Backlog of cars on order and undelivered (end of month)	16,122	13,502	15,760
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of December (000's omitted)	$320,900,000	$288,200,000	$286,600,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of December (in millions):			
Total new construction	4,927	5,346	4,659
Private construction	3,523	3,766	3,345
Residential buildings (nonfarm)	1,991	2,126	1,896
New housing units	1,513	1,630	1,432
Additions and alterations	371	385	366
Nonhousekeeping	107	111	98
Nonresidential buildings	964	1,010	908
Industrial	243	244	221
Commercial	428	454	398
Office buildings and warehouses	239	242	195
Stores, restaurants, and garages	189	212	203
Other nonresidential buildings	293	312	289
Religious	85	90	85
Educational	52	54	52
Hospital and institutional	79	82	70
Social and recreational	56	63	57
Miscellaneous	21	23	25
Farm construction	98	114	97
Public utilities	446	490	427
Telephone and telegraph	77	82	78
Other public utilities	369	408	349
All other private	24	26	17
Public construction	1,404	1,580	1,314
Residential buildings	70	74	80
Nonresidential buildings	399	419	391
Industrial	Not Avail.	33	36
Educational	234	238	238
Hospital and institutional	33	35	30
Administrative and service	46	54	46
Other nonresidential buildings	53	59	41
Military facilities	Not Avail.	Not Avail.	79
Highways	Not Avail.	589	490
Sewer and water systems	133	144	122
Sewer	82	87	73
Water	51	57	49
Public service enterprises	30	38	30
Conservation and development	Not Avail.	153	94
All other public	27	30	28
COAL EXPORTS (BUREAU OF MINES)—			
Month of November:			
U. S. exports of Pennsylvania anthracite (net tons)	208,339	227,768	223,562
To North and Central America (net tons)	94,120	91,613	102,262
To Europe (net tons)	110,485	124,637	100,135
To South America (net tons)	3,734	33	8,986
To Asia (net tons)	------	11,484	------
To Egypt (net tons)	------	------	84
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BOARD OF NEW YORK— As of December 31 (000's omitted)	$2,088,000	$2,501,000	$1,711,000
CONSUMER PRICE INDEX — 1957-59=100—			
Month of November:			
All items	106.0	106.0	104.6
Food	104.1	104.3	101.9
Food at home	102.6	102.9	100.5
Cereal and bakery products	108.4	108.0	106.3
Meats, poultry and fish	103.5	104.1	98.5
Dairy products	104.2	104.3	105.5
Fruits and vegetables	102.1	102.0	98.4
Other food at home	97.2	98.1	99.3
Food away from home (Jan., 1958=100)	111.9	111.8	108.9
Housing	105.1	105.0	104.2
Rent	106.2	106.1	104.9
Gas and electricity	108.1	108.0	107.8
Solid fuels and fuel oil	103.6	102.4	102.1
Housefurnishings	98.7	98.8	99.3
Household operation	107.8	107.6	106.4
Apparel	104.3	104.9	103.7
Men's and boys'	104.3	104.2	103.3
Women's and girls'	102.5	104.0	102.4
Footwear	109.7	109.6	108.6
Other apparel	101.1	101.6	101.0
Transportation	108.3	108.1	106.8
Private	107.7	106.9	105.9
Public	115.4	116.0	112.7
Medical care	115.0	114.9	112.4
Personal care	107.1	106.9	104.8
Reading and recreation	110.1	109.5	108.1
Other goods and services	105.6	105.6	105.0
COTTON GINNING (DEPT. OF COMMERCE):			
January 16 running bales	14,620,525	------	13,995,754
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of December	589,881	667,192	684,095
In consuming establishments as of Dec. 29	1,498,003	1,418,984	1,794,720
In public storage as of Dec. 29	14,374,133	13,073,648	11,719,825
Linters—Consumed month of December	98,831	100,740	108,656
Stocks—December 29	728,850	695,642	559,006
Cotton spindles active as of Dec. 29	16,374,000	16,395,000	17,181,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Dec. 29	19,518,000	19,542,000	19,561,000
Spinning spindles active on Dec. 29	16,374,000	16,395,000	17,181,000
Active spindle hours (000's omitted) Dec. 29	7,317,000	8,035,000	8,019,000
Active spindle hours for spindles in place December 29	365.9	401.8	400.9
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of December:			
Weekly earnings—			
All manufacturing	$98.01	$97.36	$96.63
Durable goods	106.86	105.93	105.32
Nondurable goods	87.16	86.72	85.57
Hours—			
All manufacturing	40.5	40.4	40.6
Durable goods	41.1	40.9	41.3
Nondurable goods	39.8	39.6	39.8
Hourly earnings—			
All manufacturing	$2.42	$2.41	$2.38
Durable goods	2.60	2.59	2.55
Nondurable goods	2.19	2.19	2.15
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of December:			
Contracts closed (tonnage)—estimated	478,492	323,631	373,376
Shipments (tonnage)—estimated	281,616	315,116	295,699
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of December	£41,154,000	£25,725,000	£19,102,000
PORTLAND CEMENT (BUREAU OF MINES)—			
Month of November:			
Production (barrels)	29,339,000	33,926,000	27,625,000
Shipments from mills (barrels)	27,103,000	36,250,000	25,446,000
Stocks at end of month (barrels)	31,894,000	29,901,000	30,382,000
Capacity used (per cent)	78	87	77

