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EDITORIAL

As We See It

In the past it has usually been in times of depression (or should we use the more polite term "recession"?) that the economic managers at Washington have been strongly urging all sorts of nostrums to get us on our economic feet again. The New Frontiersmen, while complaining about continued unemployment and the lack of proper "growth" in industry and trade, are not quite able to tell the people that these strange nostrums that they are advocating are required to get us out of a serious depression, since nothing of the sort exists and can hardly be claimed to exist. Hence, it doubtless is that the President now feels it necessary to talk about the danger of a recession if his programs, particularly his tax reduction proposals, are not promptly enacted into law. Some of his loyal aides are able to find indications that such a recession is even now incubating without being noticed by the rank and file.

Whatever the future may hold the rate of business activity is now definitely good. We are not prepared to guess what may take place in the months ahead. What we are certain of is that nothing that the President has as yet come forward with would significantly and permanently improve our economic status or prospects. This much actual experience plainly teaches. It is strange that so few seem to remember the lack of success of the early New Deal measures, of which the New Frontier ideas seem to be but an up-dating.

The record is clear and positive enough. Between mid 1933 and 1939 when World War II broke out in Europe our national debt rose from \$22.5 billion to some \$40.4 billion, or almost 100%. The commercial banks increased their holding of Federal debt from (Continued on page 26)

Is the Federal Reserve Teetering on Edges of Monetary Catastrophe?

By Melchior Palyi, *Chicago, Illinois*

The Federal Reserve is depicted as teetering on the edge of monetary catastrophe in trying to straddle the oppositionary demands of the Administration for growth stimulation and of our need to maintain a sound dollar unthreatened by devaluation. Dr. Palyi incisively uncovers crucially important contradictions in recent address by the more recently reappointed FRB Chairman containing forthright opposition to the Administration's views as well as the opposite.

". . . Our monetary policy has remained easier through this economic cycle than during previous cycles because that has seemed to be needed in a domestic situation of lagging longer-term growth and a less-than-robust cyclical expansion. In balancing the scope and the limitations of our monetary policy, however, I am convinced that, within limits imposed by human imperfection, the Federal Reserve has paid neither too much nor too little attention to our international payments problem."

Thus spoke Chairman William McChesney Martin, Jr. on Dec. 28.* He took pride in the fact that his policies are under fire on both grounds: for having done too little to protect the dollar abroad; and for have gone too far in that direction, to the detriment of economic growth at home. Criticism from both quarters, he claimed, is proof that he was doing the right thing "within the limits of human imperfection."

If this defense of Federal Reserve policies—sustaining cheap money rates and the unrelenting expansion of bank deposits in the face of continued gold losses—sounds confusing, the fault lies in the double-barreled monetary philosophy adopted, apparently, by the Board. Worrying at it does about the fact that our balance of payments ran last year another \$2 billion (or larger) deficit, the 12th in a row, the Board has resisted the multiple pressures for further cheapening the interest rates. But it has contributed its share to the monetary delinquency of the Kennedy Administration — bolstering our Growth-rate by paper-shots-in-the-arm.

Dr. Melchior Palyi

Adding last year's \$2.3 billion to the System's outstanding credit volume — the monetary base—and lowering the reserve requirements on savings deposits from 5% to 4% in the face of heavy deficiencies on the international accounts, are actions that violate the "rules of the game" of a convertible currency. By no stretch of imagination could a national emergency be assumed to provide a semblance of economic (nonpolitical) excuse for over-supplying the banks with liquidity, with a resulting some \$24 billion increase of total (net) deposits in banks and savings associations.

The attempt to reconcile two irreconcilable points of view, the inflationist and the opposite, left the Federal Reserve holding the bag. It is blamed for lack of success both ways.

The Chairman left no doubt however, in this reader's mind as to which problem is the real one—from the point of view of basic economics, not of election campaigning. In his own words:

"I believe that we can find ways of furthering our domestic aims while, (Continued on page 26)

*Full text of Mr. Martin's address appeared in the *Chronicle* of Jan. 3, 1963.—Ed.

PICTURES IN THIS ISSUE—Candid pictures taken at the 39th Annual Winter Dinner of the Boston Securities Traders Association appear in today's PICTORIAL SECTION.

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.

J. H. DEUTSCHMANN

Vice-President, D. B. Marron & Co., Incorporated, New York City
Members New York Stock Exchange

Marrud, Inc.

Traded in the Over-the-Counter Market, the current price of this company's stock is approximately $11 per share. Marrud, Inc. is recommended for long-term capital gains. The company "went public" for the first time in June of 1961. The offering price was $20.50 per share. The stock rose to 44 and was split 2-for-1. On an adjusted basis, the stock is now selling at about $0.75 above its initial offering price.

The largest operator of leased departments (drugs, cosmetics, candy, stationery, etc.) in discount stores, Marrud has had an amazing growth record. Its sales have grown from $2,262,000 in 1958 to $20,676,000 in 1962 (fiscal year ending July 29th); a compound growth rate of over 70%. Its earnings have grown from $0.16½ per share in 1958 to $0.71 per share in 1962; a compound growth rate of approximately 45%. In the same period, the number of leased departments have grown from 15 to 148. As of December, 1962, the company has added an additional 39 leased departments and expects to have 200 in operation by July, 1963.

Marrud's success may be attributed to the skill and integrity of its management and its singular ability to survive and grow in the harsh but lucrative discount field. The woes of the discounters are well known. Marrud's success has been startling in comparison.

Recently, the company has entered the private label field. Expansion of private label items should not only increase their volume of sales, but also their profit margins. They expect to do 5% of volume in their own products and their special purchase divisions.

Major concern has been expressed about the leased department operation in two principal areas: (1) Their vulnerability to losing their departments to the store owner or operator, and (2) Their vulnerability in any given discount store. In Marrud's case, the first is most unlikely and, instead of losing their departments, the recent record indicates that upon lease expiration they are able to continue on even longer and more favorable terms. In the case of the latter, they have not only carefully picked their locations and stores, but further protected themselves by having their department receipts put into a separate trust account.

The capitalization of the company is simple—$3,000,000 funded debt, and 1,025,446 shares of common stock. Slightly over 50% of the common stock is owned by the president of the company and his family. The $3,000,000 funded debt is the result of a recent loan to the company of that amount by the Prudential Insurance Co.; the first known loan of its type to any company in this industry. No dividends are likely for the immediate future. Traded in the Over-the-Counter market, the company has considered listing its stock and has decided to wait until it qualifies for the New York Stock Exchange. This should be in the next 12 to 24 months.

For the first quarter of fiscal 1963, the company reported sales of $7,317,636 vs. $3,834,038 of a year ago, an earnings per share of 21 cents vs. 14 cents for the comparable period—up 50%. For the full year ending July 29, 1963, sales are estimated at between $27,000,000 and $30,000,000, and net earnings per share of approximately $1.00. With many built-in defensive characteristics, plus a demonstrated growth pattern, and selling at approximately 11 times 1963 net income, Marrud is recommended as an undervalued growth and defensive situation. The stock is suitable for both businessmen's risk and speculative accounts. Since it has been public for a rather short time, it would obviously not meet the legal requirements of many banks in various states. However, I believe that it does meet requirements of certain types of trustees and insurance companies.

MORTON GLOBUS

President, Globus, Inc., N. Y. C.

National Periodical Publications, Inc.

Supermen and playboys! All-conquering and untiring, these heroes to large segments of the male population are cutting heroic figures on the balance sheets of National Periodical Publications, Inc.

As the nation's dominant publisher of comics magazines, this company brings Superman as himself and in dozens of variations to generation after generation of American boys. Through foreign licensees, Superman has also become the hero of millions of youngsters overseas speaking thirteen different languages.

Through a wholly owned subsidiary, the nation's largest distributor of magazines and paperback books, National Periodical brings *Playboy* (and 54 other quality periodicals) to millions of adults.

And if there is a temporary shortage of hero - worshippers among any of the 120,000 retailers of National Periodical's products, the company collects the unsold publications and sells them overseas at a profit. This is done through a profitable company in which National Periodical has just acquired full ownership. Hampshire Distributors, Ltd., the venture in question, is expected to contribute a neat seven cents annually to National Periodical's operations.

These activities account for over 99% of National Periodical's revenues. However, the company also profits from the regularly reissued *Superman* television series and royalties from *Superman* comics in daily newspapers.

Although its squadron of paper heroes are never out of fashion, National Periodical's stock unjustly shares the current investor disinterest in publishing stocks. It is also hurt by investor neglect of the over-the-counter market. National Periodical hasn't been in business as long as many of the nation's leading banks, insurance and leading industrial companies, all OTC traded yet it can boast a solid history of over 30 years in business. In that time it has never failed to increase its yearly gross income. It is currently grossing at the rate of over $40 million a year. During the last five years, net income has quadrupled to over $1 million a year, a first step towards meeting New York Stock Exchange standards for listing. National Periodical pays 10 cents a quarter in dividends, yielding over 4% at current price of 9.

National Periodical is not a typical publishing venture. The company is virtually immune to such common magazine publisher ailments as subscription and ad lineage wars and ever-rising mail rates. Remember, all of its products are sold on news stands, in drug stores or in supermarkets.

In months and years to come, when giant publishing institutions face financial pressures, the great distinction between National Periodical's profitable form of distribution and the profitless subscription route must be kept in mind.

Speaking of distribution methods National Periodical recently cracked the supermarket and discount-store fields by introducing a multi-copy, plastic-encased package with a high enough price tag to meet the requirements of these mass outlets. *Comicpac* is only one of the new marketing innovations now being explored by National Periodical's alert management.

Knowing how to price its merchandise is another sign of able management. In Oct., 1961, about the same time the company went public, it courageously dropped the traditional 10-cent price on its comics magazines and raised it to 12 cents. National Periodical retains one cent of this increase, with the wholesaler and retailer splitting the other penny. Considering that this penny applies to 100 million comics magazines a year, it really adds up.

National Periodical Publications does not own a single printing press. Although this might appear unrealistic to the uninitiated investor, it is actually a sound business policy to anyone who knows the publishing industry. Just like the biggest publishing company of all, Time, Inc., National Periodical's assets are never put into big hunks of metal that quickly grow obsolete. Rather, its strength lies in creative minds and mature management.

For example, President Jacob S. Liebowitz has been with the corporation since 1935. Paul H. Sampliner, president of the company's distribution subsidiary, Independent News Company, has been in the industry for more than 36 years. Harold Chamberlain, general manager of Independent News, has worked his way up through 22 years of outstanding service.

The only big piece of machinery on the company's premises is the latest model IBM computer. It is

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(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

Marrud, Inc.—J. H. Deutschmann, Vice-President, D. B. Marron & Co., Inc., New York City. (Page 2)

National Periodical Publications, Inc.—Morton Globus, President, Globus, Inc., New York City. (Page 2)

Factors Affecting Outlook For Bond Market in 1963

By Sidney Homer,* *Partner, Salomon Brothers & Hutzler, New York City*

Bond expert's review of the factors affecting the bond market in 1963 offers strong doubt that the interest rate pattern will follow its traditional cyclical trend. A normal portfolio maturity balance for the near term is foreseen and, thus, is said to obviate the need to shift short term funds into long-term bonds or to hold back long term funds in hope of higher yields. This situation would still induce taking selective advantage of preferable areas of return. Mr. Homer explains why business trends and interest rates have not been following their customary relationship, and he discusses those factors likely to act as lead indicators for future bond market trends. In reviewing the influence of the balance of payments upon the interest rate direction, Mr. Homer points out why he is confident about our dollar's strength and, in doing so, does not minimize the fact that we face a serious problem. That problem, he adds, stems from our role as international banker which requires, in the last analysis, an economic self-discipline to maintain a stable price level to sustain our dollar's convertibility. Moreover, so long as commodity prices remain stable, Mr. Homer doubts deficit financing will entail high interest rates.

The factors which probably will control bond market trends in 1963 are different from those which controlled trends in the 1950's and which are traditionally watched by market observers.


Sidney Homer

We all habitually think in terms of repetitive cause and effect: the sun goes down and we expect it to get dark and, of course, it does. Christmas comes and we expect to get bills and, of course, we do. It is too bad that the sequences of cause and effect in the bond market are not so reliable.

In college, when I first studied logic, I read the story of the chicken and the farmer. You will remember that during the chicken's entire life, every time she heard the farmer's footsteps, she immediately got fed; every time, that is, until the last time, when something very different and very much less pleasant happened. No doubt a careful and scientific correlation study of the farmer's footsteps and feed would have proved beyond a doubt that one was always followed by the other. Alas, the number of times the sequence worked had no bearing at all on the ultimate calamity.

During the past two years a good many bond market observers have probably discovered with the chicken in the story that well-established sequences of events are not reliable guides. In 1959 something fundamental happened which changed the rules of the game. I think most of us now are well aware that bond yields are no longer rising and falling with general business. However, it might be useful to look back and see how very poor the correlation between bond yields and business trends has been recently.

In October of 1959 most departments of the bond market reached their postwar low prices and high yields. That was 40 months ago. During these 40 months, bond yields have moved with business trends during only 11 months and might now even jump to the conclusion that a negative correlation has developed.

Indeed, in mid-1962 some sort of rationale for this remarkable negative correlation appeared. A program was put forward in Switzerland to attack the sluggishness in the American economy with a tax cut and a simultaneous rise in interest rates (especially interest rates paid on foreign balances). Last June the bond market seemed to take this program sufficiently serious so that yields rose significantly in fear that a business slump would indeed lead to a program of lower taxes and of higher interest rates. Business, however, improved instead of slumping and the President postponed his request for a tax cut. Bond yields then declined again and this was indirectly the result of the better economic indices.

At present a similar set of uncertainties is besetting the bond market: Will better business news postpone a tax cut with whatever dangers it holds to the interest rate structure? Will a slump hasten a tax cut, enlarge the Treasury's deficit, and bring higher interest rates?

Reasons for Reserve Interest Rate Behavior

I would not think of taking this negative correlation seriously. I mention it only to point out how much the effect of business trends on interest rate trends has

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OBSERVATIONS...

BY A. WILFRED MAY

A "REFORM" WINNER?

WASHINGTON — The President's proposal to curtail the special privileges accorded to the Stock Option is given the best chance for Congressional approval of any of the "Reform" measures — despite its lack of increased revenue production.

Holding that the difference between the price paid for optioned stock at the time of exercise and the option price represents compensation for services, as do wages and salaries, the President recommends that, therefore, such spread be taxed at ordinary income tax rates at the time the option is exercised — with accompanying reliefs from hardship, as from "bunching" of taxable income in one year; by permitting annual averaging of the amount of the tax due, and its payment in instalments during several years.

The Stock Option, as now administered, does indeed constitute compensation for the rendering of services. This conclusion is confirmed by the present statute's (sec. 421) *Reset* privilege which permits reduction of the option's exercise prices in the event of, and after, a *decline* in the stock's market value—thus practically assuring some reward.

The compensation nature of options is further evidenced by the fact of their having value, as a Call, at the time of grant (as legally recognized in England). Because of valuation difficulties here, it would seem wise at this time, as proposed, to levy the tax at the time of the option's exercise, with the suggested relief, in lieu of the present provision delaying taxability until the stock is sold.

The gearing of the option's stock market performance to the assumption that it follows the earnings as influenced by management achievement, is completely spurious. This is demonstrated by the wide and haphazard fluctuations in price-earnings ratios (i.e., the market's capitalization of the earnings) in the accompanying table.

Similar disparity between market price and earnings is evidenced by the smaller, but most widely known, Dow Jones Industrial Average. Its 30 leading stocks were capitalized with a mere 8.4 multiplier in 1950, with 18.9 at the end of the following decade (1960), 24.7 a year ago and currently (Feb. 15) with a multiplier of 19.3.

The capital gains treatment of options is very costly to the corporation tax-wise—$0.52 of every incentive dollar, under existing tax rates.

Scuttling the Opposition

The Option's capital gain-via-subterfuge technique, under the existing statute, is commonly defended on the cynical ground of the need to enable high-bracket corporate officials to avoid the stiff rates imposed on ordinary earned income. Such rationalization of tax "loop-holes" has been a shockingly unethical substitute for directly attacking the abuse at the source, namely, the punitive tax rates. This will now be taken care of if the President's concurrent proposal for sharp reduction in those rates is adopted.

In any event, section 421 in implicitly conferring a blessing on the so-called *restricted* option should be repealed.

* * *

The above is from the writer's testimony before the House Ways and Means Committee, February 21, 1963.

The Need for the "Reforms" By the Tax-Exempt Market

The tax-exempt bond market is one investment area where consignment of the Kennedy *reform* proposals to "the deep freeze" (the probability of which, per this week's public urge by the CED, is still increasing), together with the legislative enactment of income tax rates, would be harmful.

The need for the reforms by the tax-exempt bond market is motivated as a quantitative offset to the proposed drastic cuts in the higher taxable income brackets.

In this space last week we indicated in tabular form the reduction of the individual's advantage from tax exemption rendered by the proposed sharp cut in his lofty

Annual Price Earnings Ratios on Moody's 125 Industrials

Year	P/E Ratio
1947	8.7
1950	6.8
1951	9.6
1952	10.5
1953	9.9
1954	11.4
1955	12.4
1956	14.4
1957	14.0
1958	18.0
1959	18.9
1960	18.0
1961	20.8
1962	17.3
1963 (Feb. 15)	18.0

tax rates. In the case of a single individual in the $200,000-and-over taxable income bracket who holds a 20-year 3¼% Moody's *A A* bonds, the President's proposed reduction in his tax bracket from 91% to 65% means that the equivalent return needed from taxable income to produce the same net yield (a factor so widely advertised in the past) would be cut from the present 34% to 8.9%.

Appearing to be generally unrealized is the existence of offsets derivable from the President's proposed "reform" meaures. It is quite possible that a great many individuals would wind up paying income tax close to what they now pay at present should the President's ideas on closing the "loop-holes" prevail with the Congress. This is particularly true of the *Exclusion* of 5% of gross income from permissible deductions.

Bonds' Distribution an Offset

Another market offset to the lowering of the advantage of tax exempt securities through the proposed reduction of income tax rates, consists in the wide distribution of municipals among non-individual and other holders who would gain little advantage from the proposed tax rate reductions — the prospective *corporate* schedules entailing only a drop from 52% to 47% (over three years).

The following breakdown (by Dun & Bradstreet) of tax exempt holdings, shows 60% in the hands of various non-individual categories who are to get little or no rate reduction.

INDIVIDUALS	39.5%
Commercial Banks	26.2
Insurance Companies	17.2
Mutual Savings Banks	1.0
Corporations	3.1
State and Local Govts.	10.3
U. S. Govt. Institutions	0.5
Miscellaneous	2.2

Competition From Common Stocks

In addition to the spread in net yields between taxable and non-taxable income, tax exempt bond-holding involves comparison with the alternative attractiveness of common stocks.

Apart from equity-holding advantages as "inflation-hedge," growth, and absence of market price ceiling, etc., dividend yields have been rising.

Over the past two years, the yield on the Dow-Jones Industrial has risen to 3.42% from 3.20%, on Standard & Poor's 500 stocks to 3.25% from 3.13%, Moody's 125 Industrials to 3.30% from 3.15%, and on Barron's 50 stocks to 3.80% from 3.56%.

The taxable yields needed to equal those from tax exempts (5.2% on the $18,000 bracket; 7.4% on $50,000-$60,000, and 8.9% on $200,000-and-over; all as shown in our table last week) are still comfortably above these improved dividend yields, but the latter are one of several competing factors to be watched.

Better Tax Treatment for Investors Termed Essential

In a letter addressed to the 495,000 customers of Merrill Lynch, Pierce, Fenner & Smith Inc., contained in the firm's annual report

Michael W. McCarthy

George J. Leness

issued Feb. 20, Board Chairman Michael W. McCarthy and President George J. Leness urged several revisions be made in President Kennedy's proposed tax program affecting investors in the interest of stimulating the nation's economic growth.

In their communication, Messrs. McCarthy and Leness noted that: "two years ago in an open letter to all our customers we urged substantial 'revision and improvement' in the Federal tax structure." They pointed out "since that time certain depreciation schedules were altered to set up the 'investment tax credit.' This is a small step in the right direction.

"Meanwhile," the letter continued, "we still are concerned by certain areas of the Internal Revenue Code which put an unfair burden on investors and impair the economic growth of our country.

"The first area is the *capital gains tax.* Broadly phrased, the present law taxes profits on capital assets held more than six months at a maximum rate of 25%. President Kennedy's tax message proposes a reduction in the tax rate on capital gains but only if the assets are held for more than a year. We heartily agree with the reduction in tax rate but we are very much opposed to extending the holding period to one year.

"Current tax rates and the holding periods on capital gains keep many profitable assets in the deep freeze. Based on our own experience, many investors refuse to sell with a profit simply because they dislike to pay a self-imposed tax and thereby reduce their capital — frequently their life savings.

"We strongly believe lower tax rates and shorter holding periods would increase fluidity in the capital markets and hence stimulate our sluggish economy. Furthermore the government probably would collect greater revenues simply because more people would be willing to pay a low tax than a high tax.

"We also suggest complete elimination of all capital gains taxes on long-term investments of individuals over 65 years old. We think this would be a good way to recognize the needs of our senior citizens at a relatively small cost to the government.

"The second area of concern to investors is *double taxation* of dividends. At present a corporation pays a Federal income tax before it pays a dividend; then the stockholder pays another tax after he receives the dividend. The government grants an individual token tax exemption of $50 a year in dividends plus 4% of all other qualifying dividends.

"The dividend exclusion was hotly debated in Congress last year but retained. President Kennedy has renewed his request that all dividend credits be discontinued. This would be going the wrong way—we recommend the individual allowances be liberalized.

"We firmly believe a more equitable treatment of stockholders would have a salutary effect upon the whole economy. It would ease the plight of millions of senior citizens who depend upon investment income for their day-to-day living. It would encourage younger folks to invest to improve their own future. Individual investment—as opposed to Government subsidy—would supply more funds for more research, more new products, more new factories and faster economic growth.

"There is growing realization that both personal and corporate tax rates are too high. Taxes are a very personal thing and we hope all our customers will take an active interest in the new tax proposals as they wend through Congress. We trust the final tax bill will be a boost to the national economy and a spark to individual initiative."

Profits Squeeze on U. S. A. Firms

The firm's published report points up the profit squeeze on U. S. industry. Despite a rising trend in sales, profit margins have been in an irregular downtrend for over a dozen years. In 1962 profits of corporations were only 3.1% of sales, close to the lowest percentage since the depression-racked year of 1938. While there are many contributing causes for the profit squeeze, the report points out that taxes are a definite factor. Federal corporate income taxes have jumped from 15% in 1936 to 52% at present and other taxes have risen even faster — social security, sales taxes, gross receipts taxes and multiple levies at the state, county and city levels.

Reports Second Best Year

In its annual statement the international investment firm reported the results for 1962 of the operations of its 152 offices, including 14 in major foreign cities. Chairman McCarthy and President Leness announced that gross revenues in 1962 were $146,954,000, the second highest in the firm's history. Net profits after Federal income tax of $12,428,000 were $11,568,000 which is comparable to 1960 results but considerably below 1961.

Messrs. McCarthy and Leness attributed the decline in gross revenues to the 6% drop in total volume on the New York Stock Exchange and the 35% decline in other areas such as the American Stock Exchange and over-the-counter markets. Coupled with lower overall volume, higher costs and a heavy tax load apart from Federal income taxes, caused the drop in net. The firm stated that in addition to Federal income taxes of almost $12½ million, the firm paid approximately $5 million in other forms of taxes, such as payroll taxes and various state and local levies.

Boston Inv. Club To Hear Hooper

BOSTON, Mass. — Lucien O. Hooper, Chief Analyst of W. E. Hutton & Co., New York City, will be guest speaker at the February meeting of the Boston Investment Club to be held Feb. 26 at the Fort Hill Club.

Highway Transportation and Consolidated Freightways

By Dr. Ira U. Cobleigh, *Economist*

Some observations on the growth of freight trucking and the development of Consolidated as our largest motor common carrier.

The growth of inter-city truck transportation has been a most impressive thing. Apart from our increases in population and in Gross National Product, the big propellants of this industry have been: (1) The scattering of industrial plants; (2) The building of suburbias away from rail centers since World War II, and (3) Our national program of building highways and throughways, capable of carrying heavier trucks. These "heavy duty" highways have lengthened from 4,000 miles in 1950 to over 11,000 today; and the Interstate Highway System will total 40,000 when completed. This is a far cry from the days when Conga lines of interstate trucks would weave painfully through dozens of downtown metropolitan traffic lights on their plodding way to remote city destinations. As better highways have been built, state limits on truck weights, overall length, and road speeds have been relaxed so that there have been remarkable reductions in road time and costs per ton made as trailers have approximated boxcar dimensions, and express train speeds.

Consolidated, the Leader

These trends have expanded long distance trucking into a major industry in which Consolidated Freightways, Inc. has (merged and) emerged as America's largest motor common carrier.

Consolidated is, indeed, a quite impressive transportation company. Its regular routes now cover more than 50,000 miles and range over most of the United States (serving 32 states, including Alaska) and six Provinces of Canada. Terminals are located in some 150 cities. The company supplements its earnings as an interstate common carrier by a sizeable business in the leasing and manufacture of trucks.

Growth By Merger

Quite like the railroads in an earlier era, Consolidated has grown great by merging short lines into a long-haul system. Corporate operations commence back in 1929 under the name of Federal Auto Freight Co. and the present corporate title, Consolidated Freightways, Inc. was adopted ten years later. In the post-war era the line was expanded by a series of mergers and, in 1958, Consolidated became a holding company with freighting business carried on thenceforth under an operating subsidiary, Consolidated Freightways Corporation.

The potential benefits of merging among transporation companies are well known: elimination of duplicating lines, better accounting and cost controls, uniform maintenance practices, lowered costs of repairs and terminal operations; centralized volume buying; larger working capital and stronger credit for purchase of efficient new equipment; and centralized handling of ICC regulation matters and, usually, better and broader insurance coverage, lower per ton costs of soliciting freight and attraction of business by virtue of the many freight routes provided, and the prestige which automatically accrues to larger, better known companies.

Assimilation Period

Consolidated Freightways, Inc. sought to achieve these benefits, or most of them, by an aggressive merger program; but there was some corporate indigestion en route. Assimilation of new routes and personnel takes time and high level of managerial competence. In 1960 and 1961 Consolidated went through an adjustment period in which expanded gross revenues, generated by a number of acquisitions, were not satisfactorily converted into net earnings. In fact, in 1960, the company actually operated at a loss for the first time in more than ten years. A business recession was partly responsible, but there was evident a need for basic improvement in over-all operating efficiency.