TAX-EXEMPT BOND MARKET

Continued from page 6

buyers as well as the citizenry at large.

Technical Factors Continue to Favor Tax-Exempt Market

The new issue calendar of scheduled and tentatively scheduled issues now totals something less than $325,000,000. In the sphere of negotiated issues the calendar is apparently unchanged with about $220,000,000 set for offering in February. This category involves $89,000,000 New York State Housing Finance Agency bonds, $100,000,000 Triboro Bridge and Tunnel bonds and $30,000,000 Bi-State Development Agency (Missouri-Illinois) Transit revenue bonds. This schedule of financing certainly poses no threat to the present bond market level. More remotely, the $150,000,000 State of Illinois offering scheduled for March 12 remains as the most notable underwriting.

The street's inventory situation continues to be relatively favorable with more and more dealers willing and able to carry along more bonds. The presently apparent float seems to be no impediment to the market. The *Blue List* of state and municipal offerings has been in the area of $500,000,000 for some time. The Jan. 30 total was $519,309,000.

Recent Awards

The volume of new issues which sold at competitive bidding this past week totaled a moderate $204,852,000, of which over half involved the New York City financing. As noted, the bidding continued to be extremely competitive.

Last Thursday was a quiet day, with only one notable sale on the docket. Harris County (Houston), Texas awarded $9,600,000 County Park (1966-1995) bonds to the group managed by *The Northern Trust Co.* on a net interest cost bid of 3.155%. The second best bid, designating a 3.167% net interest cost, was made by the First National Bank of Chicago account. There were five additional bids submitted for this popular bond issue.

Other major members of the winning group include The First Boston Corp., Mellon National Bank and Trust Co., B. J. Van Ingen & Co., Inc., First National Bank in Dallas, United California Bank of Los Angeles, A. G. Becker & Co., Inc., Wm. Blair & Co., The Illinois Co., Bacon, Whipple & Co., City National Bank and Trust Co., Kansas City, The Milwaukee Co. and G. H. Walker & Co. Scaled to yield from 2.00% in 1966 to 3.40% in 1993, initial investor demand has been moderate with the present balance in account $3,760,000. The 1994 and 1995 maturities carried a one-tenth of 1% coupon and were sold pre-sale.