At this point (1960) a new President, Mr. William G. White, was brought in. He brought to the company the transportation talents he had long demonstrated in the railroad business. (He was operating Vice-President of the D. L. & W. Railroad before coming to Consolidated). Under Mr. White's guidance, Consolidated Freightways, Inc. took on a new look. Unprofitable runs were sloughed off, a whole fleet of new king-size diesel trucks and trailers was ordered, new terminals were built at key points, and maintenance facilities were compressed and streamlined. Modernization and efficiency became major corporate goals.

Visible Results

All these endeavors began to pay off at the cash register. For 1960, operations resulted in a deficit of $1.07 a share. In 1961, a profit of 10 cents a share was earned; and for 1962 the net profit for after-taxes rose quite dramatically to $1.30 per share. Dividends, which had been omitted since September 1960, were resumed in July, 1962 with a 15 cents quarterly declaration; and the current trend of earnings suggests that the 80 cents regular annual dividend rate, which was paid for many years before 1960, may be restored.

For this year, business outlook for the company appears favorable. Trucking companies have a traditionally high labor costs factor and it is to be expected that management here will take vigorous steps toward suitable increases in freight rates to offset the 8% wage increase last year and this year, called for under union contracts.

Capitalization of Consolidated Freightways, Inc. is uncomplicated —$51,600,000 of long-term debt, followed by 2,691,000 common shares which trade OTC, currently at around 13. Book value at the 1961 year-end was $12.31 per share.

The expansion of gross revenues from $159.9 million in 1961 to $175 million in 1962 projects an attractive growth rate. It appears that, for 1963, Consolidated Freightways, Inc. may move forward to new high levels of total revenues and per share net. On that basis, this common stock may be regarded as an equity of demonstrable merit in a growing and essential industry; and quite reasonably appraised by current price quotations.

Wall Street Division of Chemical New York in New Quarters

The Chemical Bank New York Trust Company has announced that their Wall Street Division, specializing in all phases of banking facilities for brokers, dealers and underwriters, is now located at 20 Pine Street, New York City. Officers of the Bank associated with this division are Melville P. Chamberlain and C. Anderson McLeod, Vice-Presidents; G. Tyler Baldwin, Albert McDonald, and Williamson Thomas, Assistant Vice-Presients; Gerard M. Thompson, Assistant Secretary. John Hinkle is Assistant Manager of the division, and Edward J. McLoughlin Assistant Manager in the Brokers Loan Department.

Financing for Ashland Oil & Refining Co.

Eastman Dillon, Union Securities & Co., A. G. Becker & Co., Inc. and E. F. Hutton & Co., Inc. announced that they are managers of an underwriting group offering publicly three issues of Ashland Oil & Refining Co. The issues are: 260,000 shares of common stock, priced at $27 per share; $25,000,000 of 4.35% sinking fund debentures, due 1988 offered at par and accrued interest, and $35,000,000 of 3⅞% convertible subordinated debentures, due 1993, priced at 100% and accrued interest.

The 1988 debentures are not redeemable at a lower interest cost to the company prior to Feb. 15, 1968. Otherwise they are redeemable at redemption prices ranging from 104.35% to 100%. Beginning in 1969 they are redeemable for sinking fund purposes at 100%.

The 3⅞% debentures will be convertible into common stock at $31 per share. They will be redeemable at prices ranging from 103.8875% to 100%. Beginning in 1973 they will be redeemable for sinking fund purposes at 100%.

Of the proceeds from the three issues $50,447,028 will be paid to United Carbon Co. for certain assets to be acquired by Ashland; $12,000,000 will be applied to payment of long-term bank loans of United Carbon, and the balance will be used by Ashland to defray costs, expenses and taxes connected with the acquisition.

Ashland Oil & Refining, headquartered in Ashland, Ky., is a major refiner, transporter and marketer of petroleum products.

Eastman Dillon To Admit Four

On March 1st, Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, will admit James F. Cleary, Paul E. Taylor, Jr., John T. Booth and George W. Bramhall. Mr. Cleary is sales manager of the firm's Boston office, 22 Batterymarch Street.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has exuded an air of serenity this week that has not prevailed since mid-December. A pleasant market equilibrium has developed under conditions of relatively heavy new issue volume. During the week, approximately $225,000,000 of new issues sold at competitive bidding and $100,000,000 of Triborough Bridge bonds were negotiated and sucessfully reoffered. This stretch of heavy volume acted as a stimulant and attracted investor interest to an extent not thus far seen this year.

The market has been helped, of course, by the steady base set for the government bond market. The Treasury's announcement that it may increase the breadth of its advance refunding appeared as news that the dealers were glad to have behind them. The financing format for the weeks ahead has been pretty well set forth and the market would seem to be well braced for the impact. The Federal Reserve's steadying influence seems certain to guide the market within narrow limits.

Banks Continue Heavy Buying Of Tax-Exempts

An abundance of money appears available for bonds, particularly for tax exempts, as the economy expresses but little exuberance and the "tax-cut-tax-reform" headlines add little to the country's sense of accomplishment.

The banks continue to dominate in the demand for tax exempt bonds with many of those who led in purchases last year evincing as great an interest in the market at present although the market is now generally higher than at any time during 1962, excepting for a brief period during November.

Yield Index Reflects Two Point Price Rise

The *Commercial and Financial Chronicle's* Index of yield, derived from preselected 20 year high grade bond offerings, shows the market to be up about $2.00 over the past week. This moderate betterment follows a quarter point rise during the previous week. The Index stands at 2.935% on Feb. 20, against 2.947% a week ago. The Index touched 2.92% in mid-January, the market's high point for 1963. The market's high for 1962-1963 was reached in early November when the yield Index was reduced to 2.903%.

The new issue calendar appears more replete with sizeable offerings as we head into the normally very active month of March. At present, there appears to be a total of at least $650,000,000 of new issues scheduled for competitive bidding through March. The most recent volume addition involves $137,000,000 of Public Housing Authority loans to be funded through a March 20 offering. A steady flow of sizeable new issue financing is most welcome to the industry as it moderates bidding thus reducing the minor hills and valleys that precipitate quicky price cuts.

Inventories Pared

The inventory situation continues to be favorable to the market by all standards. The banks are absorbing large participations and dealers are variously willing to carry on with larger participations. The interest carry has become relatively more important as markets have steadied and margins of profit have been curtailed.

Dealer offerings in the *Blue List* have been reduced despite the recently heavier new issue volume. Today's (Feb. 20) total of state and municipal bond offerings is $463,007,500.

This past week has been the most active week this year in the tax-exempt underwriting field with just over $225,000,000 of bonds selling at competitive bidding and one issue of $100,000,000 having been bought through negotiation. New issues which sold at competitive sale drew strong bids and, in many instances, price levels were through the reoffering scales for similarly rated issues brought to market recently.

Triborough Issue Very Well Received

The Triborough Bridge and Tunnel Authority sold, through negotiation last Thursday $100,000,000 Narrows Bridge Revenue (1970 to 1978 and 1985) bonds to a nationwide group of underwriters headed by *Dillon, Read & Co.* at a net interest cost of 3.3918%. Other managers of this group include *Merrill Lynch, Pierce, Fenner & Smith, W. H. Morton & Co.* and *Allen & Co.*

Among the major underwriters were: Kuhn, Loeb & Co., White, Weld & Co., C. J. Devine & Co., Drexel & Co., Eastman Dillon, Union Securities & Co., Equitable Securities Corp., Glore, Forgan & Co., Goldman, Sachs & Co., Harriman Ripley & Co., Hornblower & Weeks, Kidder, Peabody & Co., Ladenburg, Thalmann & Co., Lazard Freres & Co., R. W. Pressprich & Co., Salomon Bros. & Hutzler, Shields & Co., Stone & Webster Securities Corp., B. J. Van Ingen & Co., Inc., and Wertheim & Co.

The bonds were reoffered to yield from 2.60% in 1970 to 3.20% in 1978 and the $50,000,000 term bonds due 1985 were priced at 100¾ for a 3½% coupon. Demand by banks and insurance companies was immediate and all of the bonds were sold during the order period. The term bonds are presently selling at a one point premium.

Other Recent Financing

Last Thursday's largest competitive sale consisted of $12,380,000 Monroe County (Rochester), New York (1964-1991) bonds. This highly rated issue drew eight bids with the syndicate managed by *Bankers Trust Company* the high bidder at a price of 101.119 for a 3% coupon. The second bid of 101.072 also for a 3% coupon came from the Smith, Barney & Co. account.

Other major members of the successful syndicate are Chase Manhattan Bank, Harris Trust and Savings Bank, Mellon National Bank and Trust Co., Stone & Webster Securities Corp., L. F. Rothschild & Co., American Securities Corp., Roosevelt & Cross, Inc., Reynolds & Co. and Hayden, Stone & Co.

Scaled to yield from 1.55% to 3.10%, investor demand to date has been moderate with the present balance in syndicate $6,720,000.

Hamilton County (Chattanooga), Tennessee awarded $4,000,000 various purpose (1964-1983) bonds to the account headed by the *Chase Manhattan Bank* at a net interest cost of 2.7928%. The runner-up bid, a 2.82% net interest cost came from the Equitable Securities Corp. syndicate.

Other members of the winning account include C. J. Devine & Co., Philadelphia National Bank, Wertheim & Co., Ladenburg, Thalmann & Co., Fidelity Union Trust Co., Newark, New Jersey, Francis I. duPont & Co., Reynolds & Co., Stroud & Co., Industrial National Bank of Rhode Island and Allan Blair & Co.

Scaled to yield from 1.60% to 3.00%, the present balance in account is $1,705,000.

Current Week's Business

On Monday there were no important flotations, but Tuesday was an active day with over $135,000,000 of bonds selling at competitive bidding. The largest general obligation issue, $58,000,000 State of New Jersey various purpose (1966-1985) bonds, attracted three bids with the bonds awarded to the group jointly managed by the *Bankers Trust Company, Morgan Guaranty Trust Company, Smith, Barney & Company*, the *First National Bank of Chicago, Drexel & Company* and *Shields & Company* at a net interest cost of 2.73492%. This bid compared very favorably with the runner-up bid, a 2.73499% net interest cost which was made by the account headed jointly by First National City Bank, Chase Manhattan Bank, Lehman Brothers and Halsey, Stuart & Company, Inc.

Other major members of the winning group include Harris Trust and Savings Bank, Philadelphia National Bank, National State Bank, Newark, First National Bank, Oregon, John Nuveen & Company, W. H. Morton & Company, Francis I. duPont & Co., United California Bank and Boland, Saffin, Gordon & Sautter.

The bonds were reoffered to yield from 1.85% to 2.95% and initial orders amounted to about $28,000,000 of bonds. However, it is reported that $11,000,000 of the earlier maturities were sold at a special price to one of the bank

Continued on page 43

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.20%	3.05%
Connecticut, State	3¾%	1981-1982	3.00%	2.85%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
New York, State	3¼%	1981-1982	3.00%	2.80%
Pennsylvania, State	3⅜%	1974-1975	2.70%	2.55%
Delaware, State	2.90%	1981-1982	2.95%	2.80%
New Housing Auth. (N.Y., N.Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, California	3¾%	1981-1982	3.20%	3.05%
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	3.25%	3.10%
New York, New York	3%	1980	3.15%	3.07%

February 20, 1963 Index=2.935%

*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.

February 25 (Monday)			
Abilene, Texas	2,220,000	1963-1990	2:00 p.m.
Barstow Junior College Dist., Cal.	2,000,000	1965-1984	11:00 a.m.
Roseville, Minn.	1,250,000	1965-1984	8:00 p.m.
Tempe High Sch. Dist. #213, Ariz.	3,000,000	--------	--------
University System Bldg. Auth., Ga.	3,538,000	1966-2003	Noon
February 26 (Tuesday)			
Buena Park, Calif.	1,800,000	1965-1993	7:30 p.m.
Clearwater, Fla.	1,100,000	1965-1989	2:00 p.m.
Fulton County Sch. Dist., Ga.	3,000,000	1964-1983	Noon
Hidalgo County, Texas	1,000,000	1964-1983	10:00 a.m.
Maryland (State of)	30,485,000	1966-1978	11:00 a.m.
Minneapolis, Minn.	6,856,000	1964-1988	10:00 a.m.
Muskegon, Mich.	3,900,000	1964-1990	7:30 p.m.
New York State Dormitory Auth.	5,500,000	1965-1994	11:30 a.m.
Onondaga County, N. Y.	5,625,000	1964-1980	11:00 a.m.
Prince George's County, Md.	12,750,000	1964-1988	11:00 a.m.
South Bend Comm. S. Corp., Ind.	2,450,000	1964-1966	10:00 a.m.
February 27 (Wednesday)			
Bibb County, Ga.	4,500,000	1964-1983	Noon
Daytona Beach, Fla.	3,500,000	1965-1997	11:00 a.m.
New Port Richey, Fla.	1,100,000	1964-1992	2:00 p.m.
South Windsor, Conn.	1,000,000	1964-1983	2:00 p.m.
February 28 (Thursday)			
Greater Baton Rouge Port Comm., Louisiana	9,000,000	1968-2002	10:30 a.m.
Pattonville Sch. Dist. R-3, Mo.	1,150,000	1965-1983	8:00 p.m.
Terrebonne Par., Con. SD #1, La.	2,500,000	1965-1988	10:00 a.m.
Ventnor City, N. J.	1,237,000	1963-1978	8:00 p.m.
Willoughby-East Lake S. D., Ohio	1,500,000	1964-1978	1:00 p.m.
March 4 (Monday)			
Cochise Junior College Dist., Ariz.	1,350,000	1966-1974	2:00 p.m.
South San Francisco, Calif.	1,000,000	1964-1979	8:00 p.m.
State Board of Education, Mich.	1,175,000	1965-2002	11:00 a.m.
March 5 (Tuesday)			
Albuquerque, N. Mex.	3,500,000	--------	10:00 a.m.
Anne Arundel Co. San. Comm., Md.	7,500,000	1964-1993	11:00 a.m.
Clyde, School District, Ohio	1,140,000	1964-1986	Noon
Da Kalb County Sch. Dist., Ga.	12,000,000	1966-1993	Noon
Duval County, Fla.	4,500,000	1964-1983	11:00 a.m.
Fullerton Union High S. D., Calif.	1,700,000	1964-1983	11:00 a.m.
Laramie, Wyo.	3,300,000	1965-1993	8:00 p.m.
Meridian Mun. Sep. S. D., Miss.	4,000,000	1964-1988	10:00 a.m.
Minnesota (State of)	29,361,000	1964-1983	10:00 a.m.
Nashville W. & S. Revenue, Tenn.	1,500,000	1964-1993	7:30 p.m.
Pennsylvania General State Auth.	25,000,000	1966-1990	Noon
Port of Astoria, Ore.	2,600,000	1974-1990	11:00 a.m.
Rhode Island (State of)	8,200,000	1964-1993	12:30 p.m.
St. Louis Co. Hancock Pl. SD, Mo.	1,100,000	1964-1983	8:00 p.m.
Union Co. Sch. Bldg. Rev., Ky.	1,450,000	1964-1983	10:00 a.m.
March 6 (Wednesday)			
Alaska (State of)	7,600,000	1965-1983	10:00 a.m.
Louisiana Fiscal Authority	20,000,000	1964-1983	11:00 a.m.
San Antonio, Texas	3,500,000	1965-1983	10:00 a.m.
Sioux Falls Indep. Sch. Dist., S. D.	2,720,000	1966-1983	2:30 p.m.
Warren Township Metro. SD, Ind.	1,165,000	1964-1972	11:00 a.m.
March 7 (Thursday)			
Beloit, Wis.	1,420,000	1964-1983	--------
Bi-State Dev. Agency Authority (Missouri-Illinois)	26,500,000	--------	--------
[Syndicate headed by John Nuveen & Co., Stifel, Nicolaus & Co., Inc.]			
Boston Metropolitan District, Mass.	10,947,000	1964-1993	11:00 a.m.
De Witt, N. Y.	1,389,000	--------	--------
New Providence Sch. Dist., N. J.	1,500,000	1964-1984	8:00 p.m.
Taylor Township Sch. Dist., Mich.	2,372,000	1965-1990	8:00 p.m.
Wayzata Indep. S. D. #254, Minn.	1,300,000	--------	4:00 p.m.
March 9 (Saturday)			
Oklahoma State Univ. of Agriculture & Applied Science	1,380,000	1966-2003	9:00 a.m.
March 11 (Monday)			
Lane County Sch. Dist. No. 4, Ore.	2,500,000	1964-1983	8:00 p.m.
Las Virgenes Municipal Water Districts, California	2,000,000	1968-1993	8:00 p.m.
Maricopa County Chandler School District No. 80, Ariz.	1,050,000	--------	11:00 a.m.
Oregon City Sch. Dist., Ohio	3,800,000	1964-1982	Noon
Seattle, Wash.	6,000,000	1973-1993	--------
March 12 (Tuesday)			
Anoka-Hennepin Indep. SD, Minn.	2,000,000	1966-1986	4:00 p.m.
Cheltenham Township S. D., Pa.	1,000,000	1965-1992	8:00 p.m.
Illinois (State of)	150,000,000	1964-1988	11:00 a.m.
Mississippi (State of)	5,000,000	1964-1982	10:00 a.m.
Omaha, Neb.	6,400,000	1965-1980	11:00 a.m.
Rapides Parish, La.	1,100,000	--------	--------
Skagit County Hospital Districts Nos. 3 and 4, Wash.	1,300,000	--------	11:00 a.m.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Australian Economy — Discussion —International Bond & Share, Inc., International Building, San Francisco 8, Calif.

Bank Stocks — 123rd consecutive quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

Banks—1962 year end review and 1963 expectations—Study—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on the **Utilities** and **Chemicals.**

California Savings & Loan Stocks —Comparative figures on 13 companies—J. S. Strauss & Co., 155 Montgomery St., San Francisco 4, California.

Cigar Industry—Report with particular reference to **Bayuk Cigar** —Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Gulf Oil Corp.**

Cincinnati Banks Stocks—Memorandum—Westheimer and Co., 124 East Fourth St., Cincinnati 2, Ohio.

Electric Utility Common Stocks — Discussion — Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a revised index to the Bache **Selected List** and bulletins on **Safeway, Columbia Broadcasting System, IBM, Witco Chemical, Dubois Chemical** and **Interchemical Corp.**

Electrical Equipment Industry — Report—David L. Babson & Co., Inc., 89 Broad St., Boston 10, Mass.

50 Active Canadian Traders in the Mining, Petroleum & Industrial markets — Brochure — Canadian Forecaster, 238 Adelaide St., West, Toronto, Ont., Canada.

Financial Markets—Chart Study of Trends—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **Pillsbury Co., U. S. Plywood, Amphenol Borg, U. S. Freight, Textron, Ferro, Sinclair Oil,** and **House of Vision.**

Gold Stocks — Report — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Instrument Industry—Analysis of outlook with particular reference to **American Meter, Sigma Instruments, Rotron Manufacturing, Taylor Instrument, Fisher Governor, Schlumberger** and **Johnson Service** — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a comprehensive report on **Controls Co. of America.**

Japanese Economy — Quarterly analysis and industry appraisal—Yamaichi Securities Co. of New York Inc., 111 Broadway, New York 6, N. Y.

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

Lasers and the Investor—Report —Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available is a memorandum on **Container Corp. of America.**

Long Island Economy—Review of 1962 and outlook for 1963—Franklin National Bank, Franklin Square, N. Y.

Major Revenue Bond Projects— Progress report—Smith, Barney & Co., 20 Broad St., New York 5, N. Y.

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

Ohio Bank Stocks — Brochure — McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

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.

Railroads—Review with particular reference to **Chicago, Rock Island & Pacific, Western Pacific** and **Pittsburgh & Lake Erie**—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is a memorandum on **Swift & Co.**

Rubber Industry—Study—Hemphill, Noyes & Co., 8 Hanover St., New York 4, N. Y.

Silver Stocks—Comments on 15 companies—Draper Dobie and Co., 25 Adelaide St., West, Toronto, Ont. Canada. Also available are reports on four **South African Gold Mines: Western Deep Levels Ltd., Free State Geduld Mines Ltd., Western Holdings Ltd.,** and **President Brand Gold Mining Co. Ltd.**

Tax Free Utilities — Bulletin — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available is an analysis of **American Telephone and Telegraph Company.**

Transportation — Discussion in current issue of "Investornews"— Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also in the same issue are reports on **Banks, Xerox, Rochester Telephone, Royal Crown Cola, SCM Corp.** and **Universal Oil Products.**

* * *

Abbott Laboratories—Analysis— W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available are reports on **Southern Pacific, Southern Railway, Corning Glass Works, Crouse Hinds, Walt Disney Productions,** and **Utah Construction & Mining Co.**

Altamil Corp. — Analysis — Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

American Enka—Memorandum— McDonnell & Co., Inc., 120 Broadway, New York 5, N. Y. Also available are memoranda on **Norwich Pharmacal** and **A. C. Nielsen,** and comments on **U. S. Smelting.**

American Foods — Memorandum —Roman & Johnson, 15 Southeast Third Ave., Ft. Lauderdale, Fla.

American Telephone & Telegraph Co.—Review—D. H. Blair & Co., 5 Hanover Square, New York 5, N. Y. Also available is a review of **Columbia Pictures Corp.** and **Ronson Corp.**

Arkansas Louisiana Gas Co. — Memorandum—Reaves, Hewitt & Co., 74 Trinity Place, New York 6, N. Y.

Atchison, Topeka & Santa Fe Railway—Review—Colby & Co., Inc., 85 State St., Boston 9, Mass. Also available are comments on **Collins Radio** and **National Steel.** (Firm requests stamped addressed envelope when writing for copies.)

Birtcher Corp. — Discussion — Quincy Cass Associates, 727 West Seventh St., Los Angeles 17, Calif.

Canadian Chemical Co., Ltd. — Report — Equitable Brokers Ltd., 60 Yonge St., Toronto 1, Ont., Canada. Also available is a report on **McIntyre Porcupine Mines Ltd.**

Canadian Industrial Gas—Memorandum—Hanson, Richardson & Co., Ltd., 4 King St., West, Toronto, Ont., Canada.

Carolina Natural Gas Corp. — Analysis—First Securities Corp., 111 Corcoran St., Durham, N. C.

Colorado Interstate Gas Co. — Analysis—Walston & Co., Inc., 74 Wall St., New York 5, N. Y.

Columbia Broadcasting System— Report—Orvis Brothers & Co., 30 Broad St., New York 4, N. Y. Also available is a report on **Fischer & Porter Co.** and **Xerox Corp.**

Cosden Petroleum — Bulletin — Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Creative Playthings — Memorandum—Semple, Jacobs & Co., Inc., 711 St. Charles St., St. Louis 1, Missouri.

Crush International Limited — Report — Watt & Watt Ltd., 7 King St., East, Toronto 1, Ont., Canada. Also available are comments on **Massey Ferguson Ltd., Canadian Aviation Electronics,** and **Laurentide Financial.**

Dresser Industries, Inc.—Analysis —Mitchum, Jones & Templeton, Inc., 650 South Spring St., Los Angeles 14, Calif.

Ecuadorian Corp.—Memorandum —G. H. Walker & Co., 45 Wall St., New York 5, N. Y. Also available is a memorandum on **Upjohn.**

Electric Storage Battery—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **American Broadcasting.**

Ennis Business Forms Inc. — Analysis — Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pa. Also available is an analysis of **Seaboard Air Line Railroad.**

Ethyl Corp. — Memorandum — MacDonald & Co., 225 Broadway, New York 7, N. Y.

First National Bank of San Jose —Memorandum—Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco 4, Calif.

Fischer & Porter Co.—Comments in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York 5, N. Y. Also in the same issue are comments on **Coastal States Gas Producing Co., Steel Companies, Beatrice Foods Co., U. S. Shoe Corp., Electronic Specialty Co., Harper, Row, Falstaff Brewing Corp., Westinghouse Electric Corp., Dana Corp.,** and **Monsanto Chemical.**

General Battery & Ceramic Corp. —Analysis—Sartorius & Co., 39 Broadway, New York 6, N. Y.

General Telephone & Electronics — Analysis — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Georgia.

Georgia Pacific—Memorandum— Penington, Colket & Co., 70 Pine St., New York 5, N. Y. Also available is a memorandum on **Suburban Gas.**

Gillette Co. — Review — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are comments on **Japan Fund, Armour & Co., International Business Machines, Kelly Girl, Lane Bryant, Manpower Inc.,** and **Northern Illinois Gas.**

Grand Union — Memorandum — Shields & Co., 44 Wall St., New York 5, N. Y.

M. A. Hanna — Memorandum — Iselin, Gegge, Stonehill & Co., 51 Broad St., New York 4, N. Y.

Huyck Corp. — Analysis — Frank Ginberg & Co., Inc., 25 Broad St., New York 4, N. Y.

International Business Machines —Report—F. S. Moseley & Co., 50 Congress St., Boston 2, Mass. Also available is a report on the **Textile Machinery Companies** with particular reference to **Whitin Machine** and **Crompton & Knowles.**

Iowa Southern Utilities Co. — Analysis—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

Kellwood Co. — Analysis — Hill Richards & Co., 621 South Spring St., Los Angeles 14, Calif.

Kennametal Inc. — Analysis — Moore, Leonard & Lynch, Union Trust Bldg., Pittsburgh 19, Pa.

King Seeley Thermos Co.—Analysis—Bacon, Whipple & Co., 135 South La Salle St., Chicago 3, Ill.

Major Pool Equipment Corp.—Report—Hill, Thompson & Co., Inc., 70 Wall St., New York 5, N. Y.

Maradel Products Inc.—Analysis —Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Masonite Corp.—Analysis—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Massey Ferguson — Memorandum —Royal Securities Corp., Ltd., 244 St. James St., West, Montreal 1, Que., Canada.

Mersick Industries Inc.—Analysis — Stirling Linder, Prigal & Bilotti Inc., 50 Broadway, New York 4, N. Y.

National Life and Accident Insurance Co. — Analysis — J. C. Bradford & Co., 414 Union St., Nashville 3, Tenn.

Pan American Sulphur Company —Analysis—Bruns, Nordeman & Co., 115 Broadway New York 6, N. Y. Also available are memoranda on **Georgia Pacific, Texaco** and **American Telephone & Telegraph.**

Pennsalt Chemicals—Memoranda —Sincere and Company, 208 South La Salle St., Chicago 4, Ill.

People's Gas Light & Coke Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Phelps Dodge Corp. — Analysis — Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

L. F. Popell Inc.—Report—Strathmore Securities, Inc., 605 Park Building, Pittsburgh 22, Pa.

Presbyterian Ministries Inc.—Circular—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Schlumberger Ltd. — Analysis — Gerstley, Sunstein & Co., 211 So. Broad St., Philadelphia 7, Pa.

Southeastern Public Service—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Southern Union Gas Company— Analysis—Schwabacher & Co., 100 Montgomery St., San Francisco 4, Calif. Also available is an analysis of **Wayne Manufacturing Co.**

Southwest Gas—Memorandum—F. J. Winckler Co., Penobscot Building, Detroit 26, Mich.

Southwestern Investment Co. — Memorandum—First Nebraska Securities Corp., 1001 "O" St., Lincoln 1, Neb.

Sperry Rand — Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

Swank, Inc. — Analysis — Blair & Co., Incorporated, 20 Broad St., New York 5, N. Y. Also available is an analysis of **United Shoe Machinery Corp.**

Texaco — Memorandum — Richard J. Buck & Co., 4 Albany St., New York 6, N. Y.

Textron Inc. — Analysis—Carreau & Company, 115 Broadway, New York 6, N. Y.

Textron Inc. — Analysis — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is an analysis of **E. J. Brach & Sons** and a memorandum on **Shatterproof Glass.**

S. S. White Dental Manufacturing Co. — Report — Strauss, Blosser & McDowell, 39 South La Salle St., Chicago 3, Ill.

White Motor Company—Analysis —Schweickart & Co., 29 Broadway, New York 4, N. Y.

Our Two Major Problems Require Different Solutions

By George W. Mitchell,* *Member, Board of Governors of the Federal Reserve System, Washington, D.C.*

Differing with his Chairman's statement made the same day to the same group, Governor Mitchell declares that: (1) our problems of international payments deficit and of domestic economic expansion may well require different solutions, and (2) the former problem has inhibited monetary stimulation appropriate for the latter problem. He discusses monetary action's limited effectiveness, including some current thoughts about a high interest rate policy, under today's conditions and advocates, instead, the tax weapon to limit capital outflow to advanced countries and to encourage our exports. As for the relationship of monetary policy to federally created deficits, Mr. Mitchell says what matters is not whether banks or non-bank buyers purchase U. S. Governments but whether the economic climate will determine our monetary policy posture so that money and credit is aligned with sustainable expansion at a stable price level.

Two problems — slack growth in the domestic economy and an adverse balance of payments in our international accounts — now occupy the stage of economic policy discussion. Not so many years ago, a persistently rising price level and an apparent dollar shortage in the world economy were the dominant problems of such discussion.

George W. Mitchell

Though the problems have changed, the tools to deal with them are unchanged; fiscal policy, monetary policy, and structural alterations in particular institutions, practices, or programs. The mix of these alternative and complementary approaches depends on varying judgments of their relative efficacy and on the current economic environment and outlook. In my remarks, I want mainly to focus on the recent role of monetary policy in coping with both problems and to suggest in very general terms the role that monetary policy might play in the developing situation.

Much of the commentary on the recent performance of the U. S. economy has noted that 1962 was the most prosperous year in our history. This is true but not especially notable. Real output per capita rose during the year but one per cent. Total output increased less than three per cent from the end of 1961 to the end of 1962 even though we had excessive unemployment and idle plant capacity throughout the year.

At the same time, the continuing deficit in our balance of payments acted as a constraint on efforts to stimulate higher levels of domestic economic activity. A trade surplus of about $5 billion was exceeded by our payments abroad on account of private capital, military outlays, and foreign aid. To reduce this deficit is a most pressing problem for the year ahead.

Business Outlook

At the moment, it seems to me that the immediate economic prospects are favorable—more favorable than for some time past. Spurred by the excellent public reception of the 1963 model cars, retail sales rose substantially in the fourth quarter, and consumer demand generally now appears more vigorous than at any time during 1962. Government purchases, especially at State and local levels, are clearly destined to continue upward, under the pressure of our defense, space, and international requirements and the needs of our rapidly growing population. Total construction expenditures have been running at record highs, and the recent volume of contract awards suggests a continued high-level of construction activity in the period ahead.

The expansion in final sales, if continued, should soon call for a higher rate of industrial output and should serve to augment business demands as well. Business inventories, for example have changed very little in recent months, but, with final sales up strongly, some restocking to accommodate a larger volume of business may now be in order.

The outlook as regards business capital outlays is more doubtful. The rate of expansion in such outlays last year was disappointing, reflecting mainly the lack of pressure on existing productive facilities, and the official surveys project a small decline in the current quarter. But operating rates in many industries have been inching upward, and it seems to me that the combination of rising final sales, continued high-level profits, and the considerable incentives provided by tax credit and accelerated depreciation actions last summer and the prospective tax reduction for this year should give renewed impetus to investment plans and outlays as the year progresses.

The basis for accelerated economic expansion which I have sketched here owes much to the dramatic turn in business and public psychology which followed the quick and successful conclusion of the Cuban crisis. Since then, the pronounced recovery in stock market prices, the more buoyant attitude of consumers revealed by recent surveys, the strength in new car sales and housing starts — all point to a marked improvement in the business tone. It is important to note also that the stimulating effect of tax reduction on consumer buying and business investment plans will be buttressed by the record increase last year in public holdings of liquid assets and by the ready availability of credit on relatively favorable terms.

I have characterized the balance of payments problem as a most urgent issue. I say this because delay in its solution increasingly exposes us to pressure from our creditors and because it inhibits our freedom to stimulate a sluggish domestic economy, which has performed below par for several years.

I fully agree with those who say that we cannot neglect either the domestic or the international problem as we pursue a solution to the other. On the other hand, the two problems may call for different types of solution.

In these circumstances, what contribution can monetary policy make to achievement of fuller use of domestic resources and to improvement in the balance of payments?

Monetary Policy in 1962

The bare financial facts usually used in an evaluation of monetary policy over the past year are as follows; While GNP in current dollars rose about four per cent, bank credit—that is, total loans and security holdings of commercial banks—increased about nine per cent. The money supply, narrowly defined as currency and demand deposits, increased about one and one-half per cent, but time and savings deposits went up 18%. The rate of turnover of the money supply increased about eight per cent. Market interest rates were relatively stable over the year, as long-term yields crept downward and short-term rates edged up.

On the surface, these facts are conflicting in that (1) bank credit and time deposits rose by large amounts and this would seem to indicate that monetary policy was strongly stimulative; but (2) the money supply rose very little for the year as a whole, and not at all until the fourth quarter, and its rate of use increased sharply, suggesting that monetary policy was not actively expansionary. When analyzed in the context of other developments during the year, these facts seem to me to show that monetary policy was inhibited throughout much of the year by balance-of-payments considerations and was less stimulative than was appropriate to the domestic situation.

All of the monetary and credit magnitudes for 1962 were significantly affected by the upward movement a year ago in the interest rates paid on commercial bank time deposits, following the change in the Board's Regulation Q. In order to interpret and appraise monetary developments during the year, it is vital to disentangle the various effects of this change, which enabled commercial banks to attract a large inflow of time and savings deposits.

Where did these time and savings deposits come from? Do they represent in effect a net addition to the community's stock of money, which the public chooses to hold as time rather than as demand deposits? Or, does the build-up in time deposits reflect a rechanneling of the flows of saving, as the public decided to hold more of its financial assets in the form of interest-bearing deposits at commercial banks and less of its financial assets in the form of securities and deposits in other institutions?

I believe it is correct to say that a sizable fraction of the buildup in time and savings deposits at commercial banks last year simply represented a shift in the public's attitude toward the commercial bank as a financial intermediary. We know, for example, that individuals acquired a considerably smaller volume of State and local government bonds and corporate stock in 1962 than in earlier years, even though their total savings increase. It is reasonable to think that as individuals reduced their purchases of securities, they put the funds into time and savings deposits, on which interest payments were now higher. Similarly, corporations acquired a substantial volume of newly available negotiable certificates of deposit at commercial banks in 1962. These funds too, would presumably have gone directly into Treasury bills and other short-term securities if they had not gone into commercial bank time accounts.

What happened, in other words, was that, to a degree, the public chose to invest indirectly through acquiring commercial bank time balances rather than directly by purchasing securities. The banks' role as financial intermediaries between savers and credit markets was thereby enlarged. To the extent that this happened, the resulting increase in total bank deposits and total bank assets should not be regarded as constituting monetary expansion or as contributing to total credit expansion. Rather, it represented merely a rechanneling of the financial flow of funds, as the public exchanged securities for bank time deposits.

Another portion of the increase in commercial bank time deposits includes funds that would have gone into other savings institutions if commercial banks had not raised their rates. Although deposits at mutual savings banks and shares at savings and loan associations increased substantially in 1962, they might have gone up even more if commercial banks had not become more attractive as savings depositaries. Here again, to the extent that commercial banks increased their role as savings institutions at the expense of

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Basic Trends Affecting The U. S. Economy in 1963

By Ewan Clague,* *Commissioner of Labor Statistics, U. S. Department of Labor, Washington, D. C.*

We are not as badly off as we appear to be. This is one of the conclusions in Mr. Clague's revealing analysis of the trends responsible for landing us where we are and of their portent for the future. Mr. Clague attributes the persistency of our unemployment problem to both the structural composition of our labor force (a re-employment problem) and to inadequate demand. He forecasts: (1) continuing price level stability in 1963 modified, however, by slow rise in cost of consumer services; (2) Europe, particularly Western Germany and Great Britain, will be wrestling with the twin problems of holding prices and wages down; and (3) our expanding labor force will act to dampen wage and price rises. With regard to the latter, Mr. Clague says our average output (productivity) per man-hour is not below the European but its rate of growth is because of our much higher growth base. Comparison made with USSR development points out the lack of honest data and the lack of surpluses in USSR countries.

When the decade of the 1960's dawned just three short years ago, it was featured by proclamations of hope and joy. The closing years of the decade of the 1950's had been disappointing; the prosperity of 1957 had tapered off, the business recession of 1958 was sharp and deep, the recovery of 1959 was thwarted by a prolonged steel strike. But when 1960 appeared on the scene, the outlook changed. The prevailing opinion (in fact, almost the universal opinion) among businessmen, economists and other students of the U. S. economy was that the prospect for the future gave promise of a decade of prosperity, expansion and economic growth — the Soaring Sixties.

Ewan Clague

We were speedily disillusioned; the prosperity of 1960 soon topped out, there was a definite though mild recession into 1961, the business recovery of 1962 has been less than was hoped for. Furthermore, the present outlook is for more of the same. I think I have heard or read at least a dozen expert economic forecasts of the coming year, and I have seldom seen such unanimity in favor of a continued upward movement of the economy, at the rate equal to the rate for the past year.

This progress is firm and substantial, but it is being discounted by two unfavorable factors: (1) the uncomfortably high level of unemployment at home and (2) the better comparative performance of the economies of other nations. The prevailing projections of our own rate of growth do not provide any basis for a substantial reduction in the rate of unemployment here at home in 1963 (of course, the projections may be too low). Nor are there any signs as yet of a resurgence of economic growth. Where then is the promise of the Sixties? Why aren't we doing better?

If I knew the certain and definitive answers to these questions, it would surely be my duty to impart them to you. But I can give no such answers. What I can do is to offer you my observations on the economic trends which have brought us where we are, and then to suggest some of the implications of these trends for the economy of the future.

Don't Minimize Our Performance

My first observation is that we should not undervalue our own performance. We are the largest industrial nation of the world, our people have the highest real income in the world, our standard of living is steadily rising (about 25% in the last 15 years) while in many nations throughout the world living conditions are actually deteriorating. Even with respect to unemployment, we aren't as badly off as we have been in the past. When I first entered high school over half a century ago, I made a 94 on my first examination. I thought it was pretty good, and so did the teacher; she gave me an A. As we enter 1963 the employment of our labor force is at a level of 94.5% (unemployment at about 5.5%). Of course, the Russians claim to have achieved perfection with a mark of 100. But in this contest they have a big advantage — they grade their own examination papers!

Let me make that remark clear, because it is important. In this country our statistical agencies are independent seekers after truth. They are commissioned to resist pressure, whether from private or from the government itself. During my career as a statistician in the Federal service, I as head of the Bureau of Labor Statistics have been on the receiving end of a long series of investigations — by Congress, by labor, by management, and by the statistical and economic professions. The latest one was the President's Committee to Appraise Employment and Unemployment Statistics. Our Bureau has not only passed these examinations with honors, but we have also received from many of the investigators the highest commendations for our integrity and competence. While my own experience has been in the Bureau of Labor Statistics, I can speak equally strongly for the integrity and competence of the Bureau of the Census and for other statistical agencies of the Federal Government. In fact, good statistics constitute one of the cornerstones of our free economy.

Pleasure of Above-Board Statistics

Statistics in this country are free in another sense, namely, if you don't like the government's statistics, you can gather your own. There are literally hundreds of private statistical agencies in this country, both profit and nonprofit. They are free to go directly to the people and collect their own data. Nor should we omit the growing statistical services of our states and local governments.

Of course, we statisticians aren't perfect. We do make mistakes; but when we do, it is headlines news—a case of "man bites dog." I recall an error we made in the BLS several years ago. A press conference was held to enable me to announce the corrected figure. We made headlines across the country, but they weren't unfriendly; and I still treasure some of the finest letters that I have ever received in my career.

How different it is in many other nations of the world, where statistics are the tool of the government! I had the opportunity of making a trip last year through some foreign countries. In one of them I had a discussion about housing — it seems that there weren't nearly as many houses being built as the statistics indicated. I asked a simple question —"Who makes the statistical reports?" Answer: "The local housing program directors." Of course, they all made their goals, but it was with statistics and not with houses. In another country some years ago, the statisticians decided they would estimate the output of the economy. The figures for the first two years indicated no change; but when the Chief of State saw the report, he said "Oh, no; there was an increase of 10%; correct the figures." The statisticians solved the problem by reducing the figures for the first year, so at least the second year's data were right. But they haven't produced an estimate for any year since.

I made this excursion into statistics because I want to emphasize that you must use care in all international statistical comparisons. The data for a given country must be interpreted in the light of the special characteristics of the economy of that country, as well as in the light of the statistical policies of the government. I am not saying that all international comparisons are valueless. I plan to use some of them in this discussion.

To return to my theme, there is a second reason for our underestimate of the present, that distance lends enchantment to the view. As we peer out over the landscape of the future, the distant horizon is dominated by the mountains of achievement; we cannot discern the valleys of discontent. But when we actually arrive at our destination we discover that the terrain in rough. We become aware of the current irritations and discomforts, and are less impressed with the heights we have achieved. On balance, the present is not as bad as it seems. As it recedes into the past, and we re-evaluate it historically, we get a better picture of the whole.

I turn now to my main subject —what are some of the trends which have landed us where we are, and what do they portend for the future?

Crux of Unemployment—Cause

First of all, why are we experiencing a persistent headache of unemployment? At about 5.5%, the rate is higher than we have come to accept in prosperity periods. There are two points of view on this question. One is that the basic cause is inadequate demand. According to this theory, there is nothing in the composition or characteristics of the unemployed which accounts for their unemployment. Men and women, Negroes and whites, youth and aged—these classes have been unemployed in good times and in bad; just generate a substantial increase in demand and the unemployment problem will melt away like snow in July.

The other point of view is that the volume and duration of unemployment are substantially increased by the *structure* of the labor force — by personal, social and institutional factors which operate against the speedy re-employment of displaced workers. According to this theory, there are many economic handicaps which make it difficult to re-employ some groups of the unemployed. There are occupational gaps, geographic gaps, personal deficiencies, discrimination, welfare and pension rights, and other such impediments to job-getting. The supply of labor is not well adjusted to demand. Job scarcities and job vacancies exist in the same industry and community. Job vacancies exist, but the unemployed can't fill them. We in the Department of Labor are keenly aware of this aspect of the problem of unemployment, since we conduct many programs for the assistance of the unemployed.

In my judgment, it is not necessary to make a choice. Both these factors are operating; both must be taken into account in tackling the unemployment problem. Surely, an increase in demand would create more jobs and reduce the level of unemployment. The real issue is, how much demand and how much re-employment? Under the conditions of World War II and Korea, we certainly reduced unemployment to minimum levels; in fact, we had full employment. Likewise, if we generate a substantial degree of inflation, such as in 1946-1948 or in 1955-1957, we can stimulate job opportunities in the economy. In periods of long and persistent inflation, wages and salaries lag behind prices and profits, and labor becomes the scarcest factor of production.

The fact is that at the present time we have neither a wartime nor an inflationary economy. We have achieved a notable degree of price stability during recent years. The Wholesale Price Index has not changed appreciably since January, 1958. The Consumer Price Index has risen only about 5% since the summer of 1958; this is an average annual rate of a little over 1% a year, or about 0.1% a month. This slight rising trend is due largely to the upward creep in the prices of consumer services which have risen more than 10% since early 1958. The commodities in the index, both foods and nonfoods, have

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Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Late on Wednesday, Feb. 20, the Treasury announced details of the proposed pre-refunding and junior advance refunding operation.

The pre-refunding offer is applicable to the following existing issues:

3½% certificates due Aug. 15, 1963; 2½% bond, due Aug. 15, 1963; 3⅛% certificate, due Nov. 15, 1963; and 3% bond, due Feb. 15, 1964.

These issues may be exchanged for (a) 3⅝% note, due Nov. 15, 1967; (b) 3⅞% bond, due Nov. 15, 1971; or (c) 4% bond, maturing Feb. 15, 1980.

The junior advance refunding offer is being made to holders of the following issues:

3½% note, due Nov. 15, 1965; 3⅝% note, due Feb. 15, 1966; 3% bond, due Aug. 15, 1966; and 3⅜% bond, due Nov. 15, 1966.

Holders of the foregoing issues may exchange them for (a) 3⅞% bond, due Nov. 15, 1974 or 4% bond, maturing Feb. 15, 1980.

For institutional investors, the subscription bonds, opening Feb. 25, will close on Feb. 28; in the case of individual holders, books will open on the same date, but will not be closed until March 8.

The size of the deficit of the Treasury and the way in which it will be financed are becoming potent forces in the money and capital markets. As time goes along the Government market as well as the markets for all fixed income bearing obligations and the markets for common stocks will reflect more clearly what is being done. It is evident that the way in which the deficit for the coming fiscal year and those in the future are provided for will tell the story as to whether or not there will be a fairly stable bond market or a booming equity market. With an inflationary stock market, there is usually a declining interest in bonds with the exception of those which are convertible into common stocks.

Because the Government market is at an intersection trying to find out the way to go, it is operating within a narrow range and no important change in direction is looked for until some of the conditioning factors are resolved.

The not clear position of the Federal budget, along with the unsettled conditions surrounding income taxes, has had a bit of a confusing effect on all fixed income bearing obligations. It is evident that the amount of new money which will have to be raised in order to finance a gigantic Federal budget deficit could be stupendous. In addition, there are sizeable maturities that will have to be refunded which means the Federal Government is going to be a very big factor in the money and capital markets in 1963.

The meeting of debt maturities is largely a matter of fitting issues into the existing pattern of the money and capital market since the owners of the obligations which are coming due as a whole are inclined to take the refunding issues, unless there are unusual conditions which prevent them from going along with the exchanges which have been offered to them. If there are "no rights" offered in a maturity meeting operation, then the obligations which are coming due will be paid off in cash and new money will be raised thru the sale of other Government securities.

As a whole, however, refunding ventures whether they be for regular purposes or for "advance refundings" are mainly a replacement operation and do not have the same significance to the money and capital markets as does a new money raising operation.

Therefore, it is the obtaining of needed new funds which has the more important influence on not only the money and capital markets but also on the economy as a whole. In the first place the amount of new money which will have to be raised is most important since it will have a marked influence on the level of interest rates, whether this be in the near-term or long-term sector of the Government market. From the amount which will have to be picked up we move on to the way in which it is obtained, since this will determine in more ways than one the direction in which the economy will go.

There is no question but what a boom and bust psychology with its inflationary influences could most certainly be revived if there is to be a very sizeable increase in the money supply and purchasing power because too many Government securities are sold to the commercial banks which results in the creation of deposits, most of which are not required to meet a normal business growth.

Therefore, it is necessary that the Treasury sell as large an amount of its new money raising obligations to the ultimate investor so that the forces of inflation are not able to get a foothold on the economy again. The ultimate investor is any non deposit bank source such as corporations, individuals and all other institutional investors, because when they buy new money Government issues their deposits are turned over to the Treasury in order to pay for these obligations, which is only a transfer of deposits and not the creation of new deposits and purchasing power.

There is no question as to the way in which the new money raising operations of the Treasury should be carried out under very large budget deficits. And this allows for some sales of these obligations to the deposit banks in order to provide the economy with necessary growth deposits and purchasing power. It can be done thru the sales of Government securities from the shortest to the longest ones.

Firm Name Now Almon, McKinney & Dudley

DALLAS, Tex.—Almon & McKinney, Inc., Mercantile Bank Bldg., have announced the change of their firm name to Almon, McKinney & Dudley, Inc.

Taylor B. Almon

Munson McKinney

Morris A. Dudley

Officers of the firm are Munson McKinney, President; Taylor B. Almon, Executive Vice-President; Morris A. Dudley and Robert G. Day, Vice-Presidents; and Jacqueline Shelton, Secretary.

Almon, McKinney & Dudley, Inc. are dealers in municipal bonds, corporate securities and bank and insurance stocks.

Named Director

WASHINGTON, D. C.—Clyde Perry, an investment dealer of Tampa, Fla., has been appointed a public interest director on the Federal Home Loan Bank of Greensboro's board of directors for the unexpired portion of a four-year term ending Dec. 31, 1963. This was announced Feb. 19 by Federal Home Loan Bank Board Chairman Joseph P. McMurray.

The Federal Home Loan Bank of Greensboro, one of the 11 District Banks, provides reserve credit and liquidity services for member savings and loan associations in the States of Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, and Virginia and the District of Columbia.

How We Can Reduce Taxes Without Enlarging Deficits

By Dr. Raymond J. Saulnier,* *Professor of Economics, Barnard College, Columbia University, New York City*

Former Council of Economic Advisers Chairman under President Eisenhower explains how we can go about curbing Federal spending so as to obtain tax relief without courting larger and larger deficits. Dr. Saulnier believes modest increasing strength in the economy might well carry through to mid-1963 when a stalemate period similar to last summer may ensue. This view assumes Federal expenditures will not be out of line with current expectations and that the tax policy debate will not end earlier than mid-1963. Turning to possible tax cut and budget-deficit models, Dr. Saulnier warns of the consequences of a recession following on the heels of a sizable deficit, and as to how much further we would then be able to continue tax reduction as an economic stimulus. The economist recommends placing a ceiling on spending and exercising caution on tax cuts. He objects to the defeatism regarding the former's realization, and charts realistic steps as to how budgetary spending can be reduced starting with our Federal credit programs and our Federal contributions to States' civil works projects.

I am aware of the considerable body of opinion which holds that neither the current position of the budget nor budget prospects for the next few fiscal periods ahead should have any material bearing on tax policy or on expenditure policy, either. But I do not share this "deficits-don't really-matter" theory of fiscal policy. My preference is for an earlier but still not wholly extinct point of view that the federal budget should be brought into balance over the cycle, with surpluses in the expansion phase offsetting deficits in recession and early recovery. The strategy of federal policy which I think would serve us best at this time, and for the implementation of which I propose to make several suggestions, derives from this underlying fiscal policy preference.

Raymond Saulnier

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We may begin with the budget outlook for fiscal 1963. In the official statement issued only a few weeks ago, it was estimated that the administrative budget for that period would show a deficit of $7.8 billion. Although this is a very different prospective outcome than the $500 million surplus projected in last January's Budget Message, the new estimate came as no great surprise and has evoked remarkably little comment.

But there is a sense in which this outlook is both novel and important. Its novelty does not lie in the size of the prospective deficit. It has become commonplace in political exchanges to point out that a deficit of $7.8 billion isn't as large as the $12.4 billion deficit incurred in fiscal 1959. This is perfectly true. The novelty of the fiscal 1963 deficit lies in the fact that it comes at an advanced stage of a business cycle expansion. The $12.4 billion deficit in fiscal 1959 was a deficit incurred in the *first full fiscal year* following the trough of the 1958-59 recession. The $7.8 billion deficit in fiscal 1963, on the other hand, is occurring in the *second full fiscal year* following the trough of the 1960-61 recession.

The prospective fiscal 1963 budget deficit has a second significant feature. Present estimates of its size place it at a higher figure than that incurred in fiscal 1962. Thus, what it lacks in size relative to the fiscal 1959 deficit, it is more than making up in successiveness and in its capacity to grow. This suggests that we may be in a more or less chronic deficit situation. Far from a cyclically-compensatory budget, what we may be confronting is the prospect of deficits in periods of expansion and growth as well as in periods of recession and early recovery.

If this is the road we are travelling, we had better recognize it as such as soon as possible. As it is, our budget situation does not represent policy choices. The prospective fiscal 1963 outcome is, of course, an accident. But if it is to be followed by still another deficit, planned in this case, and if we are somehow to derive a policy from this succession of accidents and plans, we should be aware of what we are doing. Mind you, I am not saying that this is not a perfectly good way to derive a fiscal policy. It is the method of pragmatism. All I am saying is that we will be well-advised to be as conscious as possible of the essentially experimental program on which we will have been launched.

* * *

Much will depend on the budgetary outcome in fiscal 1964. Accordingly, it is important that we try now to see the shape, in broad profile at least, of the economic developments that will unfold over the next year and a half. A year and a half is a long time and there is ample opportunity to be wrong in a forecasting exercise of this kind, but forecasts are going to be made in any case, including the forecasts that will be presented in the President's budget message in January, so we should be thinking, as closely as we can about these things, even though the estimating hazards are formidable, to say the least.

Economic Resurgence Before and After Cuba

Let me state my views on the economic outlook as follows. After a so-so kind of spring and summer, during which the economy made very little advance and in some important ways was losing ground, a new momentum developed at or just before the Cuban crisis. There is evidence that some strengthening developed in the economy just prior to the Cuban incident. So far as I can see, this resulted mainly from the unusually heavy volume of defense contracts awarded in the third quarter of the year. Defense Department procurement obligations and construction contract awards, seasonally adjusted, were more than 15% higher in the third quarter of 1962 than in either of the first two quarters of the year. And I would surmise that contract awards by NASA, our space agency, were stepped up at an even faster clip, but NASA makes no data available by which to test this hunch. Additionally, there was mild help from tax changes, legislative and administrative, and considerable benefit from a heavy volume of early automobile production. The economy was still in a distinctly precarious position in mid-October, but these factors prevented a decline and appear even to have produced a mild upward movement.