Friday was also a quiet day, with only one important issue sold at public bidding. Jefferson Parish (Gretna), Louisiana, Road District No. 1, sold $3,000,000 Road Improvement (1964-1983) bonds to the syndicate headed by *Scharff & Jones* at a net interest cost of 3.399%. This bid barely won over the second bid, a 3.401% net interest cost, which was made by Phelps, Fenn & Co. and associates.

Associated with Scharff & Jones as major underwriters are Equitable Securities Corp., Merrill Lynch, Pierce, Fenner & Smith, Hattier & Sanford Inc., Barrow, Leary & Co., Ladd Dinkins & Co., Crane Investment Co., Inc., Glas & Co., E. F. Hutton & Co. and Dorsey & Co. Reoffered to yield from 2.00% in 1963 to 3.50% in 1979, a good reception was afforded these bonds with the present balance $450,000. The 1980 to 1983 bonds were sold privately and the 1984 maturity carried a 1% coupon at a 4.10% yield.

New York City Sale Was Present Week's Feature

Monday of this week was another quiet day, with no sales of note, but Tuesday was a very active day with five issues of general market importance on the calendar. The group led by *Chase Manhattan Bank* submitted the best bid for $108,200,000 New York City various purpose (1964-1993) bonds setting an annual net interest cost of 2.934%. The competing bid for this issue, a 2.985% annual net interest cost, was made by the First National City Bank and associates.

The major members of the winning group include Chemical Bank New York Trust Co., Manufacturers Hanover Trust Co., Lehman Brothers, Blyth & Co., Lazard Freres & Co., Barr Bros. & Co., R. W. Pressprich & Co., Merrill Lynch, Pierce, Fenner & Smith, Eastman Dillon, Union Securities & Co., Goldman, Sachs & Co., Bear, Stearns & Co., The Northern Trust Co., Hornblower & Weeks, Ladenburg, Thalmann & Co., Wertheim & Co., Hallgarten & Co., B. J. Van Ingen & Co., Inc., The First Western Bank and Trust Co., Los Angeles, First National Bank in Dallas, Paribas Corp., Weeden & Co., Inc., Bache & Co., A. G. Becker & Co., Inc., The Connecticut Bank and Trust Co., Federation Bank and Trust Co., William E. Pollock & Co., Inc. and Swiss American Corp. Scaled to yield from 1.65% to 3.50% for 2.70%, 2.80% and 3% coupons, investor demand was moderate for these bonds.

The present balance in account is $47,775,000. However, $20,000,000 of the short bonds taken down are presently being reoffered by one of the members away from the account balance.

Winston Salem, North Carolina sold $6,600,000 Water and Sanitary Sewer (1964-1987) bonds to the *Wachovia Bank & Trust Co.* syndicate at a net interest cost of 2.867%. The runner-up bid, a 2.871% net interest cost, was made by the Chase Manhattan Bank account. There were ten additional bids ranging in interest cost from 2.88% to 2.93% made for this highly regarded offering.

Other members of the successful syndicate include Mellon National Bank and Trust Co., Republic National Bank, Dallas, First National Bank, St. Louis, Fidelity Philadelphia Trust Co., National Boulevard Bank, Chicago, National Shawmut Bank, Boston and Citizens and Southern National Bank, Atlanta.

The bonds were reoffered to yield from 1.60% in 1964 to 3.00% in 1985. The present balance is $2,795,000. The 1986 and 1987 maturities were sold pre-sale.

Springfield, Illinois, the capital of Illinois and home of Lincoln as well as an infrequent borrower, awarded $6,000,000 Electric revenue (1966-1991) bonds to the group headed jointly by *Halsey, Stuart & Co., Inc.* and *Glore, Forgan & Co.* at a net interest cost of 3.052%. The runner-up bid, a 3.064% net interest cost, was made by the account headed by John Nuveen & Co.

Other major members of the winning group include Ladenburg, Thalmann & Co., Wertheim & Co., Shearson, Hammill & Co., Roosevelt & Cross, Braun, Bosworth & Co., Inc., Tucker, Anthony & R. L. Day, The Illinois Co., Mullaney, Wells & Co, Rodman & Renshaw, Townsend, Dabney & Tyson and Cherokee Securities Co.