In this atmosphere, the Cuban crisis had a clearly stimulative effect on the economy. Immediate and widespread public approval of our government's firm but entirely reasonable and essentially conciliatory response to this extraordinary and still-mystifying Soviet move inspired confidence and tended to dispel much of the uneasiness that had characterized public sentiment for some months. The incident had a settling and unifying effect in the country, quite in contrast to two earlier near traumatic experiences, the so-called "steel incident" in April and the collapse of security prices in May, which were essentially unsettling and divisive in their impact on public sentiment. I would not want to make too much use of this point, but I do believe that Chairman Khrushchev should realize that in recent years some of his major moves have been timed to earn him the right to be regarded as one of our most important economic stabilization aids, though this could hardly be a deliberate aim of Soviet policy.

The Russian reversal on Cuba was also a help to our economy. It evoked a sense of relief that seems to have strengthened psychology generally: consumers, financial investors and businessmen reacted positively, with good effects on the economy. There is something somehow precarious about all of this, but for the moment at least we have taken a turn for the better.

Improved Momentum Into and Stalemate in 1963

If what I say suggests a callousness toward the larger questions involved in these Caribbean events, let me assure you that I could not be more interested than I am in man's growing capability for total self-annihilation by thermonuclear methods. But that is not what I am discussing. What I am discussing is the short-term business outlook, and what the Cuban developments mean for the outlook is that our chances of navigating a difficult passage in the business cycle without overall decline in the near future has been very considerably improved. Given a reasonably favorable atmosphere, the momentum now developing, although still modest in many important respects and far from general through the economy, will of course carry us through the year-end season and I would expect it to carry us well into 1963. Because the present movement has much of the character of a second recovery, there are those who believe that it will carry well beyond mid-1963 and accelerate in the second half of the year. But the evidence for this is as yet visible only to the eyes of faith. I regard the momentum as still of modest proportions and there are still many obstacles in our path, notably the handling of tax legislation in 1963. For the moment, therefore, I look for an increase until around mid-1963 and then a situation much like what we had to cope with through the summer of 1962, namely, a kind of stalemate period in which little overall advance is scored.

And I should add that this view is based on the expectation that Federal expenditures will rise in early 1963 at about the rate currently projected and that the debate on tax policy will be prolonged at least until the middle of the year, at which point its outcome will have relatively little direct weight in the year's record and will, in any case, be competing with the downward tendencies that normally appear at that advanced stage of the cycle.

I have reached this conclusion about the outlook realizing that the full range of statistical indicators as yet hardly suffices to justify it. But I have been impressed by the good retail sales of recent weeks, especially by the good reception of 1963 - model automobiles; by the firmness that is apparent in the prices of basic raw materials and semi-manufactured goods; by what would seem to be a pretty steady improvement in profit margins; by generally promising developments in the capital goods area; and last, but by no means least; by the more optimistic sentiment reflected in the stock market. Many of the indicators are still giving out warnings of a recessionary trend and these must be respected; but I would read them at this date, supplemented by what we know about developments in November, primarily as a warning against excessive optimism.

* * *

Model Budget Estimates

The next step we must take is to translate this view of the business outlook into terms that are meaningful for the estimation of budget receipts. To do this, we have to project GNP from the third quarter of 1962, which is the last quarter for which we have explicit official estimates, to the second quarter of 1964. I have made three such projections which we may identify as Models A, B and C.

Model A comes directly from the business outlook estimate I have just described. It extends GNP at a rate which gives an overall growth for 1963 over 1962, in current dollars, of about 3½%. With an allowance of 1% for price inflation, this would be a 2½% increase in real GNP.

This seems to me like a fairly optimistic as well as a fairly likely projection, but I am never quite sure of such things. What seems optimistic to me frequently seems pessimistic to my friends in government. So I will simply say that of all the models I have constructed, this seems like the most plausible.

Model B contemplates an increase in current price GNP of around 4.5%, with a constant price growth of around 3%.

Model C, which I regard as wildly extravagant, pictures a current price GNP growth be-

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Taking a Searching Look At Electronics' Future

By L. Berkley Davis,* General Manager, Electronic Components Division, General Electric Co., Owensboro, Ky.

A candid perspective of the electronic industry's future warns of the price that technological progress entails — in terms of increasing complexity of electronic systems, shorter production runs and corresponding larger number of changes, and technical knowledgability of engineering, sales, service and management people. Mr. Davis depicts declining share of military and space in an increasing electronics total future, and the problems bound to trouble smaller firms with limited facilities and other capabilities. He states that the most important single deciding factor is going to be the extent and value of a company's technological input. He adds that this need is compounding the problems of business management accustomed to rapid growth and a relatively easy financing situation.

One day a good many years ago Walter Lippmann dropped in to see a friend of his who was a painter and had a studio on the top floor of a house in Washington Square. He found the painter standing on his head in front of a table on which there were three bananas and an orange lying on a bright blue shirt.

L. Berkley Davis

"Don't mind me," the painter said; "I'll be with you in a minute. I've got to finish looking at this thing."

After awhile he got back on his feet, said, "Now that's it," and started to paint. Later he explained.

"I'd been looking at those bananas so long I wasn't really seeing them any more. I was just painting what I thought they looked like. When that happens, I stand on my head to get rid of my fixed notions. You ought to try it."

I don't know whether Lippmann ever took this advice; I suspect that he didn't need it. But I do think there is some danger of our looking at our electronics industry and not seeing what it really looks like. I'm not proposing that we stand on our heads — not literally anyway. But I would like to examine what our industry might look like—really look like —if we could see it in fresh perspective by so easy an expedient as standing on our heads.

Unlimited Future

To begin with, the general outlines of the business remain familiar and reassuring. There is no question but that ours is a growth industry with an almost unlimited potential in growth and an apparently endless promise in technology.

It is true that we have matured beyond the phenomenal growth rate of the fifties, but no one doubts that electronics will continue to grow. The current industry volume of about $13 billion is in line with *Fortune* magazine's forecast of August, 1960. One source predicts a volume of nearly 21 billion by 1965 and 22½ billion by 1970. A second seems quite sure that by 1970 our present total volume will be exceeded by military space electronic expenditures alone. Another sees a total 1972 market of more than $20 billion. And a fourth forecasts a $34 billion market by 1975. Far from feeling the industry's growth is over, one authority insists that "for many companies it's just beginning—or about to take off again after a slowdown (in 1961)."

Similarly, no one has any trouble seeing what our industry promises for the future in applications of an explosively developing technology. In space applications, already we have our self-repairing Telstar introducing a new form of world-wide telephone and television communication, and we have an electronic explorer reporting from the vicinity of the planet Venus. For the future, manned space travel is only one feasibility that only a very few years ago all of us considered entirely within the realm of science-fiction.

In industry we have seen the development of electronic controls that do fantastic things in machine operation. We have seen the development of the computer and its increasing usefulness both in the factory and in the office. We stand right now at a point where it is technologically possible to automate an entire business as one interconnected computerized process and information handling system. In such a system, a clerk in a sales office anywhere would translate a customer order into computer language and feed the information into a communicator. From there on, self-correcting electronic devices would handle all factory and office functions including restocking materials and billing the customer. We all expect the near future to see more and more automation in industry and to find computers getting into more and more kinds of industrial and commercial activity.

In the still entertainment-oriented consumer market, we are seeing a growing acceptance of an increasing variety of electronic entertainment equipment. And we expect to see an increasing use of an increasing variety of electronic equipment to perform useful work around the house. The time is not too distant when electronics will be able to take over the entire job, for instance, of grocery shopping.

Everywhere we look—space exploration; national defense; manufacturing; commercial business; highway, rail, and air transportation; commercial and home entertainment; even work around the house and yard—we see an electronic future. This is the familiar and reassuring outline we all see whenever we stand back for an appraisal of our industry.

But is this outline all we see? Of course it isn't. We all pick out details that fill in and highlight the picture to suit ourselves. Because we are different from each other — with different interests, different problems, different needs —we are all going to see this particular banana differently. And it is practically certain that none of us is able to see it as it really is. However, I would like to describe some of the major details as they look to me.

Offers His Own Perspective Of the Industry

To me the *fact* of the industry's growth is not as significant as the changing *nature* of the industry as the growth continues. Ours is a maturing business in an increasingly competitive environment. In addition, it is a business characterized by an increasingly complex technology. These are the "details" I'd like to explore in this paper.

First, let's take a very brief look at just a few of the conditions of doing business today that can have a great effect on our industry.

To begin with, the mood of business about the economy in general is such that all of us are highly price-conscious.

In most industries, the companies that sell on price are finding more and more customers who buy on price.

Industry generally is understandably reluctant to invest in research or in plant and equipment improvements that might not pay off.

Much of industry is plagued by excess capacity which, as a cost item, tends to perpetuate itself in a price-dominated economy.

New materials and processes, results of an exploding technology, continually offer new efficiencies of design and manufacture and thus new opportunities for competitive advantage.

The continued swing toward a buyer's market continues to increase the tempo of competition among all goods and services.

Foreign competition, already being strengthened by the development of the common market, is making many of us much more keenly aware of commercial realities.

The net effect of these and other contributing factors is that we are operating in a period of depressed prices. Moreover, though some businessmen are hoping for a price recovery, it seems likely that what we have is not a price depression but a new price level.

These are general conditions affecting our entire business economy. There is no need to dwell on their particular applications to the electronics industry. Though the nature of our industry makes us feel some of these pressures more keenly, we are essentially in the same position as much of the rest of American industry. We don't like living with the prices our customers are willing to pay. We like even less having to do so in the face of increasing cost pressures. And we don't dare give in to another round of inflation—on pain of being driven out of business by the foreign competition.

Let me say here that in suggesting these difficult conditions of doing business, I don't mean to sound like a prophet of doom. This is not the end of our business world, but in some ways it is a *new* business world — and one which it will pay us to see clearly.

Astonishing Technological Advance

These conditions would be challenging enough if ours were an old stable business. But the electronics industry is anything but that. In just a few short years, we have seen an astonishing technological advance, and yet we seem to be only on the threshold of possibility.

Yesterday it was the introduction of semiconductor devices. Today it is microminiaturization with a compounding of possibilities difficult to believe let alone forecast. Today's state of the art, for instance, has made fingers far too clumsy for much of the work. With electronics controlling manufacturing processes and with electron beams replacing fingers, it is possible "to build devices in which 10 million interconnecting operating parts are packed into a single cubic foot. As another example, the Bureau of Standards has reproduced six 8½ by 11 inch pages of normal size print on the cross-section of a human hair."

The implications of such advances in hardware applications are both fascinating and obvious. There are other implications, however, that though they might be less glamorous are of equally vital importance to all of us who work in the industry. The root of these is the obvious fact that a highly technical output requires a highly technical input.

Industrial Market's Rapid Growth

With that in mind, let's see what our industry's market for the next decade shapes up like.

Military and space, well over half the industry's total market, has been growing steadily and will continue to do so. Already the most demanding on our technological capability, this market shows no signs of letting up (to put it mildly). Listen to these predictions included in a recent ten-year aerospace forecast published by Aerospace Industries Association:

"Electronic system reliability will improve 100 times; data processing memory capacity will increase one million times. New methodology must be developed to attain these advances.

"Continued drastic changes in electronic components are forecast, with molecular electronics expected to increase equivalent component part densities from the

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Taking a Searching Look At Electronics' Future

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present 10,000 per square foot to one billion per square foot in the next ten years."

All indications are that the emphasis is going to be placed more and more on research and development as opposed to procurement expenditures and that development will trend more and more in the direction of complex interconnected *systems*.

The industrial market, now nearly 20% of the total, has been growing fastest, and all indications are that this rapid growth rate will continue. Here automation in both factory and office is the keynote, and the emphasis, once again, is on research and on the development of highly complex systems.

Consumer and Component Markets

The consumer market, though it will increase, will continue to be a smaller and smaller share of the total. But even here the increasing use of semiconductor devices will mean a relative decrease in replacements and in component sales, and the growth of other than entertainment applications will mean an increasing level of technological complexity.

Finally, the component market, which has been holding even in dollar volume, will do well if it can continue at the present fairly healthy dollar level. Increasing reliability of all components, the increasing use of semi-conductor devices, and foreign competition are among the major limiting factors. The net impression I get is that for that part of the industry that restricts itself to making and selling resistors, capacitors, and electronic tubes, the future seems singularly unexciting.

The summary effect of all of this is that it is going to be increasingly difficult for some companies to stay in business. For other companies, the real growth is just beginning. And the most important single deciding factor is going to be the extent and the value of a company's technological input.

Marketing Problem

This need for an increased technological input, along with the slowdown in the industry's growth rate, is compounding the problems of a management accustomed to a rapid growth and a relatively easy financing situation.

Let's explore, very briefly, some of the conditions that are vexing management in our electronics industry. For they suggest strongly that paralleling the need for technological input in a business is an urgent need for technical knowledge on the part of all people in the marketing function — among others.

Electronics now, as a means of interconnection and control, cuts across a wide range of business and scientific disciplines. It follows that successful electronic firms will have engineering, sales, service, and management people with increasingly broad and increasingly technical business backgrounds.

Industries, including ours, which now depend on electronics in the manufacture of their own products obviously find it more and more important that their own people — in all functions — have some knowledge of electronics.

The increasing complexity of electronic systems, the trend toward shorter production runs and correspondingly larger numbers of changes, and other related phenomena have complicated life for marketing and sales people through an increase in programs in which the risk is shared by the customer.

These and other complicating trends—and the invasion of electronics in so many functions—are rapidly making the electronics industry indistinguishable in some ways from other complex systems industries that are basic in our economy. Moreover, these trends do not apply only to the major systems contractors. The change is fundamental to the nature of the entire industry, and it must affect all parts of it.

Danger of Companies Falling Behind

The companies that stick to such products as resistors, capacitors, and electronic tubes are in danger of being left behind and will find the price of admission is very high into the semiconductor business—let alone into the frontiers of molecular electronics. Companies that make components only now face the difficult decision of whether they should or can go into end products. Companies that make end products within a restricted market or range of application face the question of broadening into the systems business. Companies already in the systems business are finding it more and more attractive to make their own components, and even their own component systems, thus completing the circle.

I seem to have come a long way from the painter's problem of seeing the three bananas and an orange on a bright blue shirt, but in reality I haven't. All of the conditions I've been talking about are details that help to fill in the picture of our electronics industry as it really is—at least to my eyes. And what the image adds up to, to me, is this:

Summary

Ours is a maturing industry whose growth from now on will be more evolutionary than revolutionary. But it is nonetheless a revolutionary industry. Technological progress in electronics is going to put us on the moon and elsewhere in space; it is going to eliminate routine and non-creative work in all our factories and offices; it is going to put each of us (potentially) in instant communication with everybody else in the world; it is going to make all the world's knowledge, all the world's culture readily available to everyone; it is going to revolutionize our lives in ways that none of us can foresee.

But like everything else, technological progress in electronics has a price. And the price is that all of us who propose to remain in the industry—those of us who sell, as well as those who design and make—will have to broaden and increase our own technical knowledge—our own technological contributive value. I'm not going to ask whether we are willing to pay this price. I know we are, for the same reason that I know I am. This is our industry: we are a part of it; we are helping to make it; and we are proud of it. If we knew a better one to be in, we'd be in it. We can even afford to be lighthearted about it and agree with Charles Franklin Kettering who said, "My interest is in the future because I am going to spend the rest of my life there."

*An address by Mr. Davis at the Fourth Annual Conference of Electronic Representatives Association, San Francisco, Calif., Jan. 25, 1963.

Named Director

WASHINGTON, D. C.—Appointment of Frank C. Newman, dean of the school of law, University of California, Berkeley, Calif., as a public interest director on the Federal Home Loan Bank of San Francisco's board of directors has been announced by Federal Home Loan Bank Board Chairman Joseph P. McMurray.

Mr. Newman's appointment is for a four-year term ending Dec. 31, 1966.

The Federal Home Loan Bank of San Francisco, one of the 11 District Banks, provides reserve credit for member savings and loan associations in the States of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregan, Utah, Washington, and Wyoming and the Territory of Guam. The board of directors of the San Francisco Bank consists of 19 persons, 13 elected by the member institutions and six appointed by the Federal Home Loan Bank Board to represent the public interest. J. Alston Adams is President of the San Francisco Bank.

Pershing & Co. to Admit Partner

On Feb. 28th Edward J. Cohan, Jr., member of the New York Stock Exchange, will become a partner in Pershing & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

Customers' Brokers To Meet Feb. 25

The Association of Customers' Brokers will hold an educational meeting on Feb. 25 at 15 William Street, New York City. Guest speaker will be John M. Templeton of Templeton, Dobbrow & Vance, Inc., who will speak on "Better Ways to Manage Portfolios."

Treves & Co. to Admit Paul Shaskan to Firm

Treves & Co., 1501 Broadway, New York City, members of the New York Stock Exchange, on March 1st will admit Paul N. Shaskan to partnership in the firm.

THE SECURITY I LIKE BEST...

Continued from page 2

used to direct as cheaply and rapidly as possible the shipment of 500 million magazines and paperbacks a year. However, none of the company's capital is tied up in this electronic brain. It's rented.

Besides National Periodical's comics magazines, Independent News distributes *Family Circle* (3,100,000 copies sold a month), *Mad* (over 1,500,000), *Yachting*, *Guns & Ammo*, 50 other popular magazines and, of course, the phenomenally successful *Playboy*. Distributed in addition are the paperback books published by The New American Library of World Literature, a major factor in this expanding field.

National Periodical is a real bargain today selling at about eleven times fiscal 1962-per-share earnings and undoubtedly less than ten times anticipated fiscal 1963-per-share earnings of one dollar. Looking not very far into the future, National Periodical appears to be an even greater bargain. For each coming year, millions of boys will discover *Superman, Batman, Superboy* and the company's other super-heroes. Most of these loyal readers will eventually outgrow *Superman*, only to transfer their reading habits to *Teen, Hot Rod* and other successful magazines distributed by the Independent News Company. In later years, when these adults marry, National Periodical can still absorb some of their magazine budget through distribution of *Family Circle, Motor Trend*, and the annual *Income Tax Guide*. How can you beat that kind of life-long, diversified market franchise?

Sales and Earnings

Fiscal Year Ended 9/30	Total Revenues (000)	Net Income (000)	Earnings Per Share	Price Range High	Low
1962	$39,260	$1,093	$.85	17⅛	7¼
1961	35,972	850	.66	19	*13¼
1960	33,931	793	.61	--	--
1959	31,191	667	.52	--	--
1958	28,134	244	.19	--	--

*Issue price was $15.

Capitalization (as of Sept. 30, 1962); Funded debt: none; Common ($1 par): 1,283,486 shares issued out of two million authorized.

Balance Sheet Items (as of Sept. 30, 1962): Total Current Assets: $13,177,000; Total Current Liabilities: $8,839,000; Net Working Capital: $4,338,000; Current Ratio: 1.5; Book Value per Share: $4.54.

The State of TRADE and INDUSTRY

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

Industrial production, nonfarm employment, and retail sales continued to change little in January, according to the Federal Reserve in Washington, D. C.

The Federal Reserve Board's monthly compilation "National Summary of Business Conditions" also pointed out that commercial bank credit rose further. Between mid-January and mid-February, bond yields increased somewhat.

In its monthly round-up of business conditions, the Federal Reserve Board noted that "industrial production in January was unchanged from the revised December index of 119% of the 1957-59 average. Output of consumer goods increased, but production of equipment and materials declined somewhat. In both December and January production was limited by strikes and severe weather.

"Auto assemblies in January remained at the advanced level of the previous six months. Output of home goods recovered further, returning to the high of last spring; gains were particularly large for television sets. Production of consumer staples was maintained at the record level reached last summer.

"Output of construction materials declined further in January, and production of crude oil and some other nondurable materials was curtailed. Output of primary metals changed little. In early February, steel ingot production increased somewhat.

Construction Activity

"New construction put in place, which was revised downward for December, increased in January to the November seasonally adjusted annual rate of $62½ billion. Residential building rose 2% further while most other types of private activity and public construction changed little.

Employment

"Seasonally adjusted employment in nonfarm establishments in January remained at the level prevailing since mid-1962. Employment was reduced in transportation because of the dock strike affecting Eastern and Gulf ports from Dec. 23 to Jan. 27. Employment in other activities showed only small changes, with manufacturing down and trade up. In manufacturing, both employment and the average workweek were somewhat below their levels in mid-1962. The rate of unemployment in January was 5.8% of the civilian labor force, compared with 5.6% in December and 5.8% in November and January 1962.

Distribution

"Preliminary retail sales figures for January were one-half percent below the advanced November-December level. Sales declined at department stores and at most other types of retail outlets other than the automotive group. Dealer deliveries of new autos, after declining from the near-record rate reached in October, rose substantially in January. Dealer stocks of new autos increased somewhat more than seasonally but were only 2% higher than a year earlier while sales were up 12%.

Commodity Prices

"The wholesale commodity price index continued to change little between mid-January and mid-February. Apart from a rise in steel scrap, prices of sensitive materials changed little and prices of industrial products generally were stable. Livestock prices declined about 5%, reflecting mainly sharp decreases in cattle.

Bank Credit Money Supply, and Reserves

"Total commercial bank credit, seasonally adjusted, rose further in January by $1.2 billion, an amount not quite as large as in other recent months. Security holdings increased contraseasonally, but total loans changed little following a sharp rise in December. The money supply declined $600 million between the second half of December and the second half of January, following substantial growth in late 1962. Time and savings deposits at commercial banks rose $1.7 billion, a larger amount than the monthly increases in late 1962.

"Total reserves, which usually decline in January, changed little. Reserves were supplied principally through currency inflow and were absorbed through increases in Treasury deposits at the Reserve Banks, an outflow of gold, and a $350 million reduction in Federal Reserve holdings of U. S. Government securities. Required reserves increased further, and excess reserves declined. Member bank borrowings at the Federal Reserve, which had been temporarily high in December, were reduced; in late January and early February, however, they increased somewhat.

Security Markets

"Yields on U. S. Government securities and on state and local government bonds rose somewhat between mid-January and mid-February while those on corporate bonds changed little. Rates on three-month Treasury bills, at around 2.95%, were near their 1962 highs.

"Common stock prices increased slightly further on balance, and trading remained active. By mid-February average prices had recovered two-thirds of the decrease from the peak in December 1961 to the low in late June 1962."

Bank Clearings Increased 3.1% 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, Feb. 16, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 3.1% above those of the corresponding week last year. Our preliminary totals stand at $28,779,035,973 against $27,923,624,892 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week Ending Feb. 16—	(000s omitted) 1963	1962	%
New York	$15,457,677	$14,558,355	+ 6.2
Chicago	1,269,712	1,325,146	— 4.2
Philadelphia	1,042,000	1,099,000	— 5.2
Boston	789,057	775,926	+ 1.7
Kansas City	512,766	501,208	+ 2.3

4% Steel Rise Over Prior Week Marks Third Weekly Gain in a Row to a 10-Month High, but is 16.3% Below Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Feb. 16 was 2,054,000 tons (*110.3%), as against 1,975,000 tons (106.0%) in the week ending Feb. 9. The week to week output increased 4.0%.

This gain was the third weekly one in a row. It followed a surging rise of 5.4% increase in the week ending Feb. 9 compared to the Feb. 2-ending week. The latter, in turn, put in a modest weekly advance of 0.6% compared to the week ending Jan. 26. The rise is attributed to an advancing demand for steel fed by an undercurrent of hedge-buying against a possible steel strike.

So far this year — through Feb. 16—the output of 13,472,000 ingots and castings registered a 19.2% decline compared to Jan. 1-Feb. 17, 1962 production of 16,671,000 net tons (127.8%).

Data for the latest week ended Feb. 16 shows a production decline of 16.3% compared to last year's week output of 2,454,000 net tons (131.7%).

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 Feb. 16	Feb. 9
Nortn East Coast	99	95
Buffalo	101	100
Pittsburgh	97	93
Youngstown	101	95
Cleveland	121	115
Detroit	163	160
Chicago	123	118
Cincinnati	114	120
St. Louis	109	105
Southern	104	94
Western	112	106
Total Industry	110.3	106.0

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

March Steel Output to Climb to Highest Level in Nearly a Year

Steel production in March will climb to the highest level in almost a year, *Steel* magazine predicted.

Output won't match the 10.6 million ingot tons of last March, but it will probably top 9 million tons for the first time since April. Reason: Seasonal factors and some inventory building are being added to a market that's riding an uptrend.

There won't be a boom to rival last year's because buyers have learned that they don't have to do all their stockpiling in the first quarter. They feel the odds are against a strike, so they'll gamble on building their inventories gradually.

Result: Steelmakers may be spared last year's boom-and-bust cycle. Barring a quick settlement of the labor question, production will continue rising through the second quarter.

Steel output this week is expected to be higher than the 2,015,000 ingot tons that *Steel* estimated the industry poured last week. It was the largest tonnage recorded since the week ended April 21, 1962. Output was 2% above the previous week's and equivalent to an operating rate of 65.5% of estimated capacity.

The jump in steel output was not reflected in any surge in steelmaker demand for scrap. *Steel's* price composite on No. 1 heavy melting grade held at $28.33 a gross ton.

Weather Hampers Steel Shipments

Cold weather and snow are hampering shipments of steel products, particularly by truck and barge.

Consumers are showing more interest in flat rolled products and indications are that March deliveries will be up substantially. Deliveries are tightening a little.

Structural fabricators report inquiry is a little more active than it was, but orders remain relatively light. Public work continues to dominate demand.

Moderate buying of hot rolled merchant bars continues. Long

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U. S. Business Must Try for Free World Common Market

By J. Paul Austin, President, The Coca-Cola Co., Atlanta, Ga.*

We must go beyond the scope of our recently passed Trade Expansion Act and the bargaining links it provides to the European Common Market to the ultimate achievement of a "Free World Common Market." In presenting a strong case in favor of such a step, Mr. Austin describes the advantages, difficulties and adjustments which would have to be made. He does not minimize the requisite conditions which must be met and the tremendous planning entailed. Moreover, the business community is singled out as the only group that can bring about such a plan said to be necessary for the advancement of our prosperity, the realization of a one-world trading economy, and the attainment of the priceless goal of peace.

The passage of the foreign trade bill will surely prove to be a milestone event in our lifetime. For it offers an opportunity to join in an imaginative assault on barriers to prospering, peaceful relations between nations. To the American economy, it holds out the promise of new and expanding markets in which we would enjoy the same freedom from tariff barriers as other major nations who have formed regional groups; markets which we need if we are to regain our historical path of growth.


J. Paul Austin

Clearly, the opportunities are there. How does the business community propose to deal with them? Have we a coherent plan for world marketing? Or will we be content to go along with blueprints that others draw for us?

I should like to suggest some ways for American business to contribute to the future organization of world commerce.

We know that passage of the trade bill reflects many of the influences behind the revolution in today's international markets.

One such influence is the success, beyond any expectation, of the European Common Market. Between 1950 and last year, its gross national product rose by 155%—about twice the rate for the United States.

Another impulse to freer exchange has been the historic experience that large, unified markets are more prosperous than fragmented markets. Nations, generally, have achieved greater wealth than principalities, and empires seem to have done better than nations.

Must Look Abroad for Further Prosperity

And despite our own success as an interstate common market, we must now look abroad for further prosperity. With some embarrassment, we find our growth rate is lagging behind that of others. As their economies boom, ours is sputtering.

Meanwhile, creative statesmen have proposed the idea of an Atlantic Community. It is not surprising that we should respond with interest to the opportunities it presents. Economists have good reason to believe that the coming together of two highly-charged masses—the markets of Western Europe and North America—may set off an explosive prosperity.

As a simple index, it is estimated that even without closer partnership these two markets by 1970 will sustain demand for almost 14 million automobiles a year. With greater exchange this total would be still more impressive.

What would happen if we were to restrict ourselves from new world trading patterns?

It has been estimated that if nothing were done about it, the United States would lose exports worth $800 million a year, as a result of the formation of the Common Market, alone. This was the prospect before passage of the foreign trade bill. For example, while our duty on automobiles is 8½%, the Common Market tariff on imported automobiles would be 29%; and American cars would have to compete in Europe with automobiles not subject to a tariff. On other products with sizeable potential—appliances, light machinery, office equipment — the Common Market's tariffs against us would range from 10 to 22%. In contrast, member countries can export these products to each other without any payment of duties.

Since we began cutting our own tariffs some 30 years ago, we have reduced our duties to a fraction of what they were. By shrewdly bargaining with this remaining fraction of protection, we should be able both to reap the full benefits of the trade bill and avoid the discriminatory barriers that the Common Market would otherwise impose.

We cannot, of course, turn our eyes only to Europe—we have other trading relationships. On the one hand, there are all the incentives of a partnership with the European Common Market. On the other, we have strongly-established economic ties with Canada, Japan, Australia, and Latin America, as well as with the free world's underdeveloped nations to whom we give assistance.

The present position of the United States may be compared loosely to that of England in recent years. The European Common Market has presented the United Kingdom with urgent inducements for membership. At the same time, England's economic and traditional ties with the Commonwealth are undeniable. What now appears likely is that the United Kingdom, while joining the European Common Market, will seek to accomodate, as far as possible, the needs of the Commonwealth.

A similar conflict faces the United States as it considers an Atlantic Community. One of the dangers of a close partnership with Europe would be to face the charge that we had turned our backs on trade relations already developed with Japan, Latin America, and others. The inflammatory implications of such a posture would more than cancel out the trade advantages of an Atlantic Community. The problem remains—how to avoid this embarrassment and at the same time enjoy the benefits of a larger international orbit.

There is a solution.

A Free World Common Market

It extends the idea of an Atlantic Community to world-wide dimensions. It is the idea of a Free World Common Market—a unified trading economy for the whole free world.

This would be an economic association of free nations seeking the most active and favorable trade for all those participating. It would leap over the phase of an Atlantic Community, with its two industrialized entities of Europe and North America. It would contemplate a network of associations which would operate as one vast unit. In this unit, the larger powers would be able to promote maximum prosperity for all. They would develop patterns of commerce that would help less privileged countries rise above their poverty, and prosper as markets and traders in a wide range of goods and services.

Of course, the coining of a phrase like "Free World Common Market" comes years before the reality. Even the European Common Market is still in an early or intermediate stage. And even fully developed within its present borders, it would be short of fulfillment. As the Belgian statesman, Paul van Zeeland, has pointed out, "If the Common Market were to come to a stop and remain limited to the Six, it would, after a certain time, begin to grow anemic. . . . A European economy limited to the frontiers of an integrated Europe would be deprived of a whole series of her raw materials, a whole series of her markets."

The logic of a European Common Market—or of an Atlantic Community — applies with equal force to the idea of a Free World Common Market. Indeed, as we measure the needs of nations to extend their trade, we might even say that a world-wide trading area appears inevitable.

When will it come about? What will delay it?

The biggest single obstacle to its development, it seems to me, is not inherent in the basic idea, nor is it the possible resistance of one or more trading interests. In my view, a Free World Common Market faces delay for the simple reason that we have not yet prepared for it.

So far, we have no public agreement on a blueprint for an Atlantic Community, let alone the larger entity — the Free World Common Market. We have no plan for managing the transition to a world-wide trading economy. We have no timetable, no set of priorities by which certain programs can be moved along, either together or in sequence.

Inconsistencies Denote Lack of Planning

It was significant that on the same day a liberal trade bill was passed, furthering our relations with other countries, an assistance program was cut sharply by an action of the House. The effects of the trade bill, however, will not be felt significantly for

Continued on page 38

Connecticut Brevities

R. H. Macy, one of the nation's largest retail department stores, has announced that it plans to build a major branch store in New Haven, Connecticut. The $5 million, three-story building will be a part of the Church Street Project in downtown New Haven. Macy's is the biggest single new employer to come to New Haven since the end of World War II, and it is expected that the store will employ 700 people with an annual payroll of $2,500,000.

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Burroughs Corporation's Todd Division has taken an option on a 13 acre site in Tolland, Conn. for the construction of a printing plant. The Todd Division is a leading manufacturer of checks and accounting forms and systems, and it is a pioneer in the field of magnetic checks in electronic data processing. The proposed plant, which will cost an estimated $1 million, is the first of its type in Connecticut, and it will serve a national market. Undoubtedly the new facility will require a large employee staff and will provide more employment for Connecticut residents.

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Fafnir Bearing Company, New Britain, Conn. has announced a joint project with Industriewerk Schaeffler (INA) for the formation of Fafnir Waelzlager G. m. b. H. in Homburg, Saar, West Germany. This new German venture will be for the sale and manufacture of Fafnir ball bearings abroad, and according to Stanley M. Cooper, Chairman of the Board, it is the latest step "in a broad plan to give Fafnir strategic manufacturing and sales locations in the rapidly developing world market for anti-friction bearings." Fafnir is the largest independent domestic producer of ball bearings, and Industriewerk is a leading European manufacturer of needle roller bearings. The combination will increase the coverage and competitive position of both parent firms in the European Common Market.

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Three Connecticut utilities, **Connecticut Light and Power Co.**, **Hartford Electric Light Co.**, and **United Illuminating Co.**, will participate in the building of a 500,000 kilowatt atomic power plant at Haddam Neck, Conn. Nine other New England utilities are taking part in the $70- to $80-million project which is to be called the Connecticut Yankee Atomic Power Co. Completion of the plant is tentatively scheduled for 1967. The Connecticut plant will use a pressurized water reactor to generate steam to drive the turbo-generator. This reactor is similar to, but about three times larger, than the reactor used in the Massachusetts atomic facility, Yankee Atomic Electric Plant. The utilities believe that atomic power in competitive now with the cost of fossil fuels (oil, gas or coal) in New England, and that nuclear power also offers the promise of producing lower-cost power in the future.

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Arnold Bakers Inc. has announced plans to move its operations to Greenwich, Conn. The company recently signed a contract to purchase a 20-acre property where it will build a bakery and headquarters building to house its executive, sales, research and development staff. This plant is expected to cost in excess of $3 million.

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Gray Manufacturing Co., Hartford, has received an additional contract from the U. S. Army Signal Corps in the amount of $570,000 for field telephone equipment. This brings the total value of contracts for field telephone equipment to $1,461,000. Gray has also received an additional award of $240,000 for missile test equipment which the company helped to pioneer for the Navy, bringing the total value of this contract to $693,000.

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The Stanley Chemical Division of **The Stanley Works**, New Britain, Connecticut has announced the development of a new series of quality coatings including both base coat and top coat for phenolic plastics. Called Stan-Clad 2000 base coat and Stan-Clad 3000 top coat, the coatings offer outstanding appearances, excellent adhesion properties, and fast cure cycles to the vacuum metallizing industry. A high resistance to marring and staining also suggests many commercial applications.

Arthurs, Lestrange To Admit Four

PITTSBURGH, Pa.—On March 1st Arthurs, Lestrange & Co., 2 Gateway Center, members of the New York and Pittsburgh Stock Exchanges, will admit to partnership Kenneth Moir, Donald S. Pearlstein, James B. Say and Thomas F. Smith. Mr. Moir is in the firm's municipal department.

S. S. Samet With Gruntal & Co.

S. Sam Samet has become associated with Gruntal & Co., 50 Broadway, New York City, members of the New York Stock Exchange, as a registered representative. Mr. Samet has recently been associated with Lieberbaum & Co. in the syndicate department. Prior thereto he headed his own investment firm.

The Market . . . And You

BY WALLACE STREETE

The stock market is fast getting to the old cliche stage of "the higher the fewer." Overall, the direction of most indices continues to be up, but accumulating congestion in various limbs of the market body may soon halt the advance for a much needed period of rest.

Yet the market, by many standards, should have paused for a refresher weeks ago. Business news is still mixed. Economic uncertainties are still very evident. The tax cut question remains a large enigma.

"Technical" Aspects

But the record shows an almost constant advance in the Dow Industrials since October. The recovery pattern is now more than 75%, or close to the point where a reaction is nearly overdue.

Last week's increase alone pushed the all-important D-J market barometer to 686 at the close. This is already several points above that where a large supply of stock was supposed to make its appearance.

An intra-day high of 694 earlier this wek also failed to stimulate any widesperad profit-taking. Another factor pleasing to the bulls has been the volume pattern. Turnover continues to decline in the down sessions and expand moderately in most of the advances. A five million share day is still rare.

There is little doubt this is, and probably will continue to be, a professional trader's market for some time. Odd-lot purchases remain well below odd-lot sales although the margin is narrowing.

Meanwhile the incentives for abrupt change in the market as a whole are lessening.

Many observers are swinging to the opinion that the current advance will deteriorate into a lack-lustre sideways movement for an indefinite period. Evidence of caution is becoming more apparent in predictions of chartists that 1963 will be an "inside" year. No tops, no bottoms, and a rather narrow range for most indices.

Hopes of big trading days have also diminished to a large extent. A 5.6 million share session last week was the largest thus far this year.

Although volume climbed past 22.6 million shares for the week, up nearly 2.5 million shares from the prior week, it remained well under the more hectic periods of last Spring.

Meanwhile, the Dow-Jones industrial average has crept to within shouting distance of the year-ago figure, but the resistance areas of the 700 level now appear more formidable.

Increasing Selections

Like most markets, this one has become more selective in the upper levels. Autos continue to exert a dominant influence. Chrysler in particular is playing a Pied Piper role in the advance of the Dow. This index reflects a change of one point for every three in Chrysler.

With Chrysler now up more than 50 points from its 1962 low, the nation's number three auto maker has been responsible alone for 17 points, or about 12% of the recovery in the market average.

The other four auto stocks are also playing a possibly exaggerated part in market volume. But traders apparently flock to good news without hesitation these days. Chrysler, American Motors, and Studebaker placed among the four most active stocks last week. Ford was tenth and General Motors twelfth among the most heavily traded securities.

The auto news is unquestionably encouraging. The Census Bureau survey has confirmed that consumers expect to buy as many cars as last year, and several auto makers expect to boost their profit margins.

First quarter production is expected to hit two million units, or 10% more than a year ago.

Steels Boosted

The fast-stepping autos have given a healthy boost to steel stocks. U. S. Steel and Bethlehem have staged substantial advances from their lows of 37¾ and 27⅛ respectively. Several specialty makers have fared even better, especially Youngstown, Armco, and Republic.

The overall steel picture is brightening perceptibly. A brisk advance of 10 to 20% in orders from the month-ago level has pushed output to the highest point in nearly 10 months. Although part of the added demand obviously stems from hedge buying in the event of a strike this Spring or early Summer, it is also evident that steel consumption is rising.

The real burst of strike hedge buying is not expected until March, solidifying the belief that some users had let their inventories get too low. Meanwhile, speculation is growing whether the steel workers union will move to reopen negotiations on wages after April 30 as provided in the current contract.

A tip-off to the official White House attitude to any major steel labor strife may have come from Labor Secretary Wirtz's statement this week that he had considerable confidence the situation could be worked out without a major disruption.

And an equally significant hint (in management's attitude) may be seen in the speech of Youngstown's President to New York Security Analysts that a steel price rise is unlikely soon. He added ". . . no matter how justified . . . from a cost-price standpoint. . ."

From the Economic Summit

Market analysts were also exposed this week to official views from Washington delivered by Presidential aide Walter W. Heller. If investors get the message intended, they will be spending their money saved from future tax cuts in ways to avoid inflationary effects of Kennedy budget deficits.

But warned Mr. Heller, the current economic recovery, now in its 24th month, only has four months to go if it matches the pattern of the eight postwar recoveries. What then? Possibly a recession (this word was mentioned 14 times in the Heller speech), although he did not rule out the chance of an investment surge if most major fiscal policies of the Administration should be followed.

Meanwhile, one stock isn't waiting for Washington, or labor talks, to stage its own spree. U. S. Smelting, up 8½ points last week to 75¾, added 5⅝, and 6¼ points the first two days this week. In its surge past 87 from a 1962-63 low of 22⅜, refining and mining firm's stock has spurted on the strength of a hot proxy fight expected this spring over election of directors.

A possible squeeze on supply of the fairly closely-held stock is also cited as a factor in its rapid run-up.

Rails and Utilities Draw Support

Rails and utilities continue to draw strong support from the professional segment of the market. While earnings are not uniformly good for the carriers despite the help of guidelines, there is enough optimism to push the Dow-Jones rail index to new recovery highs. The utility average remains close to its post-1929 high set last week.

Telephone, the big disappointment last week when it failed to boost its dividend, pulled little surprises this week with announcement of slightly higher earnings for 1962. Although it has made a strong contribution to the comeback team of blue chips, most of the good news seems to be out as far as investors are concerned.

Favored Investment Stock

Procter & Gamble, another investor favorite, expects better results in 1963. Its stock, now midway between its high for the year of 92¼ and 56⅝, failed to respond much in reaction to a dividend hike earlier this month when the quarterly payout was raised from 27½ cents to 40 cents.

Procter & Gamble climbed 5% in the half-year ended Dec. 31.

[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.]

Signs Puerto Rico Bonds

Dona Felisa Rincon de Gautier, Mayoress of San Juan, Puerto Rico, signs bonds (Feb. 13, 1963) with a multiple pen in connection with the recent sale of $9,100,000 San Juan public improvement bonds to a group headed by the Chase Manhattan Bank, Morgan Guaranty Trust Company, and Ira Haupt & Co., and including Banco de Ponce. Seen witnessing the signing is (left) Miss Catalina Palerm, Secretary of San Juan. A check for the bonds was presented at the Chase Manhattan Bank (Feb. 14) to a representative of San Juan.

Kinzel Elected Director

Augustus B. Kinzel, Vice-President—Research of Union Carbide Corporation has been elected a director of General American Investors Company, Inc., it has been announced by Arthur G. Altschul, Chairman of the Board. General American Investors Company is a closed-end investment company listed on the New York Stock Exchange.

NEWS ABOUT BANKS AND BANKERS

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

George H. Borrmann, George J. Meara, and Kenneth J. Sickler have been promoted to Vice-Presidents of the Chase Manhattan Bank, New York, it was announced Feb. 18.

Mr. Borrmann, who is manager of the commercial letter of credit division in the international department, joined the bank in 1921. He was appointed an Assistant Treasurer in 1946 and promoted to Assistant Vice-President in 1960.

Mr. Meara, who is in charge of the bank's branch at 33 E. 23rd St. in Manhattan, has been with that branch since joining the bank in 1925. He was named Assistant Manager in 1948 and Manager in 1954. Appointed Assistant Treasurer and Manager in 1955, he was promoted to Assistant Vice-President in 1957.

Mr. Sickler heads the municipal bond trading division in the investments and financial planning department. He was appointed an Assistant Treasurer in 1952 and promoted to Assistant Vice-President in 1957. Mr. Sickler joined the bank in 1929.

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The Bank of New York announced the appointment of George E. Garvin as a Vice-President in the Investment Counsel Department of the Trust and Investment Division and Charles J. Englert to Assistant V.-P. in the National Department of the Banking Division. Charles R. Beattie, Jr., also in the Investment Counsel Department, was appointed as Assistant Secretary.

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Robert W. P. Morse, Vice-President and Treasurer of **The Dime Savings Bank of Brooklyn, N. Y.,** Feb. 15 observed the 30th anniversary of his employment by the bank.

Mr. Morse attained officer rank on Dec. 16, 1949 when he was appointed Assistant Comptroller. He was named Assistant Treasurer on Sept. 23, 1952, Assistant Vice-President on July 16, 1954 and Vice-President Aug. 16, 1957. Three years later, on Sept. 16, 1960, he was elected Vice-President and Treasurer.

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Jay A. Clark has joined **National Bank of Westchester, White Plains, N. Y.,** as Assistant Advertising and Public Relations Manager.

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The Board of Governors of the Federal Reserve System Feb. 8 announced its approval of the acquisition of the assets of the Greenwood Branch of **Security Trust Company of Rochester, Rochester, N. Y.,** and the assumption of its deposits liabilities by **First State Bank, Canisteo, N. Y.**

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The Mellon National Bank & Trust Co., Pittsburgh, Pa., made John A. Mayer, President, he was Chief Executive Officer, succeeding Frank R. Denton, who will remain a Vice-Chairman.

A. Bruce Bowden, Vice-President and Harold S. Overholt, Vice-President were made Senior Vice-Presidents.

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The Board of Governors of the Federal System Feb. 8 announced its approval of the merger of **Codorus National Bank in Jefferson, Codorus (Jefferson Borough), Pa.,** into **Peoples Bank of Glen Rock, Glen Rock, Pa.**

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Comptroller of the Currency, James J. Saxon, announced Feb. 11 that he has given preliminary approval to organize a National Bank in Arlington County, Va.

Initial capitalization of the new bank will amount to $1,500,000 and it will be operated under the title, **"Commonwealth National Bank of Arlington".**

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The **Indiana National Bank, Indianapolis, Ind.,** elected Delbert L. Mills a Director.

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The **Central National Bank, Chicago, Ill.,** elected Joseph J. La Rocco a Vice-President and Trust Officer, He will head the trust division, succeeding Edward S. Jackson who has been made General Attorney and Chief of the law department.

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W. Richard Murphy was elected Senior Vice-President of **Pullman Bank & Trust Co., Chicago, Ill.** and **Standard Bank & Trust Co., Chicago, Ill.,** and **County Bank & Trust Co., Blue Island, Ill.**

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Comptroller of the Currency, James J. Saxon, Feb. 11 announced that he has given preliminary approval to organize a National Bank in Madison Heights, Mich.

Initial capitalization of the new bank will amount to $600,000 and it will be operated under the title, **"The Madison National Bank".**

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The **Iowa-Des Moines National Bank, Des Moines,** has elected George M. Umbreit, a Director.

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The **Peoples Exchange Bank, Russellville, Ark.,** has changed its title to **Peoples Bank and Trust Company.**

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Walter R. Klostermeier was elected Vice-President in charge of personnel of the **First National Bank in St. Louis, Mo.**

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John R. King was elected an Assistant Vice-President of **First National Bank in St. Louis, Mo.** Feb. 19 and will serve as Agricultural Officer in the bank's correspondent division.

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The **Citizens & Southern National Bank, Atlanta, Ga.,** elected Thomas J. Monroe, Jr., and William B. Stark Vice-Presidents and Trust Officers and F. Adrian Norton and Donald L. Whittemore, Jr., were elected Vice-Presidents.

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The Comptroller of the Currency, James J. Saxon, announced Feb. 11 that he has given preliminary approval to organize a National Bank in Denton, Texas.

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

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The **First National Bank of Arizona, Phoenix, Ariz.,** elevated to Vice-Presidents C. B. Plumb, Manager of the bank's Scottsdale office, and Arthur A. Schwalge and Duane D. Stoft, both of the bank's home office.

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The Comptroller of the Currency James J. Saxon on Feb. 11 announced that he has given preliminary approval to organize a National Bank in Denver, Colo.

Initial capitalization of the new bank will amount to $1,050,000, and it will be operated under the title **17th Street National Bank of Denver.**

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Neil C. Breslin and James D. Lea have been appointed Vice-Presidents at **The Bank of California's** Head Office in San Francisco, it was announced Feb. 12.

Prior to joining the bank recently, Mr. Lea had been associated since 1948 with the **First City National Bank, Houston, Texas,** as Vice-President.

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The **Hibernia Bank, San Francisco, Calif.,** appointed Ernest O. McCormick, III, a Vice-President.

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The **Union Bank, Los Angeles, Calif.,** elected H. Safford Nye, an Executive Vice-President, a Director.

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The election of James W. McDonald to Senior Vice-President and Cashier of **Security First National Bank, Los Angeles, Calif.,** was announced Feb. 12.

The bank also announced the retirement of Elden Smith, Vice-Chairman, from regular official duties with the bank, effective March 1. Mr. Smith will remain as a member of the Board of Directors and of the Executive Committee.

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The **Dallas City Bank, Dallas, Oregon,** has changed its title to **Polk County State Bank.**

Emerson Electric Manufacturing Co. Secondary Offer

A secondary offering of 162,045 common shares of Emerson Electric Manufacturing Co. is being made by Blyth & Co., Inc., New York, and associates. The stock is priced at $31 per share.

None of the proceeds from the sale of the shares will accrue to the company as these shares are issued and outstanding and are being sold for the accounts of certain selling stockholders.

Emerson Electric, with headquarters in St. Louis, Mo., makes a diversified line of electrical and electronic products, including electric motors, automatic controls, electronic devices and builder products. The company's business is primarily of a nonmilitary, commercial and industrial nature, although an important segment of its business includes the production of items for the national defense and space programs.

H. J. Mintz Co. Formed

H. J. Mintz & Co. has been formed with offices at 4 Albany Street, New York City to engage in a securities business. Partners in the firm, which is a member of the American Stock Exchange, are Harold J. Mintz and Alan L. Streusand, General Partners, and Jessie Bregman, Limited Partner.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

American Foreign Power Company, Inc.
Brazilian Traction Light & Power Company, Inc.

American and Foreign Power (controlled by Electric Bond & Share through ownership of more than half the common stock) controls operating subsidiaries in Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Panama and Venezuela. The company's valuable Cuban properties were expropriated in August 1960, and no income from Cuba has been obtained since the middle of 1959. During the years 1952-58 consolidating earnings per share had ranged between $1.93 and $2.54, averaging around $2 in 1954-58. In 1959 earnings dropped to $1.08 as the result of the Cuban losses, but recovered to $1.73 in 1960 when the company improved its income from Mexico under a new setup in that country.

Loss of the income from Brazil during 1961-2 resulted from the severe inflation in that country and failure of the government to authorize rate increases adequate to offset inflation. As a result, consolidated earnings in 1961 declined to $1.29, despite increased income from Mexico and the Argentine. Parent Company earnings in 1961 were $1.25 and have now been reported at $1.26 for 1962. The dividend rate, which had been raised to $1 in 1957, was lowered to 50 cents following the Cuban debacle, but raised to 64 cents last year.

As the result of sale of system properties in Mexico and Colombia, and a plan to compensate the company for the loss of Argentine properties expropriated during the Peron regime, the company has been able to obtain some offset to the loss of its earning power in Cuba and Brazil. Its properties in Mexico were sold to a government agency for $70 million, of which $63 million was in 6½% serial notes maturing over a 10-year period. The company agreed to invest the payments of principal (but not the interest) in non-utility industries in Mexico. Similarly the company obtained a settlement for $61 million in the Argentine, of which $15.7 million was in cash and $45.3 million to be paid over a 13-year period with interest on the unpaid balances at 6½%. Here also, the principal payments are to be reinvested in Argentina in non-utility enterprises. In Colombia the company last July received an initial payment of $2.6 million while the balance of $23 million (or some lower amount, to be decided by arbitration) will be repaid over twenty years—in this case the funds will not have to be reinvested in Colombia.

The Brazilian Government in recent years has expropriated three subsidiaries of Foreign Power without allowing any compensation. The Foreign Aid Bill of 1962 contained an amendment specifying that Washington's monetary aid to any foreign country which had expropriated U. S.-owned properties without giving compensation, would end after Feb. 1, 1963. Moreover, the law provided that the President of the United States might also withhold aid until "discriminatory taxes or other exactions" had been remedied. While the law did not refer specifically to failure to increase rates to offset currency inflation, this provision might be applicable in the case of non-appropriated American & Foreign Power subsidiaries because promised rate increases had been made inoperative by threatened heavy taxation or by failure to ratify them.

American & Foreign Power has been hopeful that a deal for the sale of **all** of its Brazilian properties to some agency of the Brazilian Government (not merely compensation for the expropriated utilities) may be worked out, on a basis similar to the plans already made effective in several other Latin American countries. President Sargent has been actively negotiating such a sale in Brazil but no definite announcement of terms has yet been announced. The investment of American & Foreign Power in the net plant of its Brazilian subsidiaries is estimated at about $150 million dollars.

It was announced Jan. 31 that International Tel. & Tel. had reached an interim arrangement for compensation for its telephone properties expropriated last year by one of the Brazilian states. Final settlement will await a ruling on valuation by a state court. President Geneen of I. T. & T. stated that the settlement was based largely on a proposal made by the company last March and that the terms would give it an opportunity to increase the manufacturing facilities of another subsidiary; thus the proceeds would apparently be reinvested in nonutility property, but details of the plan have not been made available.

With any fair agreement for the sale of all its properties in Brazil, American & Foreign Power should receive a substantial amount of annual interest which would presumably be remitted to New York in dollars. While the amount of interest would decline as the principal was paid off, this might be offset by gradually increasing earnings on non-utility properties in which the serial payments would be reinvested. It appears unlikely that American & Foreign Power will have to pay any U. S. income taxes for several years at least, hence the income from interest and non-utilities earnings during this period might be considered as income largely available for the 7,312,526 shares of common stock outstanding. Continuing annual receipts of these future earnings in dollars in New York assumes, however, that monetary conditions in Brazil can be stabilized (with U. S. aid) sufficiently to enable the government to remit interest in dollars, and to enable the company to convert its non-utility earnings into dollars for remittance. Serial payments of the notes representing principal would presumably be made in cruzeiros (for reinvestment in Brazil) which would impose less of a problem.

Brazilian Traction Light & Power is an important Canadian holding company with total assets of over $600 million invested in Brazilian utilities. It would probably also like to sell its properties to the Brazilian Government and such a step has been authorized by stockholders, but the company does not enjoy the same automatic support from the Canadian Government as is the case with American companies due to our Foreign Aid Act. Brazilian Government decrees seem to indicate that any down payment would be limited to 10% of the total price and also that at least 75% of the full purchase price must be reinvested in Brazil. Other restrictions regarding reinvestment methods might also limit the future income obtainable, according to Standard & Poor's. Thus, while the common stock at the end of 1961 had a book value of $30.47 and earnings of 97 cents a share were reported for 1960 and again in 1961, the outlook for obtaining future income in any substantial amounts seems rather indefinite. The stock has been selling around 4 recently compared with the 1962-3 range of 2¼-4⅝.