Scaled to yield from 1.90% in 1966 to 3.20% in 1990, the group reports an unsold balance of about $2,270,000. The 1991 maturity carried a one-tenth of 1% coupon and was sold pre-sale.

The City of St. Petersburg, Fla. put $5,000,000 Franchise Tax Revenue (1965-1992) bonds up for public bidding on Tuesday. The account headed by *Halsey, Stuart & Co., Inc.* was the successful bidder at a net interest cost of 3.282%. The second bid, a 3.29% net interest cost, was made by the John Nuveen Co. syndicate.

Associated with Halsey, Stuart & Co., Inc. as major underwriters are Blyth & Co., Goldman, Sachs & Co., R. S. Dickson & Co., Hemphill, Noyes & Co., Ira Haupt & Co., First of Michigan Corp., Cooley & Co. and Moore, Leonard & Lynch.

Reoffered to yield from 1.85% in 1965 to 3.50% in 1991, initial investor demand has been fair with the present balance in account about $3,445,000. The 1991 maturity bears a 1% coupon and was sold at 4.00% yield.

Milwaukee County's Acquired By Two Accounts

Another sale of note on Tuesday involved $9,175,000 Milwaukee County, Wisconsin Sewerage and Expressway bonds, with the award split between two groups. The $5,775,000 Metropolitan Sewerage (1964-1984) bonds were won by the *Northern Trust Co., First National City Bank* account at a 2.588% net interest cost bid. The runner-up bid, figuring a 2.61% net interest cost, was made by the syndicate headed jointly by Morgan Guaranty Trust Co. and Halsey, Stuart & Co. Inc.

Other major members of the winning account include Chase Manhattan Bank, Harris Trust & Savings Bank, Bankers Trust Co., Continental Illinois National Bank and Trust Co., Kuhn, Loeb & Co., R. W. Pressprich & Co., White, Weld & Co., Wertheim & Co., and Seattle First National Bank.

Scaled to yield from 1.60% to 2.75%, the present balance is $3,285,000.

The syndicate headed by *Phelps, Fenn & Co.*, was the successful bidder for $3,400,000 Milwaukee County Expressway (1964-1983) bonds on its bid setting a 2.744% net interest cost. This bid was backed up by a 2.75% net interest cost bid which was made by the Northern Trust Co.-First National City Bank account.

Other members of the winning syndicate include Paine, Webber, Jackson & Curtis, Equitable Securities Corp., Dean Witter & Co., F. S. Moseley & Co., Reynolds & Co., and Paribas Corp.

Scaled to yield from 1.60% to 2.95% for a 2¾% coupon, the present balance is about $1,865,000.

The dollar quoted long term toll road, toll bridge, public utility and other revenue issues have done well over the past week. Revenue reports from most of these authorities reaffirm the steady improvement being made.

One annual report exemplifies the general betterment in this sphere of investment. Toll revenues for the Indiana Toll Road were 19.8% higher in 1962 than in 1961 although the individual vehicle count was down 0.5%. The 1962 net was 1.28% times interest requirements against 1.01% in 1961. One of the favorable developments in the past year was the increased truck count despite the slightly lower total vehicle count.

Dollar Quoted Bonds Should Outpace General Market

The *Chronicle's* revenue bond yield Index averages out at 3.508% this week as against 3.54% last week. The dollar gain represented is about three-quarters of a point. Some of the improvement shows up as follows: Chicago Calumet Skyway 3⅜s at 71 bid up one; Florida Turnpike 4¾s at 108¼ bid up one-half; Illinois Toll Road 3¾s at 98⅞ bid up five-eighths; Indiana Toll Road 3½s at 90 bid up five-eighths; Kansas Turnpike 3⅜s at 86¼ bid up 1¼; Mackinac Bridge 4s at 102½ bid up one; Maine Turnpike 4s at 102½ bid up one; Tri-Dam Project 3.05s at 95 bid up one-half; Oklahoma Turnpike 4¾s at 107 bid up one-half and Port of New York Authority 3⅜s at 98 bid up one-half.