Potomac Electric Power Company Bonds Offered

Dillon, Read & Co., Inc., Lehman Brothers, Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., New York, and Johnston, Lemon & Co., Washington, D. C., head an underwriting group which is offering publicly $50,000,000 Potomac Electric Power Co. 4⅜% first mortgage bonds, due 1998, at 101.898% to yield 4.27% to maturity.

The bonds were awarded at competitive bidding Feb. 19, at an interest cost to the company of about 4.31%.

The new bonds are redeemable at 107.78% for five years and thereafter at prices scaling downward from 105.36% to 100% for the last 12 months before maturity.

Of the net proceeds to the company from the sale of the bonds, $12,000,000 will be used to pay outstanding bank loans. Such borrowings were made for working capital, construction expenditures and other corporate purposes. The balance of the proceeds will be used to reimburse the company's treasury for construction expenditures heretofore made and to provide for a portion of its continuing construction program.

It is estimated that gross property additions for the year 1963 will aggregate approximately $90,000,000.

The company of 929 E St., N. W., Washington, D. C., furnishes electric power to a service area of approximately 643 square miles, having a population of about 1,510,000, comprising the entire District of Columbia and portions of contiguous areas in Virginia and Maryland.

William R. Staats To Admit Two

LOS ANGELES, Calif. — On March 1st John R. Moore and Basil B. Gallagher will be admitted to partnership in William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Moore will make his headquarters at the firm's San Francisco office, 111 Sutter Street. Mr. Gallagher is manager of the Pasadena office, 808 East Green Street.

Acquire Interest in Australian Corp.

Lazard Freres & Co. and Morgan Guaranty International Finance Corporation have announced plans to take minority interests in Australian United Corporation Limited, in Melbourne.

The two New York institutions, together with the London firms of Lazard Brothers & Co. Limited and Morgan Grenfell & Co. Limited, presently are principal owners of The Anglo-Australian Corporation Pty. Limited, a leading Australian underwriting firm. Through an exchange of shares scheduled to take place next month, Anglo-Australian Corporation is to merge with Australian United, which engages in a broad range of underwriting, investment, and money-market activities.

In total, the New York and London companies, as a result of the exchange and of the investment of additional capital, will have a 35% interest in the enlarged Australian United Corporation. Sir Ian Potter, Chairman of Australian United, will continue in that capacity. E. P. Harty, managing director of Anglo-Australian, will become managing director of Australian United. A. D. Marris, a managing director in Lazard Brothers & Co. Limited, and Lord Catto, a managing director in Morgan Grenfell, will join the board of Australian United.

Morgan Guaranty International Finance Corporation is a subsidiary of Morgan Guaranty Trust Company of New York.

MUTUAL FUNDS

BY JOSEPH C. POTTER

"You Get A Lot to Like . . ."

In a broker's apartment on the east side of Manhattan one night last week the guests were playing the word-association game which has been given a new vogue by television. A young securities analyst mischievously tossed in "Dreyfus" and a matron responded "Polaroid."

Now, as of the close of 1962, Polaroid accounted for only 6.3% of the Dreyfus Fund portfolio, but that 159,000-share bundle has done for the company what sunshine has done for Florida or oil for Kuwait. If the Dreyfus Fund now has about 200,000 shareholders, that's due in no small measure to the asset-building imparted by its long-time holding of the skyrocketing Polaroid, a success story with few equals in the investment field.

In recent years Dreyfus' portfolio, which always has Wall Streeters craning, has shown a weakness for tobacco. Indeed, at latest report, its holdings of tobacco were spread over the five leading American cigarette makers and toted up to $33.7 million, 9.3% of net assets.

It is hardly a secret that while fundmen these days may be smoking more, they're enjoying it less. Tobacco stocks, which had blue-chip status when mutual funds were little known to the public, have few friends nowadays.

But these companies apparently do not lack for customers and, in at least one respect, they retain one vital characteristic: a rich talent for making money and paying dividends. Pacesetting R. J. Reynolds has just turned in another record year.

Still, there is a reluctance to touch these stocks and it is reflected in their dismal market behavior. The health-scare reports go back to the turn of the century, it is true, but never before has there been so much serious study of the problem and there are growing signs of a world-wide educational campaign that could prove plenty painful on the legislative level. Thus, given their defensive character, the tobacco companies can be hit with ease by government, at every level, in quest of additional tax revenues.

It will be interesting in the years ahead to see what Dreyfus and other funds do about the cigarette habit.

* * *

Eugene J. Habas, President of Mutual Management Co., Inc., takes issue with a recent column. Says he:

"In my opinion, you are doing a constructive editorial job in your column on mutual funds.

"However, I cannot refrain from reporting to you on one of my reactions to your column of Jan. 31.

"The 'victory' of the mutual fund industry over variable annuities is not because of any defeat of potential competition. The fund industry recognizes that its service is valuable to the public; that others not now in the business of offering mutual fund shares, or the equivalent thereof, might want to enter the business and have every right to.

"All the fund industry has sought is the same regulatory 'ground rules' for the new competition, i.e., that variable annuities be subject to the same kind of SEC regulation as are mutual funds. In this sense, it appears to have won a victory, the only one it sought."

The Funds Report

Aberdeen Fund reports that at the end of 1962 total net assets amounted to $22,564,385, equal to $2.04 per share. This compares with assets of $23,873,677 or $2.48 a share, at the close of 1961.

* * *

Axe-Houghton Stock Fund puts end-of-year net assets at $7,591,329, or $3.46 a share, against $3.82 a share at the end of 1961.

* * *

Canadian International Growth Fund Ltd. reports that at the end of 1962 total net assets were $8,107,664, or $10.20 a share. Share value 12 months earlier was $11.60.

* * *

Delaware Fund closed its 25th anniversary year with total net assets of $127,627,998, or $10.43 per share. Twelve months earlier comparative figures were $137,983,294 and $13.10.

* * *

Diversified Growth Stock Fund reports that at Dec. 31 net assets amounted to $109,502,246, or $7.92, compared with assets of $149,396,740 and share value of $11.22 a year earlier.

* * *

Income Foundation Fund reports that at the end of 1962 total net assets were $22,902,000, or $2.30 per share, against assets of $22,419,000, equal to $2.79 a share, a year earlier.

* * *

New England Fund reports that it ended 1962 with net assets of $19,558,119, or $11.39 a share. Value per share at the end of 1961 was $12.32.

B. M. Goldsmith Retires From Firm

Bertram M. Goldsmith has resigned as a partner of Ira Haupt & Co., effective Jan. 31, 1963. He had been with the firm since December, 1932, and a partner for more than 22 years.

B. M. Goldsmith

Mr. Goldsmith graduated from Princeton University magna cum laude in 1926 at the age of 19, the youngest in his class. In September of that year he started his Wall Street career as a trainee at Salomon Bros. & Hutzler, and later started his own firm in Newark, N. J., where he also lived at that time.

Soon thereafter he joined Ira Haupt & Co., where he opened their bond department. On Oct. 1, 1942, he effected a merger between Ira Haupt and Newman Bros. and Worms. This merger gave Ira Haupt & Co., 60 additional customers men and made it one of the largest houses in the Street at that time. In July, 1943, he joined the United States Army, becoming a Major in G5, 5th Army. In the course of his service he was awarded the Bronze Star, two Croix de Guerres, several Italian medals and other honors.

Under his direction the bond department of Ira Haupt & Co. started the bank service department which handled the investments of as many as 600 banks, and the municipal watching service used by most of the important institutions in the country. Some time after the death of Mr. Worms he took the latter's place as managing partner. In July, 1960, the firm increased its partnerships considerably and Mr. Goldsmith became one of three managing partners.

He has made no plans for the future pending his return from a 51 day Mediterranean cruise on the *Leonardo de Vinci*, on which he and Mrs. Goldsmith have sailed on Feb. 15.

Bell System Seminar on Communications

A seminar program to provide business executives with an up-to-the-minute review of new concepts and methods in communications will be inaugurated in Chicago this spring by the Bell Telephone System.

The business communications seminar will condense and explain the more significant developments in the increasingly complex area of information handling and transmission. The program is being developed under the direction of Harvey J. McMains, administrator of data communications planning for the American Telephone and Telegraph Company.

Two types of continuous sessions will be offered. The first will be a one-day seminar for top corporate executives. Emphasis here will be on the broad understanding of ways in which new communications methods can be applied to increase business efficiency. The other is a three-day session designed primarily for communications and systems specialists, management consultants and business equipment representatives. It will expand upon the material in the one-day meeting and provide a more detailed, depth examination.

Both sessions will employ audio-visual techniques to illustrate the broad theory and specific application of modern business communications. Content will not be limited to communications, but will examine all facets of the problems American industry faces in handling information.

The Chicago seminar will be located in the new United of America building on East Wacker Dr. Sessions there will be directed by M. G. Garneau of the Illinois Bell Telephone Company. For the last year, Mr. Garneau has headed the special Bell System task force which developed the seminar program. He will be assisted by a Bell System faculty. Both types of seminars will have approximately 25 participants.

Mr. McMains said the seminar program is open to persons concerned with the broad field of business communications and data processing. The associated Bell Telephone companies will handle inquiries and arrange attendance schedules, primarily through their major account managers and communications consultants.

The seminar presentations will stress the importance, in both information and communications systems, of advance planning and careful analysis. A series of dramatized case histories of individual problems, analyses and solutions will be studied.

The seminars will conclude on a study of new developments—techniques, devices and systems of the near future.

Preview Film on OTC Market

PHILADELPHIA, Pa.—The preview of a new motion picture which describes the operation of the OTC (Over-the-Counter) securities market was the feature of an afternoon screening and reception in the auditorium of the Philadelphia National Bank Feb. 14, 1963.

The bank was host to approximately 100 representative of leading brokerage firms and securities dealers in the area and officers of the Investment Traders Association of Philadelphia and the National Security Traders Association for the first showing of the educational film.

Designed for public showings, the ten-minute color motion picture tells the story of the OTC market from its beginning in the 18th century, when securities were traded over the counters of private banks, to the present international telephone and teletype network which constitutes the world's largest securities market, responsible for approximately 75% of the total volume of trading in securities in the U. S. today.

John T. Garrett of Hemphill, Noyes & Co. was chairman of the meeting, representing the Investment Traders Association of Philadelphia. Charles A. Bodie, Jr. of Stein Bros. & Boyce, Baltimore, and a member of the NSTA executive council was guest speaker and described the national OTC Education Program which is sponsored by NSTA, ITA, and leading firms in the securities industry.

Midwest S. E. Member

CHICAGO, Ill.—With the election to membership of William J. Billings, partner of Billings & Co., the Midwest Stock Exchange can claim a second family group of father and two sons on its roster.

John W. Billings, Sr., William's father, was admitted to membership on the Exchange back in 1929 as a floor broker. When John, Jr. became a member in 1958, the firm of Billings & Co. was formed.

The other Midwest father-sons triumvirate is composed of Joseph E. Dempsey Sr., and his sons Joseph E. Jr. and Robert A., all of Dempsey & Company.

COMMENTARY...

BY M. R. LEFKOE

Did you know that "The foreign policy of the Soviet Union remains firmly attached to the principle of equality of rights, and to the maintenance of peaceful and friendly relations with all countries and peoples?" Well, neither did I until just several days ago, when I had the dubious privilege of reading a booklet published by the United Nations Educational, Scientific and Cultural Organization which concludes with that interesting observation regarding Russia's foreign policy.

An article in the Washington *Evening Star* last week describing the booklet first brought it to my attention and, since my tax dollars (and yours) paid the cost of publishing it, I decided to see what other interesting "facts" about Russia I had helped to disseminate.

Only a "Master Copy" Exists

Calling the UN, I was told: "Yes, I know the booklet to which you are referring, but it was published in Paris a year ago, and due to an unexplainable oversight, we never received a supply here in New York. In any case, it is currently out of print." Undaunted, however, I called UNESCO's office which informed me that, although there were no copies available for sale, a master copy existed in their files which could be read in their office.

I journeyed over to the UN building early this week, obtained "the only copy in the United States," and sat down to read. . . . "Equality of Rights Between Races and Nationalities in the USSR" Who, I thought to myself, would have the unmitigated gall to write a book with a title implying that "equality" of any kind whatsoever exists in Russia. The obvious answer accompanied the names of the authors commissioned by UNESCO — I. P. Tsamerian and S. L. Ronin, two Russian professors.

Even the Book's "Blurb" Was Russian-Authored

Opening the pamphlet, I found the following foreword written by UNESCO itself: "The purpose of this pamphlet is to acquaint the public with one of the *major triumphs of our day*, namely, the way in which the problem of nationalities has been solved in the Soviet Union." UNESCO apparently hadn't been satisfied with having the main text written by Russians; it had resorted to the use of Communist staff members to write the foreword also.

A wave of disgust swept over me, but I was determined to see just how far UNESCO was prepared to go in its perversion of the truth. I forced myself through chapters whose contents was just what their titles would lead one to believe: "The October Revolution and the affirmation of the principle of national and racial equality in Soviet Constitutional law"—"Equality of racial and national rights in the political field" — "Achievement of genuine equality between the races and nationalities of the USSR in social and economic life."

Financed by U. S. Taxpayers

By the time I had reached the last page, I had become aware that the two Soviet authors hadn't even attempted to present their vicious propaganda subtlely: virtually every one of the pamphlet's 106 pages was filled with blatant distortions of fact and outright lies. By now, my earlier feeling of disgust had given way to another emotion: a cold, unyielding sense of frustration—a frustration brought about by the realization that this grotesque perversion of truth and justice had been financed, in large measure, by my own country—by me as a taxpayer.

The theme of this monstrosity is best illustrated, perhaps, by the passages which assert: "The unequal treatment of nationalities, colonialist oppression and discrimination on grounds of race or nationalities, which still characterize a number of capitalist countries today, are to be explained by the political and social system prevailing in those countries." In contrast, however, the USSR has achieved "full equality" between races and nationalities: "As early as the beginning of this century Lenin had already worked out on scientific lines the Communist Party's programme for the solution of the problem of nationalities. Its central feature was the assertion of the peoples' right to self-determination, including the right of succession and self-government."

This is the recurring theme of a document being distributed to the peoples of the world (with the exception of United States citizens who would have protested), and described by the UN as a "most useful" document. Most useful?—for what purpose and to whom?

UN Guilty of Betraying Its Own "Words"

But the most disgraceful crime committed by the UN when it published and distributed this piece of unadulterated Communist propaganda was its betrayal of the very people it allegedly was designed to protect. According to the Communist version of history as presented in this booklet, "In 1940, the Soviet regime was restored in the Baltic Republics (Lithuania, Lativa, and Estonia), which *voluntarily* joined the [Soviet] Union."

If the desire to disseminate the true story about Russia had been any part of UNESCO's motive in printing the pamphlet, it might have made some attempt to check a history book which bore some semblence to what actually took place. There it would have discovered that early in World War II the Soviet army seized those three countries by military force and incorporated them into the Soviet Union, where they have remained ever since as slave states. Diplomatic sanction of Russia's action, one will be happy to learn, has never been extended by the United States.

In response to this almost unbelievable distortion of history, Mr. George M. Dimitrov, President of the Assembly of Captive European Nations (a group of political exiles from Eastern European countries overrun by Russia), appealed to UNESCO's director general to halt distribution of the booklet. In view of the unpardonable slap in the face he and his countrymen received at the hands of the UN, Mr. Dimitrov's description of the booklet as "harmful to the rights of Estonia, Latvia, and Lithuania" is a marvel of restraint.

UN's or US's Funds for Aiding Castro?

After having published a document sanctioning Communism as a moral political system—the only political system in which a country's citizens can be freed from "social and national oppression"—the UN had but one more step to take before it would destroy its last vestige of justice; the actual contribution of money to help perpetuate a Communist dictator in power. That action came last week when the UN Special Fund authorized the expenditure of $1,157,000 in Cuba for an agricultural aid project. (As is the case with UNESCO, the United States contributes over a third of the funds used by the UN Special Fund.)

As one would have expected, Paul G. Hoffman, American Managing Director for the Special Fund, asserted that "not one single American dollar" would be used to help the totalitarian regime just off our nation's shore. This gross equivocation is tantamount to the request by a college student, with $50 in the bank and a requirement to purchase textbooks costing $50, for money from his parents to purchase the books so that he can spend "his" $50 on liquor. Since he would have had to use "his" money to buy books if his parents hadn't given him another $50, few people would be naive enough to grant validity to the student's assertion that it is his "parent's" $50 which was used to purchase the textbooks.

Can We Expect Anything Else From United Nations?

Ever since its creation, American apologists for the UN repeatedly have insisted that America's only chance to preserve its freedom lay in supporting a strong international organization such as the UN. It will be interesting to see how they attempt to justify the UN's distribution of communist propaganda throughout the world, and its grant of monetary aid to a totalitarian slave state dedicated to the destruction of the United States—as a means of preserving America's freedom.

Given the composition of the UN—whose membership includes some of the bloodiest dictatorships in history—it would be even more interesting to hear its defenders explain how the UN could have done anything other than what it did in both instances.

P. & S. Division Elects Officers

The following officers of the Purchases & Sales-Tabulating Division of Wall Street, Association of Stock Exchange Firms, were elected for the term of one year:

President: Gerald Pyper, Shields & Co.; 1st Vice-President: Nat Faragasso, F. I. duPont & Co.; 2nd Vice-President: Arthur R. Saber, Goodbody & Co.; Treasurer: Frank J. Di Paola, Kidder, Peabody & Co.; Secretary: Robert Gerber, Troster, Singer & Co.; Financial Secretary: Howard Parsons, Wagner, Stott & Co.; Assistant Treasurer; John Scheu, Dominick & Dominick; Assistant Secretary: Howard Emen, National OTC Clearing Corp.

The Annual Induction Dinner of the Division was held Feb. 16.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

California, which will have the second largest electoral vote for President in 1964—a total of 40 votes compared to 43 for New York—remains today the Republicans' greatest problem. Despite the fact that the Democratic registration is about 5 to 3 over the Republican Administration, there is a tremendous swing vote in the State. It was shown in the 1962 elections: Governor Pat Brown, Democrat, won reelection over former Vice-President Nixon by 300,000 votes, while Senator Kuchel, Republican, was reelected by 721,000 votes. This vote for Senator Kuchel, who carried all 58 counties, is reminiscent of the victories of Chief Justice Warren when he was running for Governor of California, and of former Senator William E. Knowland before he became involved in a bitter intraparty war.

Notwithstanding Senator Kuchel's remarkable victory, the Democrats retained a stranglehold on the state, reelecting Governor Brown, winning 24 seats in the national House of Representatives to 14 for the Republicans and retaining control of both houses of the state legislature. Decidedly the Republicans have a terrific task on hand to carry the state for President, defeat Democratic Senator Clare Engle and win more seats in the House. They haven't too long a time, first, to get themselves together, and second to convince the voters that the GOP can do a better job than the Kennedy Administration.

The division in Republican ranks in California, which manifest itself in 1958 when Knowland ran for Governor and lost to Governor Brown, continued through 1960, although Mr. Nixon was able to defeat Mr. Kennedy there by an extremely narrow margin. In 1962 the ultra-conservatives went all-out to nominate their leader, former minority leader of the state house, Joe Shell, over Mr. Nixon for Governor. The big question now: Who is going to be the Moses to lead them out of the wilderness in 1964? The politicos are generally unwilling to hazard a guess. Senator Kuchel appears to be the logical man. But the Senator also appears to be satisfied to attend to his own knitting and unwilling to seek party leadership. He has indicated he will not become a favorite son candidate for the Presidency.

Mr. Nixon's defeat in the Governor's race last fall washed him up politically. He has said he is out of the picture so far as office-seeking is concerned. Former Governor Goodwin Knight is doing little. Mr. Shell is seeking to line up the conservatives but obviously they are outnumbered by the more and progressive-minded Republicans. Former Senator Knowland has been making noises and indicating a mood to enter the Senatorial race against Senator Engle. Since Mr. Knowland lost to Governor Brown by a million votes in 1958, it is questionable he could take over party leadership, however.

Senator Kuchel is a Warren-type Republican. In other words, he is not hidebound, but retains the right to make his own decisions which may run counter to the party leadership in Congress. For example, he believes the anti-filibuster rule should be strengthened and that something should be done about medicare legislation for the aged and Federal aid to education. Like Chief Justice Warren, Mr. Kuchel has a big following among the Democrats of California and is not apt to jeopardize this popularity by too strenuous partisanship, anymore than Justice Warren did when he was Governor of California.

Yet, again the Senator appears to be the most reasonable rallying point for the Republicans of California. If he were Governor, instead of Senator, there would be no question about his having the leadership.

Goodbody & Co. to Admit Carrison

JACKSONVILLE, Fla. — On Feb. 21st H. George Carrison will become a partner in the New York Stock Exchange firm of Goodbody

H. George Carrison

& Co. He will make his headquarters in the firm's recently opened office in the Barnett National Bank Building.

Mr. Carrison was formerly a senior vice president of Pierce, Carrison, Wulbern, Inc.

Note Financing For Earle M. Jorgenson Co.

Blyth & Co., Inc., Los Angeles, has arranged the private sale of $7,000,000 of sinking fund notes due Dec. 15, 1982, issued by Earle M. Jorgenson Co., Los Angeles.

Jorgenson is engaged in the warehousing and distribution of steel and aluminum products, and in the production of steel forgings. It will use the proceeds from the sale to repay short-term bank loans, and term loans.

To Form Fabrikant Co.

Effective Feb. 28th the New York Stock Exchange firm of Fabrikant & Co. will be formed with offices at 29 Broadway, New York City.

Partners will be Irving Fabrikant, member of the Exchange, general partner, and Lena Fabrikant and Rose Silverberg, limited partners. Mr. Fabrikant has been active as an individual floor broker.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

GREATAMERICA CORP.

On Feb. 7, an underwriting group headed by Goldman, Sachs & Co. and Lehman Brothers successfully sold 2,500,000 shares of Greatamerica Corp. at a cost of $16 per share to the public in a major secondary offering. The stock has subsequently risen to $16½ bid in the Over-the-Counter Market.

Greatamerica Corp. was incorporated in Nevada in April 1962 and commenced operations last August through the acquisition of substantially all of the assets of The Great American Life Underwriters, Inc., and 80% of the outstanding common stock of American Life Insurance Co. from Mr. Troy V. Post. The Great American Life Underwriters' principal asset was 24.5% of the outstanding stock of Franklin Life Insurance Co. In consideration of the transfer of assets to it, Greatamerica issued 68% of its common stock to the stockholders of GALU and 32% to Mr. Post. In addition, Mr. Post, who is chairman of the Board of Directors and President of Greatamerica, received eight million shares of class B common stock.

The corporation received $24.3 million from the proceeds of the sale of 1,650,000 shares in the recent offering. The remaining 850,000 shares were sold from the holdings of Mr. Post. Greatamerica will use $5.9 million of the funds to discharge the indebtedness of the company incurred in connection with the acquisition of 51,332 shares of Amicable Life Insurance Co. in September 1962. The major portion of the remainder will be used for the purpose of acquiring an additional interest in American Life or otherwise providing the company with sufficient funds to pay off the $13 million debt incurred in connection with the acquisition of 480,298 shares of Gulf Life Insurance in January 1962. The balance will be utilized to prepay a portion of the notes issued by Greatamerica in connection with its acquisition of First Western Bank & Trust Co. stock in January 1963.

Greatamerica may be defined as a holding company or an investment company for practical purposes. It controls directly or indirectly, through stock ownership, four life insurance companies and a commercial bank. It holds 24.5% of Franklin Life, 80% of American Life and 28.4% of Amicable Life. American Life, in turn, owns 17% of the common stock of Gulf Life Insurance Co., which Greatamerica considers sufficient to give it control. Greatamerica also owns 93.2% of the stock of First Western Bank & Trust. It is the corporation's intention to maintain the controlling interests in its life insurance and bank subsidiaries indefinitely. In addition, controlling stock interests in other companies may be acquired in the future.

The company's four life insurance companies are substantial factors in the industry. Based upon life insurance in force as of Jan. 1, 1962 Franklin ranked 26th, Gulf 72nd, American 131st and Amicable 171st among the 1,400 life insurance companies in this country. In general, it may be said that the four companies as a group have compiled an excellent record of growth and profitability over the years and are highly regarded within the industry. They offer the usual forms of life insurance within their geographical territories, have established adequate reserves and have had satisfactory investment results. The common stock of each company has had a substantial increase in market value over the past five years.

First Western Bank and Trust Co. is the 51st largest commercial bank in the country and the ninth largest in California, based upon total deposits as of June 30, 1962. The company was formed in 1962 in accordance with an understanding entered into by Western Bancorporation (formerly Firstamerica Corp.) with the U. S. Department of Justice in settlement of certain antitrust litigation. First Western operates 67 branch offices throughout California. Greatamerica acquired its 93.2% interest in First Western on Jan. 2, 1963 from Western Bancorporation at a purchase price of $63.4 million, $57 per share.

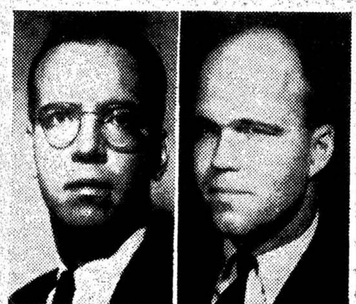
As of Dec. 27, 1962 Greatamerica's investments had a value of $330 million based upon the Over-the-Counter Market bid prices for the three directly-owned insurance companies and the cost of its holding in its bank subsidiary. The values were divided as follows: Franklin 54.2% of the total, American 24.9%, Amicable 1.7% and First Western 19.2%. The net asset value of Greatamerica at that date based upon the above dollar total, less $69.5 million in indebtness, divided by the 11.8 million shares then outstanding was $22.11 per share before allowance for Federal capital gains taxes.

It is management's announced policy to retain earnings for future use in the business, although stock dividends may be paid from time to time.

In summary, the common stock of Greatamerica Corp. offers to the investor an opportunity to invest in four rapidly growing life insurance companies and a commercial bank, thereby gaining valuable diversification and excellent professional management, at a substantial discount from net asset value.

Donaldson, Lufkin & Jenrette Elects

John W. Corcoran has been elected executive vice president and O. John Anderson has been elected a director of Donaldson, Lufkin & Jenrette, Inc., 1 Whitehall St., New York City, member of the New York Stock Exchange, it has been announced.



John W. Corcoran O. John Anderson

In addition, Richard M. Hexter, Joseph H. Reich, Carl H. Tiedemann and A. Jones Yorke were elected Vice Presidents of the Corporation.

Mr. Corcoran joined Donaldson, Lufkin & Jenrette in 1961. Previously he was with the investment counseling firm of Loomis-Sayles & Co. Inc.

Mr. Anderson joined Donaldson, Lufkin & Jenrette in 1961 as a research vice-president. He was previously an economic and business consultant with A. & H. Kroeger.

Mr. Hexter joined the research department of the corporation in 1961. Previously he was executive vice-president of the Ovitron Corporation and prior to that regional sales manager of the Computer Division of Thompson Ramo-Wooldridge, Inc.

Mr. Reich is in the corporation's research department. Prior to joining Donaldson, Lufkin & Jenrette he was associated with the Continental Oil Company.

Mr. Tiedmann, is in the institutional sales department. He was with Stone & Webster Securities Corporation and the American Cyanamid Corporation prior to joining Donaldson, Lufkin & Jenrette.

Mr. Yorke, is in the Corporation's research department. He was previously assistant to the chairman of the FMC Corporation.

Scheinman, Hochstin & Trotta Forming

Effective Feb. 21, Scheinman, Hochstin & Trotta, Incorporated, members of the New York Stock Exchange, will be formed with offices at 111 Broadway, New York City, to engage in a securities business. Officers will be Peter W. Scheinman, President and Treasurer; Roger J. Hochstin, Executive Vice-President; Michael C. Pocaterra, Senior Vice-President; and Francis Trotta, Vice-President, Secretary and Treasurer. Mr. Hochstin will hold the firm's exchange membership.

Threat of a Capital Levy In Britain if Labor Wins

By Paul Einzig

The "cat is out of the bag" as to Labor Party's plan for a capital levy should it be swept into office at the next General Election. The Labor Party's promise to reduce taxes concomitantly on current income is dismissed as highly unlikely by Dr. Einzig and, more likely, as being part of a "soak the rich" plan encompassing taxing higher incomes and business profits. Moreover, the distinguished economist foresees a flight of capital from the Island and considerable pressure on sterling as the time for the Election draws near. He, also, observes that the latter might result in a frightened British electorate deciding not to give Labor a clear-cut victory, or in persuading Labor not to exert a heavy hand in taxing capital.

LONDON, England — The threat of capital levy was very acute in Britain during the 'twenties, but it faded out of Socialist Party programs in more recent years. Now it is once more rearing its ugly head. Mr. James Callaghan, who is the official Socialist spokesman on finance and is likely to become Chancellor of the Exchequer in the next Labor Government, recently declared it to be his Party's intention to introduce some such levy. Admittedly, taxes on capital are actually in operation in a number of continental countries and also in some countries outside Europe. But in each instance—apart from some early experiments in the 'twenties—its rate is so low that it can easily be paid out of income even if it is assessed on the taxpayers' capital. It seems reasonable to assume that this is not what the British Socialists have in mind. Although Mr. Callaghan did not go into details, his entire attitude indicated an intention to "soak the rich." Even though he stated that the tax on capital would replace to some extent taxation on income, it seems more than probable that once a Labor Government has acquired the taste for taxing capital, it will be in addition to and not instead of taxing higher incomes and business profits.

Predicts Capital-Flight

It is unfortunate that the spokesman of the Labor Party should announce the Party's capital levy plans at this stage. Together with the very real threat of reintroducing exchange control, after a labor victory, it is certain to give rise to considerable pressure on sterling when the date of the General Election draws nearer all the more so as a sweeping Socialist victory at the Election is looked upon as being increasingly probable.

Even if Mr. Callaghan's remark about the Labor Party's intention to introduce capital levy at the same time as reducing the taxation on current incomes were taken at its face value, there must be a large number of people who would deem it expedient to remove their capital from Britain before the advent of the next Labor Government. It is true exchange restrictions on the transfer of capital from the United Kingdom are still in force. There are, however, innumerable ways of evading them and a great many people will no doubt do so.

At the same time, non-resident holders of sterling are likely to play for safety during the last few weeks before the Election date to avoid being caught by exchange restrictions. From their point of view evasive action is not urgent, because they are entitled to convert their sterling at any time into foreign currencies. But many British residents wanting to remove their capital are likely to find it advisable to play for safety by making their arrangements well ahead of Election date.

Considerable Pressure on Sterling

In the circumstances it is unfortunately necessary to envisage the possibility of a growing pressure on sterling on capital account, even if it is not likely to develop on any large scale for some time to come. Notwithstanding frequent forecasts of an early, or relatively early, Election, I am convinced that Mr. Macmillan will defer it until the time limit fixed by the Constitution, which is October 1964. Even so, coming events are likely to throw their shadow before them.

Any pressure on sterling that is liable to develop as a result of the government's reflationary measures is likely to be aggravated by an outflow of capital through the various gaps in the exchange control, which the authorities are unable to stop. Any resulting decline of the gold reserve might deter the government from proceeding with its reflationary policy as far and as fast as it would like to proceed. This again is liable to deteriorate further the prospects of the Conservative Party at the General Election on the rising tide of a business recovery.

The capital levy threat might easily prove to be, however, a double-edged weapon for Socialists. Once the Election day is announced, the flight of capital is liable to assume spectacular proportions and the evidence of heavy gold losses might conceivably frighten a large part of the British electorate into giving its support to the Conservatives. This is what happened in 1931 and again in 1951.

Should the flight from the pound during the concluding phases of the electoral campaign become really dramatic, the public would come to realize that a Socialist Government would find itself confronted with a heavily depleted gold reserve and the continued adverse pressure that might call for a devaluation of sterling. The threat of such a calamity might influence the result of the Election, not necessarily to a sufficient extent to enable the Conservative Party to remain in office but possibly to a sufficient extent to bring about a stalemate between Conservatives, Socialists and Liberals. In the absence of a clear Socialist majority, a Labor Government would not be in a position to impose a capital levy or any other major anti-capitalist measures.

However this may be, the announcement of the Labor Party's intention of a capital levy has introduced a new element of uncertainty into a situation which had already been full of elements of uncertainty. It has made the government's task to engineer a business revival even more difficult. Anyhow, in case of a failure of its effort, the government would be able to hold the Opposition responsible for sabotaging those efforts.

Conceivably if and when the Labor Party should realize the full implications of the recent announcement, it might disclaim any intention of applying extreme measures. If the capital levy should not exceed, say, 1% per annum, and if the Labor Party should give an emphatic pledge to make corresponding reduction in the taxation of income, conceivably the adverse consequences indicated above may not materialize, or at any rate not to any large extent. Even so, the additional uncertainty will not help matters.

Phila. Inv. Ass'n To Hear Rieck

PHILADELPHIA, Pa.—Frederick C. Rieck, Vice-President, Secretary and Treasurer of the Philadelphia International Investment Corporation, will be guest speaker at a luncheon meeting of the Investment Association of Philadelphia to be held March 1 at The Engineers Club, 1317 Spruce St.

Mr. Rieck's topic will be "Loan and Equity Investments in Foreign Business Through the Provisions of the 'Edge Act'."

The Philadelphia International Investment Corporation, a wholly-owned affiliate of The Philadelphia National Bank, was organized in 1960.

Samuel R. Roberts of Schmidt, Roberts & Parke, is in charge of arrangements.

N. Y. Home Loan Bank Appoints E. M. Mortlock

Eugene M. Mortlock, President of First Federal Savings and Loan Association of New York, has been designated Vice Chairman of the Board of Directors of the Federal Home Loan Bank of New York, it was announced by Joseph P. McMurray, Chairman of the Federal Home Loan Bank Board, Washington, D. C.

A Director of the Federal Home Loan Bank of New York since 1961, Mr. Mortlock will serve as Board Vice Chairman through 1963.

The Executive is also Vice-President of the U. S. Savings and Loan League and a regent of the American Savings and Loan Institute's Graduate School of Savings and Loan. He is past President of the Metropolitan League of Savings and Loan Associations and a former director of the Savings Association League of New York.

A prominent authority on mortgage financing and savings and loan management, Mr. Mortlock has served as President of First Federal Savings and Loan Association of New York since 1955.

Prior to joining First Federal in 1948, he was associated with the Federal Reserve Bank of New York and was director of mortgage research for the American Bankers Association.

1963 NASD District Officers


Robert H. Atkinson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The following officers for 1963 have been elected for the district committees of the National Association of Securities Dealers:

District No. 1 (Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota and Washington): Chairman, Robert H. Atkinson, partner, Atkinson & Co., Portland; Vice-Chairman, Hammitt E. Porter, manager Spokane office, J. A. Hogle & Co.

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District No. 7 (Florida, Georgia, South Carolina and a part of Tennessee): Chairman, William H. Zimmerman, manager Columbus, Ga., office, Johnson, Lane, Space & Co.; Vice-Chairman, Matthew B. Pilcher, President and Treasurer, Mid-South Securities Co., Nashville.

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District No. 9 (Kentucky & Ohio): Chairman, Seth M. Fitchet, Vice-President & manager Cleveland office, Merrill Lynch, Pierce, Fenner & Smith Inc.; Vice-Chairman, Gordon S. Macklin, Jr., partner, McDonald & Co., Cleveland.

District No. 10 (District of Columbia, Maryland, North Carolina and Virginia): Chairman, W. James Price, IV, partner, Alex. Brown & Sons, Baltimore; Vice-Chairman, Robert King, Jr., Vice-President, First Securities Corp., Durham.

District No. 11 (Delaware, Pennsylvania, West Virginia and a part of New Jersey): Co-Chairman, William Gerstley, II, partner, Gerstley, Sunstein & Co., Philadelphia; co-Chairman, David W. Hunter, partner, McKelvey & Co., Pittsburgh.

District No. 12 (Connecticut, New York and a part of New Jersey): Chairman, Allan C. Eustis, Jr., partner, Spencer Trask & Co., New York; Vice-Chairman, Robert M. Gardiner, partner, Reynolds & Co., New York.

District No. 13 (Maine, Massachusetts, New Hampshire, Rhode Island and Vermont): Chairman, John M. Bleakie, Partner, W. E. Hutton & Co., Boston; Vice-Chairman, Clifford B. Barrus, Jr., Barrett & Co., Providence.

Canada's Natural Gas Industry Is Thriving

Bank of Nova Scotia's analysis of Canada's natural gas production terms its growth astonishing and, while unable to predict the next big wave of expansion, says there can be little doubt regarding its bright growth prospects. The Scotia Bank foresees substantial rate of increase in domestic sales and links exports to U. S. A. to attitude of our regulatory authorities.

The exceptional promise of the natural gas industry in Canada is rapidly being fulfilled, says the current issue of the *Monthly Review* of The Bank of Nova Scotia. In scarcely more than half a decade, production from the abundant reserves in Western Canada has expanded nearly six-fold. Sales in Canada have increased sharply as have exports to the United States, the latter reaching a value of some $70 million by 1962.

The key to this astonishing growth in production has been the building of long-distance pipelines. With the completion about a year ago of the great stretch of pipeline from Alberta to northern California all the currrently economic markets for Canadian natural gas are now within reach. With the successive penetration of new markets, the *Review* noted, exports of natural gas have moved higher by giant steps—from 57 million cubic feet a day in 1957 to some 460 million cf/d in 1961 and around 940 million cf/d in 1962.

Domestic Market

The domestic market, however, has been, and remains, the largest factor in demand, with sales to Canadian consumers in 1962 estimated at around 1,200 million cf/d. As the supply of gas moved eastward, particularly to the major market, Ontario, natural gas obtained an increasing share of a rising energy market. Gas now accounts for around 15% of all energy supplies used in Canada as compared with only 5% of a much smaller total in the mid-fifties.

The two largest provincial markets, Ontario, and Alberta, account for over two-thirds of the consumption of natural gas in Canada, the *Review* states. Alberta with less than a quarter the population of Ontario still leads, although the difference has now become very small. In Ontario, the market has expanded very rapidly and will undoubtedly continue to show an impressive if more moderate upward trend. Since the most economic conversions from other fuels have probably by now been accomplished, the greater part of the future market expansion depends upon the growing requirements of existing users and upon the ability of gas to capture the fuel requirements of new housing developments and new industries.

Processing Plants

As the volume of gas production has risen, many gas processing plants have sprung up in Western Canada—the great majority located in the large Alberta gas and oil fields. The production and sale of a variety of by-products flowing from this processing has become an important part of the natural gas industry in Canada. Over the last two years alone, the *Review* continued, capacity to produce natural gas liquids and sulphur has tripled, and actual production has also shown a big rise.

Propane and butane are among the natural gas liquids and judging by experience in the United States, there is a substantial potential market for these versatile, convenient and highly concentrated forms of energy. Prospects appear quite favorable for a further expansion in Canadian demand, the *Review* states. There will be heavy pressure to extend the range of sales outlets for propane and butane and to develop new uses, as gas production expands and output of the by-products almost automatically increases.

From here on, for the natural gas industry as a whole, the earlier spectacular advances from the successive penetration of new markets will be replaced by a more gradual growth of demand. Even so, the *Review* pointed out, the rate of increase in the domestic market alone is likely to be substantial, supported by continuing expansion in population and industrial activity and by some further displacement of other forms of energy as well.

Glore, Forgan Partner

Glore, Forgan & Co., 45 Wall St., New York City, members of the New York Stock Exchange and other exchanges, on Feb. 28th will admit Hobart C. Ramsey to limited partnership in the firm.

Factors Affecting Outlook For Bond Market in 1963

Continued from page 3

changed since the simple positive correlation of the 1950's.

Common sense suggests a few reasons for the change since 1959:

(1) Interest rates and bond yields in 1959 reached levels much higher than economic forces warranted even at that time of boom; this was due largely to adverse bond market psychology after 13 years of rising interest rates. Thus, by 1960, the bond market had overdiscounted existing and prospective demands.

(2) Brief mild swings in the trends of the economy then replaced a series of powerful postwar booms. The secular rate of growth seemed to slow down with the satisfaction of wartime shortages. These cyclical swings were not strong enough to have much effect on bond yields.

(3) Inflation, if it is measured as I believe it should be by wholesale commodity prices, came to an end in 1958. This fact was not recognized until years later. Inflation has been replaced by price stability with overtones of deflation. This changed all the rules of the game.

(4) By 1959, or earlier, many foreign nations had completed their postwar recoveries, established convertible currencies, and were drawing heavily on our surplus gold stock. This injected a basic new set of influences into our money market.

These changes must have drastically modified the criteria of our monetary policy. No longer has it been necessary for our authorities to restrain an economy which was trying to grow too fast. The domestic monetary objective has been to encourage a growing economy to grow faster.

Simultaneously, however monetary policy has had to cope with a deficit in the balance of payments. This stalemate between two basic and conflicting objectives has prevented the use of very low interest rates to stimulate growth at home, and has prevented the use of very high interest rates to attract international balances.

Faced with this dilemma, our monetary authorities have successfully followed a dual policy of raising short-term interest rates and reducing long-term interest rates. They have been aided enormously in both policies by the massive response of the American investing public to the high time deposit rates.

Negative List of Influences

As long as we remain within this type of monetary stalemate, I would suggest that the bond market will not follow its traditional cyclical pattern. For the months immediately ahead, I should like to list a few of the traditional factors which will not be as important as usual to bond market trends. Later I will list those which should be dominant. My negative list is as follows:

(1) The trend of business, whether up a little or down a shade, will not in itself be important to interest rates. (Of course, if the business cycle rises unexpectedly sharply or slumps, it will resume its traditional role of the chief cause of bond market trends.)

(2) The stock market, moving up or down, will not provide the clue to opposite bond market fluctuations which it often has in the past. There is no very good reason why stock and bond prices should or should not move together in a noninflationary environment.

(3) Private credit demands by themselves are not apt to be dynamic factors in influencing overall interest rate trends in 1963, although within each department of the market they will be significant in effecting shifts in internal yield spreads. The only really large present private credit demand is for mortgages. In 1962 a record-breaking volume of new mortgages was financed with ease at declining interest rates due to the huge response of the American investing public to the high savings deposit rates. The present economic climate is almost ideal for large public savings in the form of time deposits: disposable income is high and rising, there is no inflation, no fear that expensive consumer durables will rise in price. There is sufficient economic and political uncertainty to favor conservative family budgeting with emphasis on providing for future expenditures, for example, on education, health and recreation. Therefore, to the extent that monetary policy permits the banks to invest this great flow of savings deposits in the capital markets, no shortage of funds is in sight.

(4) The size of a probable 1963 Treasury deficit by itself should not provide a clue to the trend of the bond market. This is because, in a period of economic slack when the physical and human resources of the economy are not being fully employed, and when private credit demands are not adequate to use up the savings of the economy, the Treasury has wide latitude in the manner in which it finances its deficits. If, of course, the deficit or other events bring about a sharp upsurge in the economy and a corresponding rise in private credit demands, then a simultaneous sizable Treasury deficit would indeed put great pressure on the money market as it did in 1959. My only point here is that a large deficit by itself, while presenting serious problems, will not assure us of high interest rates.

(5) Finally, investor psychology probably will not be as important as it has been in the past in creating wide price changes in the bond market although, of course, it will continue to have a strong influence on day-to-day fluctuations. This bond market has very few friends. Ever since the debacle of 1958 the bond market has been looked upon with doubt and suspicion. Throughout almost every phase of the gradual price advance from the 1959 lows to recent highs, there has been a large body of professional opinion constantly on the alert for the sort of sharp rise in interest rates which dominated the history of the 1950's. Almost no short-term funds have been placed by institutions in long-term bonds during the past few years, while a good deal of long-term funds have at times been placed in short-term bonds. In other words, the technical position of the market has been very strong. The market today has few fair-weather friends.

Influencing Factors

I shall now discuss those factors which I believe should be watched most closely for clues to the trends of our bond market. I am going to stress two that are of primary importance: (1) our foreign balance of payments; (2) the trend of wholesale commodity prices. I will also mention two more which, however, are not independent of these but rather should depend on them; namely, (3) monetary policy, and (4) fiscal policy.

The deficit in our balance of international payments is not a novelty. It has been a dominant factor in American interest rate trends ever since 1958. At that time, no doubt, the outflow of gold reinforced the Federal Reserve Board's determination to take no chances with the widely expected revival of inflation. It must have been an important factor in molding monetary policy in 1959. Again during the recession of 1960-61, the balance-of-payments problem prevented our monetary authorities from permitting a full use of easy money as a stimulant. There was no return to the very easy money markets which characterized almost all earlier recessions. Interest rates declined in the 1960 recession, it is true, but from very high levels to lower levels, not to low levels. Treasury bill rates, instead of declining to ½%, did not go below 2.25%; long government yields, instead of declining to 2½-3%, did not go below 3.75%; while corporate new-issue yields, instead of declining to 2.75-3.65%, did not go below 4.30-4.50%.

Finally, the balance of payments is responsible for the recent policy of pushing up short-term interest rates in the face of a sluggish economic recovery when domestic economic policy has been aimed at stimulation rather than restraint.

It is evident from this bit of market history that our balance of payments has heavily influenced monetary and fiscal policy for several years, and that the present structure of yields should reflect the serious view which our authorities have repeatedly said that they take of the situation.

I am not competent to state whether the statistics on the balance of payments of the United States will improve or deteriorate in 1963. Uncle Sam, as banker for the Free World, is worried because his deposits are rising. This may seem like an odd attitude for a banker, especially one whose reserves exceed 50% of his deposits. The reason, of course, lies in the fact that his assets, although they are rising faster than his liabilities, are long-term high-yielding claims while his liabilities are short-term, low-yielding claims.

I use the word "statistics" advisedly, however, because I believe we can distinguish between these asset and liability statistics and what seem like more fundamental considerations. Let me point out some basic considerations which seem to justify confidence in the dollar.

Why There Should Be Dollar Confidence

These large foreign short-term balances are probably too often thought of as analogous to domestic bank deposits. We all own bank deposits. We usually feel free to shift our deposits around from one bank to another because of either services, interest rates, confidence, or mere whim. We do not penalize ourselves when we go to another bank.

It is here that the analogy breaks down. The United States, which is holding these deposits and paying fair rates of interest on them, is not just one of many available international banks. There is in the world no other bank with remotely comparable facilities or reserves that pays any interest at all. The United States is much more than a bank. It is the best customer that most of its foreign depositors have; it is likewise their chief or only source of credit; it is likewise their most effective or only source of military defense in a very dangerous world. Furthermore, its payments deficits are being incurred largely to finance investment and employment within their own borders or to finance their defense or to maintain the international political position of the trading system which is even more vital to them than it is to us. This is not a description of the typical role of a bank of deposit. The analogy is misleading.

Again, very few of the many billions on private deposit here are here for any other reason than urgent business necessity to have them here and nowhere else. I would be very surprised if there are any foreign depositors who would be unhappy at the prospect of owning an extra billion of dollars.

We Have Accepted Economic Discipline

Nevertheless, I do not wish to imply that there is no serious problem. It has been well said that this new role of international banker imposes an economic discipline upon us. Our authorities have given evidence that they have accepted this discipline. The ultimate measure of their success, however, will not be a Treasury surplus or high interest rates or high gold ratios. It will be the stability of our price structure. The convertibility of any currency into raw materials and finished products is probably the best measure of its value.

In 1963 it looks as if there will be both good news and bad news on the balance of payments, and these news items will go a long way to determine bond market sentiment, monetary and fiscal policy, and the level of interest rates. Recent declines in foreign interest rates are helpful. Further programs to conserve dollars are probably about to be initiated, which may help. The entire world seems to be achieving a more sophisticated prospective on our banking position and is recognizing that almost $16 billion in gold, plus large foreign assets, plus a very large line of credit at the IMF, give the United States a long period of time to improve its fundamental imbalance. Our success in Cuba and the internal problems within the Communist bloc are favorable factors for our

Mexican Debentures Sold

A PRECEDENT IN FINANCING BY A PRIVATE MEXICAN COMPANY was set Feb. 15 when Tubos de Acero de Mexico, S.A. (TAMSA) sold an issue of $5,000,000 convertible debentures, 7½% Series due 1975. This marked the first time that such debentures had been sold by a Mexican company. Kidder, Peabody & Co. Inc., of New York, negotiated the direct placement of the issue with a group of leading international institutional investors, including the International Finance Corporation, an affiliate of the World Bank. Shown above at the signing of the closing agreement at the Kidder, Peabody offices in New York, are, from left to right: Martin M. Rosen, Executive Vice-President of International Finance Corp.; Bruno Pagliai, President of TAMSA; Albert H. Gordon, senior partner, Kidder, Peabody & Co., Inc., and Sumner H. Waters, V.-P., Kidder, Peabody & Co. Inc.

balance of payments and for all American markets.

Nevertheless, further gold exports and alarmist newspaper headlines are also in prospect. There is always a danger of adverse speculation. Disappointing trade returns are in prospect and the possibility of outward financial flows. We can, I believe, view the future with assurance only if we do not view it with complacency.

Commodity Price and Monetary Policy Trends

The second basic factor to watch is the trend of commodity prices. These have been stable now for four years. If wholesale prices start to rise more than seasonally, this more than any other domestic factor will trigger a shift in monetary policy toward restraint. A rise in prices would also worsen our balance of payments. It is the stability of commodity prices which permits the Federal Reserve to maintain an easy banking position during the current recovery. If commodity prices turn downwards, which is quite possible in spite of business recovery, because of our large unused resources, a monetary and fiscal policy favoring large credit expansion seems likely.

Thirdly, I should mention monetary policy especially in the context of its probable response to both balance-of-payments trends and commodity-price trends. During the months ahead I doubt that it will respond vigorously to the other domestic factors which traditionally influence it. For example, a moderate rise or decline in general business indices should not have the traditonal effect either way. Credit expansion alone should not bring restrictive countermeasures when we have large unused resources. Thus monetary policy with its present dual objectives will probably be more difficult than ever to forecast and to interpret. Sometimes the subtlety of its shifts reminds me of a passage from the poet Homer which I shall loosely paraphrase: "Ajax retreated—but so deliberately and with such a stern visage that the Trojans thought he was advancing. . . . ."

Fourthly, fiscal policy will be a basic determinant of bond market trends. It will no doubt be widely discussed during the next few months as both a potential source of stimulation to the general economy and as an independent force toward higher bond yields. This is because the President has proposed a tax cut which may be linked with a program for financing a large deficit in a noninflationary manner.

"Noninflationary" Finance

The term "noninflationary" finance is usually taken to imply a large volume of long-term bonds with yields sufficiently high to attract public savings. This seems to mean yields high enough to attract savings away from present institutional outlets, or to induce the public to save more than it is now saving. I must confess that I look with some skepticism on this interpretation. This dual program seems to suggest that we must fight both inflation and deflation at one and the same time and therefore combine stimulation with restraint. Nevertheless, it has important sponsorship and should be watched carefully.

I have no doubt that if balance-of-payments considerations, or a revival of inflation, require higher short-term or long-term interest rates, fiscal policy will collaborate with monetary policy toward this end. However, the question here is whether independently of or in advance of these basic requirements fiscal policy is apt to create large pressures on the bond market. I think the answer lies in our interpretation of the term "noninflationary finance." This can be interpreted either in traditional fashion or in pragmatic fashion.

Pragmatically, if there is in fact no inflationary upsurge in our economy, no spurt of commodity prices, no speculative fever, then our authorities need not resort to financing at high interest rates. Under the traditional approach, the Treasury would attempt to pre-empt public savings in advance of economic recovery and thus run the risk of neutralizing a good part of the expansionary effect of a tax cut. I doubt that we should count on such a policy prevailing, but nevertheless this is a possibility to be watched carefully during the next few months. Certainly the Treasury will continue to offer longer-term bonds from time to time as it has during recent years.

Monetary Policy in 1963

In viewing 1963, I think it is only reasonable to assume that monetary policy will be faced with the same dual objectives as in 1962. Our domestic policy objectives will favor low rates, and our international position will favor at least reasonably competitive, if not higher, rates. The net result of the conflict of these two objectives may be, as it has been, a series of irregular and seemingly irrational fluctuations in the bond market. Various types of rates may continue to move diversely according to temporary technical forces, frequently reversing their trends without any very close correlation to the prospective small swings upwards or downwards in the trends of American business.

Therefore, at present I am not able to forecast any of the more dramatic developments which I have heretofore analyzed. My crystal ball suggested that for some months at least the bond market will continue to be stalemated. Short rates will be held up by balance-of-payments considerations, and long rates will be held down by the sluggishness of the economy and the large flow of private savings.