We continue to believe that most of the closed end toll road, toll bridge and other revenue issues will do relatively better than the general tax-exempt bond market.

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION AWARD

The Wisconsin Power & Light Company was the recipient of the National Security Traders Association 1962 annual corporate award for shareholder relations, at the annual dinner of the Chicago Security Traders Association at the Drake Hotel.

John E. Canfield, Vice-President of Wisconsin Power & Light Company accepted the award on behalf of the company from NSTA President Earl L. Hagensieker, of Reinholdt & Gardner, St. Louis.

Mr. Hagensieker cited the company and its President Carl J. Forsberg and Public Information Director Willard S. Johnson for annual and interim reports to shareholders and its program of shareholder meetings in the company's 14 operating districts which have been a means of informing and establishing personal contacts between management and thousands of individual shareholders.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia has announced that the annual bowling tournament with the Security Traders Association of New York will be held Feb. 20 at the Pennsylvania Lanes, instead of the 30th Street Alleys as previously reported.

PITTSBURGH SECURITIES TRADERS ASSOCIATION

John W. Hoy, Jr.

Frederick C. Leech

Robert A. Woeber

The Pittsburgh Securities Traders Association has elected the following officers for 1963:

President—John W. Hoy, Jr., Parrish & Co.

Vice-President—Frederick C. Leech, Arthurs, Lestrange & Co.

Treasurer—Robert A. Woeber, Arthurs, Lestrange & Co.

Secretary—Thomas H. Davies, Jr., McKelvey & Company.

Directors—Roy M. Hamsher, Cunningham, Schmertz & Co., Inc.; John L. Emery, Simpson, Emery & Company, Inc.; Robert C. Wetmore, McJunkin, Patton & Co.; John C. Loos, Walston & Co., Inc.; Paul Truman, Stroud & Company, Incorporated.

ST. PETERSBURG STOCK AND BOND CLUB

At the annual election of officers of the St. Petersburg Stock and Bond Club, held Jan. 15, the following new officers were elected:

President: Derwin B. Smith, Walston & Co. Inc.

Vice-President: Clifford U. Sadier, Davidson, Vink, Sadler, Inc.

Secretary: Walter S. MacConnie, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Treasurer: Lemuel Scarbrough, Thomson & McKinnon, Inc.

Directors: Albert Roberts, III, Goodbody & Co., and Frederic C. Beil, Jr., Goodbody & Co.

John F. Gallagher, outgoing President, will also serve as a director.

Installation of Officers will be held at the Suwanee Hotel, February 16 at the customary Installation of Officers Dinner Dance and Cocktail Party.

Purchasers of the $250 Million Treasury Issue

Ownership-breakdown of $250 million experimental Treasury competitive Jan. 8th sale of 4% 30-year bonds shows insurance companies absorbed 21% of the total issue.

The Treasury Department announced the initial distribution, by investor classes, of the $250 million of 4% Treasury Bonds of 1988-93 that were sold at competitive bidding on Jan. 8, 1963. The successful bidder was a syndicate headed by: C. J. Devine and Company, Salomon Bros. and Hutzler, Bankers Trust Company, The Chase Manhattan Bank, First National City Bank, Chemical Bank New York Trust Company, and the First National Bank of Chicago, and 68 others.

The distribution is as follows:

Investor Class	Amount (millions of dollars)	Percent of total amount of bonds*	Number of purchasers
Insurance companies	52	21%	109
State and local pension and retirement funds	47	19	77
Commercial banks	47	19	159
Dealers and brokers	39	16	124
Mutual savings banks	17	7	44
Individuals, partnerships, and personal trust accounts	10	4	105
Corporate pension funds	9	3	27
State and local government funds other than pension and retirement	7	3	22
Corporations other than banks and insurance companies	5	2	16
All other	17	7	48
Total	250	100%	731

* Details do not add to totals because of rounding.

Businessman's BOOKSHELF

Arco 1963 Income Tax Guide—S. Jay Lasser—Arco Publishing Company, 480 Lexington Avenue, New York 17, N. Y. (paper), $1.

Aspects of Labor Economics—A Conference of the Universities-National Bureau Committee for Economic Research—Princeton University Press, Princeton, N. J. (cloth), $7.50.

Automobile Insurance Rate Regulation—Frederick G. Crane—A comprehensive study of the objectives, problems, and issues involved in the governmental regulations of automobile insurance rates—Bureau of Business Research, The Ohio State University, 1775 South College Road, Columbus 10, Ohio (cloth), $5.

Chemical Industry Fact Book—Fifth Edition—Manufacturing Chemists' Association, Inc., 1825 Connecticut Avenue, Washington 9, D. C. (paper).

Defending the Dollar—Clay J. Anderson—Federal Reserve Bank of Philadelphia, 925 Chestnut Street, Philadelphia 1, Pa. (paper).

Economic Report of the President Transmitted to the Congress January 1963, together with the Annual report of the Council of Economic Advisers — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper).

Electric Power Situation In the United States — 1962 Year End Summary—Edison Electric Institute, 750 Third Avenue, New York 17, N. Y. (paper).

Evaluation of Convertible Securities—S. T. Kassouf—Analytic Investors Inc., P. O. Box 57 Maspeth 78, N. Y., $5.

Federal Fiscal Policy in the Postwar Recessions—Wilfred Lewis, Jr.—The Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington 6, D. C. (cloth), $6.75.

Financial Management: An Analytical Approach—Robert Lindsay and Arnold W. Sametz—An explanation and illustration of the basic principles of corporation finance, relating actual business practice to the large issues of economic policy and economic theory —Richard D. Irwin, Inc., Homewood, Ill. (cloth), $10.60.

Financing American Enterprise—The Story of Commercial Banking—Dr. Paul B. Trescott—American Bankers Association, 12 East 36th Street, New York 16, N. Y., $4.50.

Health Insurance Data—1962 Source Book—Health Insurance Institute, 488 Madison Avenue, New York 22, N. Y. (paper).

How to Exploit Patents and Know-How in Europe—Worth Wade and Louis Chereau—Advance House Publishers, P. O. Box 334, Ardmore, Pa. (paper), $12.50.

How to Handle Expense Accounts in 1963—New Record Keeping Regulations, sample forms, etc.—Commerce Clearing House, Inc., Chicago 46, Ill. (paper), $1.50.

Journal of Political Economy, October, 1962—In Two Parts, Part I containing articles on Costs of Automobile Model Changes since 1949; Hours or Work in the U. S.; Advertising and Cigarettes; Demand for Durable Goods, etc. Part II, papers on "Investment in Human Beings" at a conference of National Bureau Committee for Economic Research, $1.75—University of Chicago Press, 5750 Ellis Ave., Chicago, Ill.

Movies and Censorship — Bosley Crowther—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y. (paper), 25¢.

Nature and Efficiency of the Foreign Exchange Market—Jerome L. Stein—International Finance Section, Department of Economics, Princeton University, Princeton, N. J. (paper), single copies on request (additional copies, 25c each).

New York State Business Fact Book — 1962 Supplement — State Commerce Department, 112 State Street, Albany 7, N. Y.

New York State Department of Audit and Control—Annual Report of the Comptroller — State Comptroller's Office, Albany, N. Y. (paper).

Outlook for United States Balance of Payments—Hearings before the Subcommittee on International Exchange and Payments—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 65¢.

Plans for Reform of the International Monetary System — Fritz Machlup — International Finance Section, Department of Economics, Princeton University, Princeton, N. J. (paper), $1.

WASHINGTON AND YOU

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

WASHINGTON, D. C.—Now that the Kennedy Administration's tax reduction and tax reform have been submitted to Congress, Administration speech-makers are preparing to hit the luncheon and banquet trails in an effort to rally support for them.

President Kennedy's goal is to reduce Federal taxes this year, and this time next year launch a new drive for tax reforms. For the most part, tax reforms amount to tax increases, although some of the proposals would mean revenue losses. This is particularly true in the areas of tax treatment for older persons, and exemptions for persons with income below $5,000.

The Chief Executive very astutely wants a tax reduction and a tax reform program made into two separate legislative packages. The tax reduction plan might very well become sidetracked if great insistence is made to pass tax reform legislation at the same time.

A number of Administration spokesmen, including members of the Cabinet, are getting ready to make speeches for the tax cut plan in all parts of the country between now and Easter. The initial returns that have come in appear favorable to a tax cut being approved by Congress this year. However, just what shape it eventually takes is a matter of speculation.

Public Hearings to Start Shortly

The opposition sector to a tax reduction until the Government's fiscal house can be put in order has not launched its campaign. There are many people who want to know what is going to happen to depletion allowances, capital gains, income splitting for married couples, dividend credit and exclusion, etc., before they start beating the drums for a tax cut which may affect them little or none.

However, it is doubtful that Congress will pass any so-called reform legislation in 1963. Long public hearings will begin before the House Ways and Means Committee on Feb. 6, with the first witnesses to be those in Government or connected with the Kennedy Administration. These will include Secretary of the Treasury Douglas Dillon, Secretary of Commerce Luther H. Hodges, and Secretary of Labor W. Willard Wirtz.

Private witnesses will begin testifying about Feb. 18. Many of the leading men in business and labor will present testimony. There will be testimony presented both for and against a tax cut when the public witnesses are heard by Chairman Wilbur Mills and his colleagues.

Federal Outlays Increasing at $5.6 Billion Annually

Both labor chieftains and the United States Chamber of Commerce are on the same side in advocating a tax cut. The Council of State Chambers of Commerce declares that by controlling Federal expenditures at current levels, the country could have tax cuts and still have a balanced budget in a couple of years.

The Council's tax and economic research experts point out that the proposed 1964 expenditure total of $98.8 billion is up $22.3 billion or 29% greater than 1960, the last full year of the Eisenhower Administration.

In other words, the Council's study purports to show that the Kennedy Administration is upping its spending each year to the tune of $5.6 billion as compared with the Eisenhower Administration, which will not go down in history as a frugal administration by any means.

While the Chamber of Commerce of the United States is advocating a reduction in taxes, nevertheless the Board of Directors backed off from the two-package proposal submitted to Congress. Said the Board: "We had thought the Administration intended tax reduction that would leave the investor, as well as the consumer, with additional funds —funds to provide productive facilities as well as jobs. . . . Despite some well designed provisions . . . in the President's tax revision proposal, the prospect for natural growth—new investment and job opportunities—based in tax changes is bleak indeed."

Fight Over Change in Depletion Allowance

What about some of the tax reforms pending before Congress? It now appears we will have a full scale Congressional hearing on depletion allowances, including the 27½% allowance on oil and natural gas, later this year.

Yet, it seems highly unlikely that Congress will make any change in the oil-gas tax rate in 1963. The big showdown is not expected before 1964.

The Administration's reform proposal calls for $280,000,000 more a year in taxes from the petroleum industry without touching the depletion allowance. Reducing the 27½% presumably will come later.

Meantime, some Congressmen and industry spokesmen are emphasizing that the total tax on a gallon of gasoline amounts to about as much as the wholesale cost of the gasoline.

President Kennedy apparently is not too disturbed by the protests that have been going up in the face of prospects of an unbalanced budget for the next few years. This was indicated in his annual economic message, together with the yearly report of his Council of Economic Advisers, headed by Walter Heller. The President said it appears favorable that there will be a moderate expansion of business and economic affairs this year.

Additional Tax Reforms Favored by Administration

In addition to the big oil and gas industry which seemingly faces a bigger tax bite down the road, next year or later, there are some other proposed tax reforms of importance, although Administration spokesmen feel that approval of the proposals would cause no upset to the economy. These would include:

"Furthermore I'm even going higher than the SEC— I'm taking it right to the top—Vaughn Meader!"

Amend the existing law that excludes from taxes the first $50 of dividends received from domestic corporations, and repeal the provision that allows a credit against tax liability equal to 4% of such dividend income above $50.

Change the present law concerning capital gains. The proposal would extend the minimum holding period for qualifying for long-term capital gains treatment from six months to one year; curb use of real estate as a capital gains shelter; provide for taxation of 30% of capital gains taxation (now 50%), and thereby reduce the rate of capital gains taxation under the new individual rate schedules. Also, allow an indefinite carryover of capital losses incurred by an individual in any one year. The series of changes would bring in to the Treasury an estimated $100,000,000 additional each year.

Increase to 30% of income the top amount for contributions to charitable organizations which are public institutions. Cultural centers would be affected. The present law provides a standard 20% limit for these type of institutions, plus an additional 10% for donations to schools and churches, and synagogues, and for educational institutions.

Revision in Standard Tax Deduction Sought

Change the present law to allow persons like artists, authors and architects, whose income varies from year to year, to come under a formula that will be announced. The annual revenue loss would be some $30,000,000 a year.

Allow persons 65 years and older a credit of $300 against taxes otherwise due. This would result in a $320,000,000 revenue loss.

Permit a minimum standard deduction on each tax return of $300 ($150 for each husband or wife filing a separate return) and a $100 deduction per dependent up to the existing maximum of $1,000. The existing $600 standard deduction would be kept in the law. Treasury officials said the proposed change would aid primarily persons with incomes under $5,000 a year.

There are certain other proposed changes that are pending before Congress. Business, industry and labor will have plenty of time to evaluate them before Congress takes any action on them.

The biggest immediate question is: Will there be a tax cut this year? Certainly there is some solid support for a reduction from the pinched business people who complain more and more that Government intervenes more and more in operation of their affairs.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

Feb. 8, 1963 (Boston, Mass.)
Boston Securities Traders Association annual dinner at the Statler Hilton. A luncheon for out of town guests will be given at the Parker House the same day.

Feb. 20, 1963 (Philadelphia, Pa.)
Security Traders Association of New York - Investment Traders Association of Philadelphia annual bowling tournament at the Pennsylvania Lanes.

Feb. 21, 1963 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual winter dinner at the Bellevue Stratford Hotel.

March 10-15, 1963 (Philadelphia, Pa.)
Institute of Investment Banking at the University of Pennsylvania — sponsored by the Investment Bankers Association and the Wharton School of Finance and Commerce.

March 29, 1963 (New York City)
New York Security Dealers Association 37th Annual Dinner at the Waldorf-Astoria Hotel.

April 3-4-5, 1963 (Dallas, Tex.)
Texas Group Investment Bankers Association Convention at the Statler Hilton Hotel.

CHRONICLE's Special Pictorial Section April 25.

April 17-21, 1963 (Syracuse, N. Y.)
American Bar Association Regional Meeting.

April 26, 1963 (New York City)
Security Traders Association of New York Annual Dinner in the Grand Ballroom, Waldorf-Astoria Hotel.

May 6-7, 1963 (Richmond, Va.)
Association of Stock Exchange Firms Spring Meeting of the Board of Governors at the John Marshall Hotel.

May 8-11, 1963 (White Sulphur Springs, W. Va.)
Investment Bankers Association Board of Governors Meeting at the Greenbrier.