To the portfolio manager, this outlook suggests a normal maturity balance at least for another six months or perhaps a year. Today there is no strong reason to put short-term funds into long-term bonds or to withhold long-term funds from the market in the early hope of much higher yields. Some areas of the long market are, as usual, much better priced than others. For example, long-term U. S. Government bonds at above 4% and prime long municipals at 3.2% are paying a better-than-average rate of interest, which compensates for a price risk which does not seem to be any greater than the price opportunity.

*An address by Mr. Homer before the 44th Mid-Winter Trust Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 4, 1963.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Parables Not Arguments

The majority of people who buy securities are either uninformed, emotionally motivated, or careless and lazy in arriving at investment decisions. This is not meant as an indictment of the millions of lay investors with whom the experienced investment salesman must do business. It is nothing more than a plain statement of fact. The record speaks for itself. Although professional investment advisors, and those engaged in the security business, also make many mistakes in their investment and speculative activities, those who survive usually learn from their mistakes and take their work seriously enough to warrant their continuing in business.

But John Q. Public is still the fellow who panics when the crowd is running. He sells out when prices are low. He over-extends himself when optimism is general throughout the land. He thinks there is such a thing as a "market" instead of "groups of stocks" and "individual issues." He learns little from his mistakes and he is steeped in his prejudices.

He is the fellow who thinks that all OTC stocks should be avoided. He never tried to learn how this great market functions. He has formed his opinion from scraps of hearsay, or an unfortunate "gamble" that he never should have attempted, and at a time when he was almost certain to be burned. He doesn't know a thing about the great profits that have been made in life insurance stocks, casualty stocks, bank stocks, and literally hundreds of outstanding common stocks of excellent companies that are traded only in the Over-the-Counter Market.

He is also the fellow who says, "We can't have a recession because it is getting close to election time and the Administration won't permit it." He doesn't know that recessions and booms are constructed out of years and years of over-excess in many spheres of economic activity, although it is true under today's overextended governmental powers that changes in Federal Reserve Policy, Government spending, and the passage of emotionally charged legislation can trigger an already accumulated tinder-box into a conflagration.

But why go on? This is the way of the public investor and his actions can sometimes be predicted. That is why there are so few successful investors and speculators. Only a limited number of people are intellectually and emotionally fitted, and educated enough, to acquire great wealth. They are the ones who do not go along with the crowd. They are the buyers when the crowd is selling. They are the sellers when the crowd is buying. This may sound like an over-simplification and possibly it is. After all, there is also a limited group of people who look upon the preservation of their capital as something important. Incidentally, they are usually those who form minority opinion (usually right in the long run) in all phases of activity—political, economic, and historical. You are lucky, if you are a security salesman and you have a few of them as customers. You can learn from them.

How To Approach Mr. Average Investor

Many years ago I drew up an elaborate set of graphs that I thought would help me to show prospective investors the merits of life insurance stocks. Although the points I tried to emphasize were potent considerations, and my looseleaf book was quite impressive, I found that I was not gaining much headway when I showed my handiwork to prospective investors. Finally, I took the book to a good friend who was one of the best students of human nature (and one of the greatest security salesmen I have ever known), and I said, "Carl, What's wrong? I have clearly shown why life insurance stocks as a group have many advantages over other types of investments, yet I am not getting any business?"

He looked at a few pages and then he gave me this answer, "I think you have some excellent charts here, but WHY LOOK FOR ARGUMENTS?" In addition, he also showed me that many people do not want anyone to educate them. The average person is not interested in learning about the technical aspects of his investments; particularly from a security salesman, or any man who may be younger, less experienced in life, and possibly having a great deal less of the world's goods which he can look upon with pride. Then I asked him what he would do to convince people that life insurance stocks were a good investment and this is what he told me:

"Tell Them A Story"

He asked me what particular life stock I liked. I gave him a list of about five or six stocks. "Narrow it down to one", he said. Now you are on the right track", he continued. "Next, learn all you can about this company. Check its record of growth. Pick out the salient facts. Present them to your customers. Then let them ask you questions. Prompt these questions with statements and questions of your own such as, "Isn't this a wonderful record of growth, Mr. Prospect?" Or, Isn't this a fine business to invest in; no strikes, no inventory, no style changes, it's bound to grow with the population, it's a necessity. Aren't these built in advantages upon which an investor can capitalize, Mr. Prospect? And in this connection I'd like to tell you a story."

Then he told me to relate a story of the appreciation that has been possible if an investor had bought the shares in that company five years previously. He took an imaginary sum of $10,000 and he calculated the exact amount of income the investment would have provided each year and how much it would have enhanced in value through stock splits, stock dividends, and market enhancement. "There is your package. Now you have something to sell," he concluded.

Summary

Don't try to educate by using technical material and the classroom approach. It is resented.

Don't look for arguments. Extraneous material will often give the prospect (in any line of business) an opportunity to show off his knowledge, become combatative, instead of cooperative.

Be selective. Don't try to sell an industry, six stocks, or a vague idea. Offer one idea, one stock, one good situation. This shows the other fellow you have some consideration for his time and his intelligence.

Tell a story. One good story that proves a point is worth a thousand graphs, charts, or statistical reports. But be certain you are offering a worthwhile security at the right time when it is priced moderately in line with its calculated value and future possibilities. This is the tough part of the job, since it is not enough to lead the horse to water and entice him to drink but he should also enjoy it—not only now but in the future.

ASE Re-Elects Frank Vice-Chmn.

The American Stock Exchange Board of Governors re-elected Robert S. Frank, Vice-Chairman, at its organization meeting. The Board approved Exchange President Edwin D. Etherington's reappointment of the three Public Governors—Dr. Allen B. Du Mont, television and electronics pioneer; S. Whitney Landon, lawyer and retired Vice-President and Secretary of the American Telephone and Telegraph Co.; and Dr. Charles Franklin Phillips, President of Bates College.

Robert S. Frank

Mr. Landon and Dr. Phillips were initially appointed to represent the public on the 32-man board in March, 1962, by Edwin Posner, President *pro tem* and Chairman at the time, and Dr. Du Mont was appointed in September, 1962 by Mr. Etherington.

Mr. Frank, an Exchange member since April 27, 1938, was named to his second one-year term as Vice-Chairman. He was first elected to the Board in February, 1960, and was re-elected to a 3-year term last fall. Mr. Frank, a stock specialist on the Exchange, served on the Advisory Committee which drafted the 86-page General Amendment to the Exchange Constitution approved by the membership June 25, 1962.

W. C. Dunn Joins Lombard, Vitalis

Wadsworth C. Dunn has joined Lombard, Vitalis & Paganucci, Inc., 48 Wall Street, New York City, members of the New York Stock Exchange, as Director of Research, it was announced.

Mr. Dunn was previously a vice president of Winters National Bank & Trust Company, Dayton, Ohio. Prior to joining Winters, Mr. Dunn had been associated with Mellon National Bank & Trust Co., Pittsburgh; Bankers Trust Co., New York, and Spencer Trask & Co.

As We See It

Continued from page 1

$7.5 billion to about $15.7 billion, or at a greater rate than the increase in the total national debt. Due largely, if not solely, to the change in the price of gold the Federal Reserve ratio rose from 63.8% to 86.7% from the end of 1933 to the end of 1939. Thus there was no shortage of reserves in the hands of commercial banks. Each and every year throughout this period recorded a large deficit in the accounts of the Federal Treasury. By 1939 it had reached $3.5 billion — which for that day and time was a monumental figure.

Gross National Product had been $104.4 billion in 1929. It had fallen to $56 billion in 1933. All the sure cures by the New Deal did no more at most than to bring the figure up to $91 billion in the years from 1933 to 1939 — and, of course, virtually all of us will remember that the general business situation in 1939 as respects unemployment and all the rest was anything but satisfactory. Some temporary improvement in the earlier years of the period had led Franklin Roosevelt to boast that "we planned it that way," but it was not long before he was less than eager to say that what came along was planned that way. While incomes of over five million was by 1939 taxed at 75%, it was not until later that the extremes of the present law went into effect.

All this hardly lends much credence to the notion that the New Frontier program will head off any recession that may be in the offing, or that any relief that it may, in fact, offer will be other than temporary. Lest misunderstanding arise, let it be said at once and categorically that in our view proper tax revision —that is revision which remedies the serious defects in the tax structure as it stands today — would be definitely helpful. The trouble is, first, that as yet at least there is little credible evidence that plans now in the minds of the President and his aides would take the real curse off our present tax system, and, second, that there are many causes of present conditions which do not stem from taxes or the tax system. These latter are not even recognized as such by the managers at Washington.

We do not believe that the President or any of his chief advisers are indifferent to the public welfare, certainly not so indifferent that they would foist upon the nation seriously harmful legislation merely for the sake of political advantage. A good many of these advisers, of course, have no political ambitions, and there seems to be no doubt that their sincere convictions, however invalid, have convinced the President of many things that simply are not true. Having made this clear, we must add that the claim that the program now brought forward by the Administration is essential to prevent a serious recession, is quite a common sort of political tactic.

Here Danger Lies

And it is here that danger lies. From all that one can gather from Washington dispatches, many if not most of the members of Congress are definitely not convinced of the soundness of the New Frontier program—so unconvinced that they are much inclined to deny the President practically all of it. In this fact we find substantial encouragement. We should find more encouragement in it if we were as fully convinced that members of Congress could not be frightened into support of such measures by plain threats of serious political consequences of failure to go along with the New Frontier plans. As every one who has cut his eye teeth knows full well some decline in the rate of business activity will take place sooner or later. That decline could be substantial and could put in its appearance before the general election next year. No practical politician wants to be in a position to be blamed for any such development.

It is furthermore a fact that since the advent of Keynes and of Franklin Roosevelt in this country—to say nothing of a generation of younger economists who ought to know better—the followers of such doctrines as are now being preached by the New Frontiersmen have grown smooth and, to the uninformed, unfortunately convincing. They have developed a new and high-sounding vocabulary which is unfortunately impressive to the laymen. All this presents a very real threat to us all.

Our Salvation

Our salvation lies or should lie in the influence of men and women who know in their own hearts that most of this keynesian jargon is but a reburnishment of ideas that have been advanced and rejected by thoughtful people for generations past. It may appear to be a waste of time and effort to refute notions which were quite adequately refuted many, many years ago, but the fact is that they must be again refuted and in a way that will impress the rank and file — and, so we must hope, offset the personal advantages that some of the measures may at least appear to offer to certain elements in the population.

The situation in this respect is quite serious. More depends upon this Congress than has been true of most of them in the recent past. And any strong constructive action taken by this Congress must be carried forward indefinitely in the future.

Is Federal Reserve Teetering On Edges of Money Crisis?

Continued from page 1

at the same time, we are making progress in *overcoming our payments problem* internationally. And I believe that these ways *will contribute better to* sustainable *economic growth than* would *flooding the economy with money*."

And he went on saying that

". . . the domestic liquidity of our banks and our economy in general is now so high that still *further monetary stimulus would do little if any good—and might do actual harm*—even if we did not have to consider our payments situation at all."

Having advanced a big step in the Sound Money direction, he took in the next breath a cautious step backward:

"This means that if any *additional governmental action* is needed in the financial field in order to give fresh expansive impulse to the economy, it would probably have *to come from the fiscal side*. The part played by monetary policy, from both an internal and an external point of view, could then be mainly supplementary and defensive."

Mr. Martin does not believe in "flooding the economy with money," but he recommends that action, "if needed," should come on the fiscal front, meaning one thing only: bigger budget deficits and large-scale debt monetization (which is what presidential economist Dr. Heller propagates as in accordance with the "main stream of economic science"). How else could the deficits be financed? Surely not by selling billions worth of bonds to the public. That would cause the long-term rates to skyrocket, the last thing this Administration would want to accomplish, unless the central bank keeps boosting the money volume at the risk of enhancing the capital outflow—weakening the dollar.

"Passing the buck" on to the Treasury, if that is the idea, will not do. Actually, on Feb. 1 of this year, the Chairman reiterated before a Congressional Committee that he is not enthusiastic about "planned deficits" and outright opposed to their monetization. "The Treasury obviously (?) would not expect the Federal Reserve to inflate the money supply, thereby putting the entire economy in jeopardy, merely so that the Treasury could get money at an artificially low rate." What matters is not the expectations of the Treasury, but the will of the national government.

First Things First!

Indeed, is the Federal Reserve in a position to steer its own course? Notwithstanding its formal "independence," it is an agency of the national government. It enjoys a large measure of freedom in day-to-day operations—which do not conflict with the policy objectives of the President and of the congress.

In other words, the management of the central bank is not free to operate in accordance with its own best convictions. It has to play politics in order to minimize the damage the politicians might inflict on the currency. Politics is the art of the possible, as the old adage goes. By the same token, statesmanship is the art of knowing what one wants to accomplish and of maneuvering in that direction.

This must be borne in mind to understand the Chairman's apparent self - contradictions. In reality, his position is clear and firm. His speech of Dec. 28 was a strongly worded *appeal to reason*, calling public attention to the principle that first things have to come first. And the dollar's stability is the first thing, he implied, being in acute peril of losing the world's confidence; the resulting devaluation or exchange control would be ruinous to the Free World as well as to ourselves. On the other hand, he tried to avoid a head-on collision with the Administration.

The Chairman's speech has to be appraised in the light of the circumstances, political and financial. In that light, it was probably *the most forthright statement ever uttered by a spokesman of our central bank* in distinct opposition to the national government's thinking.

The Crucial Question

At stake is the choice between the two basic objectives: the alleged need for more domestic stimulation, and the necessity to protect the dollar against the impending threat of devaluation. The Chairman paid lip-service to the first objective; yet, the burden of his argument was concerned with the second. He did not consider it worth while to discuss the easy optimism of the U. S. Treasury, repeated as recently as last December, that our balance of international payments is rapidly improving (let alone Mr. Dillon's naive forecast that it would be in equilibrium by the end of 1963!). He elaborated on the diverse—short-term — borrowing arrangements the Federal Reserve concluded last year with foreign central banks, but with the understanding that the "currency swaps" and similar deals are mere stopgaps. They are useful to avert a temporary calamity, but no help against the excessive capital outflow, public and private, and the imbalance in foreign payments.

Worse, still, in fact: they are soporifics which lull the authorities into believing that all is quiet on the foreign exchange front; inflationist recklessness is having a heyday.

The Chairman did not find it necessary to take note of the chit-chat in the Washington treetops (on top of the International Monetary Fund, in particular) about the inflation being over and the deflation-wolf skulking at the door. Instead, he pointed out what is apparently beyond the intellectual vision of the Administration economists: that "sustainable growth" is best promoted by maintaining the gold value of the dollar—and could not be achieved at all without such monetary stability.

The Chairman has emphasized that the economy is amply provided with liquidity. Are, then, his words of warning to be appraised as announcing a "so far and no further" attitude—no more additional credit outpour by the central bank, even if this should mean a stiffening of money rates? Is a showdown between him and the President in the offing? Nothing of the sort is indicated. The recent reappointment of Mr. Martin merely denotes the fact that the government cannot afford to let the Chairman go, whose resignation may signal an international confidence crisis for the dollar. The latter, in turn, may find satisfaction (or consolation) in the thought that without him at the helm the moneycranks in and out of the Reserve Board might have clear sailing. Apparently, we shall continue our inimitable tight-rope-walking on the edges of a monetary catastrophe.

Nat'l Foreign Trade Convention

The Fiftieth National Foreign Trade Convention to be sponsored by the National Foreign Trade Council in 1963 will be held on Monday, Tuesday and Wednesday, Nov. 18, 19 and 20, at The Waldorf-Astoria, New York, N. Y.

The outline of the Convention program, together with registration and reservation cards, will be announced in June.

The board of directors has also approved Nov. 16, 17 and 18, 1964 as the dates for the Fifty-first National Foreign Trade Convention, to be held in New York.

Brown Named Director

Moreau D. Brown, partner in the banking firm of Brown Brothers Harriman & Co., has been elected to the board of directors of the Magee Carpet Company of Bloomsburg, Penna., it has been announced.

Mr. Brown, who is in charge of the Philadelphia office, joined Brown Brothers & Co., a predecessor of Brown Brothers Harriman & Co., in 1928 after graduating from Yale University. He is a descendant of James Brown, one of the founders of the firm.

Our Two Major Problems Require Different Solutions

Continued from page 9

these other outlets for savings, the resulting increase in bank assets and deposits does not represent injections of new money and credit into the economy.

Finally, there is no doubt that the advance in bank interest rates induced some individuals and business corporations to shift from demand deposits to interest-earning time deposits at commercial banks. That is, the attractiveness of a prominent near-money asset was enhanced and the public was thereby induced to economize further their holdings of cash balances. Or, to put it differently, as bank credit expanded in 1962, the public found it desirable to place the monetary counterpart of the credit expansion into time and savings deposits. To the extent that such conversions occurred, our comparative statistics on money supply fail to take into account the increased substitution of time for demand deposits.

Questions Monetary Expansion—Data

It is unfortunate that we are unable to measure and compare these various components of the buildup in time deposits. All we can say is that the growth of **total** bank credit and deposits exaggerates the degree of monetary stimulus in 1962, while the growth of money supply understates the contribution of monetary policy to economic expansion. Let us, therefore, examine two other variables that usually express the extent to which the economy has been supplied with new money and bank credit.

The turnover of demand deposits a measure of the velocity or rate of use of money balances, has trended upward in the postwar period. If we look at the cycles around this rising trend, we find that they conform rather well to the business cycle. We also find that turnover has generally increased faster in years of monetary restraint and slower in years of monetary ease. In the year just ended, the rate of turnover rose by as much as it did in some earlier years of vigorous economic expansion and restrictive monetary policy. I take this as an indication that the public has not been supplied with redundant amounts of new money in relation to its transactions and income.

This observation is confirmed by what happened to interest rates in 1962. As I noted earlier, short-term rates crept up during the year. Although long-term rates sank a little, they remain high by historical standards. Reflecting, as they do, the interaction of the supply of funds with the demand for funds, interest rate movements in 1962 reveal to us that the supply was not pressing very strongly on demand.

All in all, therefore, I would characterize monetary policy in 1962 as having been passively responsive to the bank credit and monetary needs of the economy but not actively stimulative. And this judgment is borne out by the fact that it was not until the final quarter of the year, when business and consumer psychology strengthened and business loan demand picked up, that money supply rose. It was at this point that the economy overtook the monetary posture of supplying reserves on terms consistent with a short-term rate pattern based on balance-of-payments considerations.

Could monetary policy have done more to encourage economic expansion in 1962? I believe that the answer is "yes" but judgments may differ on this—and particularly would they differ as to the consequences on the balance-of-payments. The range of difference is not very wide and would not cover, so far as I am concerned, a sufficiently aggressive monetary policy to have single handedly restored the economy to full use of its resources. As far as long run growth is concerned, the major contribution that monetary policy can make is shortening the duration, and cutting down the amplitude, of cyclical downswings and extending the period and amplitude of upswings. The secular tilt of the economy is more appropriately the concern of fiscal actions and structural reforms.

Balance of Payments Considerations

Just how is monetary policy constrained by balance-of-payments considerations? Since 1961 the objective has been to maintain a level of short-term interest rates in the United States that is tolerably competitive, exchange risk considered, with the level of short-term rates in other money markets, mainly in London and, to a lesser extent, Western Europe. This competitive level has succeeded in limiting, though not eliminating, incentives that U. S. banks, and corporations, or foreigners with short-term dollar holdings, would otherwise have to add to the U. S. balance-of-payments deficit by switching from short-term dollar investments to short-term investment abroad.

Flows of funds of this kind are sometimes interpreted by important dollar holders, domestic as well as foreign, not as rate-conscious money seeking gain from interest differentials, but as the consequence of apprehensions about the strength of the dollar. Thus, monetary policy has in effect been directed at maintaining a psychology of international confidence in the dollar.

This is a perfectly proper objective for monetary policy to pursue but it is not one that can have a significant impact on correcting whatever basic imbalance exists in our trading-investing relationships with the rest of the world. And it is only through changes in these basic factors that a real solution to the problem can be achieved. Can monetary policy also play a role here? First, as to investing relationships.

A number of domestic and foreign observers have noted that our international transactions on current account and Government economic aid have in fact given rise to nearly equal U. S. payments and receipts in recent years. In consequence, they have identified our deficit on all transactions with our deficit on private capital account. They have argued that in order to bring our over-all payments flows into balance, we must sharply reduce net outflows of private capital. They have thought this result might readily be accomplished by a tightening of monetary policy and a rise in interest rates.

Questions Use of Tight Money and Monetary Policy to Curb Capital Exports

I would not deny that reduced credit availability and higher interest rates might not have some significant and lasting effects in reducing net capital outflows. They could; but much depends on the circumstances. In the economic environment of today, my judgment is that it would take more monetary action than is desirable to significantly curtail net capital exports.

The largest outflows of U. S. capital represent direct investments by U. S corporations in foreign branches and subsidiaries. Basically, these investment decisions must take into account the relationship between long-term interest yields on market investments and the prospective profit yield of a particular investment. If credit conditions in this country should tighten as a result of vigorous, but non-inflationary, domestic economic expansion in which the relative profitability of investment in this country was rapidly improving, then indeed U. S. firms would invest more at home and less abroad, and foreign capital, too, would be attracted here. But if last year's climate of less than vigorous growth, with some slack in resource use, were to continue and credit conditions were tightened by restrictive monetary policy alone, a large retarding effect on the direct foreign investments of U. S. business could only be significantly effective at the expense of declines in other closely linked sectors of the domestic capital markets and therefore domestic expenditure.

Other flows of capital are probably more responsive than direct investments to changes in credit and interest rate conditions, but some of these flows, too, are less responsive than is often supposed. Much foreign borrowing last year, for example, through bond issues in our markets—the second largest category of capital outflow—was by foreign governments whose demands for external funds were not very flexible because they could find no other international capital market open and able to accommodate their transactions. Also, a good deal of lending abroad by U. S. banks was associated with U. S. exports whose financing could not readily be transferred to foreign credit markets.

Furthermore, it can hardly be argued that reduced credit availability and higher interest levels could have big effects on international capital flows but only minor effects on domestic credit flows. To have tightened monetary policy last year enough to have exerted significant restraint on those outflows of capital that are responsive could, in my judgment, also have had a strong braking effect on the lagging domestic economic expansion.

How could monetary policy be used to improve our basic trading position—to make our exports of goods and services more competitive? There is traditional orthodox prescription for a certain situation. The classical case for the application of "monetary discipline" so called, is that in which a country is suffering from excess demand and is attempting to deal with the twin phenomena of inflation at home and a deficit abroad. Here monetary restraint has the dual purpose of tempering the climate of the domestic economy and reducing the deficit in the international accounts. But our current domestic problem is not one of inflation but of lagging expansion and to attack the balance-of-payments problems with stringent monetary measures would risk imposing a costly drag on an already sluggish pace of economic growth.

Finds Monetary Policy of Limited Effectiveness

Thus, the role of monetary policy can be, under present circumstances, only of limited effectiveness in dealing with the basic balance-of-payments problem just as it is of limited effectiveness in dealing with the domestic problem of lagging long run economic growth.

In the past two years a good deal of direct attention has been given to the conditions and environments which can be altered to improve our basic international economic position — through the reduction of tariffs, lowering of barriers to capital outflow by other high-savings industrial nations, the tieing of foreign aid, and the fuller sharing of free world burdens for mutual security. But the situation fails to show the degree of improvement needed to clearly indicate to the rest of the world our capacity and intent to reach an equilibrium payments position. We probably should be giving consideration to alternatives that up to now have been rejected.

Use of Tax Policy for Capital Outflow and Exports

For example, we might consider a more direct attack on the capital outflow problem. The United States has the largest and most accessible capital market in the world, and it ought to be kept free of exchange restrictions. It is proper and desirable that capital-poor developing countries should utilize this market to meet a portion of their enormous needs for foreign capital. It is not so clear, however, that it is either necessary or desirable for advanced countries, with balance of payments surpluses, to have recourse to our capital market on the recent large scale while they restrict and hamper entry of outside borrowers to their own capital markets. If these countries are unwilling to open their capital markets, possibly we should look toward tax measures that might help to remedy this unbalanced position. In general, we need to explore the possibilities of various tax measures that might, consistent with our obligations as an international good neighbor, and with the status of the dollar as a world reserve currency, discourage capital movements that appear to flow "uphill" to countries that are already capital-rich.

We also need to explore the possibility that tax measures might be used to encourage exports. As a matter of principle, there is no good reason why our exports should bear U. S. taxes. Taxation is a means by which we pay for government services. Why should foreign purchasers of our exports help to pay for the services provided by the U. S. Government to its citizens and why should our exporters be expected to be so competitive that their product prices have to absorb U. S. as well as foreign taxes and tariffs?

It may be that foreign countries in their tax policies also discriminate against their nationals' exporting activities. This is not easy to ascertain given the complication of various national, state, and local tax laws and conditions under which tax burdens are shifted to customers. But the discrimination against exporters of our country can hardly be doubted.

Monetary and Fiscal Policy In the Year Ahead

If the proposed tax reduction is successful in stimulating more rapid economic expansion, bank credit and monetary needs will in all likelihood accelerate. Business demands for loans will increase, consumers will impose larger calls on credit markets, and the Treasury will be financing an enlarged deficit. In such circumstances, the supply of bank credit and money can increase without downward pressures on interest rates and aggravation of capital outflows. In fact, bank credit, the money supply, and interest rates might well rise more in relation to advancing GNP than in comparable periods of expansion. This is so because monetary expansion has lagged during the past year. The fact that deposit turnover or velocity has continued to rise rapidly over the past year suggests that we cannot count as much as in other recent periods on past monetary creation to satisfy future monetary needs.

As to the question of how the enlarged budget deficit will be financed, I see this as a problem that can only be considered in the economic environment in which it occurs. The budget went into deficit during the recession of 1960 and, just as the recovery in the economy has been incomplete, the restoration of balance in the budget has been incomplete. The past year's deficit has been successfully financed outside the banking system.

The proposed tax cut will enlarge the deficit, but gradually rather than all at once. In view of the purpose of the tax cut, which is to stimulate the economy, a consistent national policy would hardly call for monetary action to offset its effects if the economy continued to operate well below its capacity. Similarly, if excess demand develops, generating inflationary pressures and psychology, offsetting action by the Federal Reserve would be clearly appropriate. Thus, the economic climate at the time should determine the posture of our monetary policy. In judging monetary policy in relation to deficit financing, what matters most is not whether the banks or the nonbank public purchase the securities to finance the deficit, but whether the economy as a whole is provided with a volume of money and bank credit consistent with sustainable expansion at relatively stable prices. This is not to say that the Treasury does not have a debt maturity problem. Its market offerings need to be fitted into a balanced structure of maturities. In financing an enlarged deficit, the Treasury may find it necessary at various points to compete with other borrowers in the different maturity sectors of the market. Under the economic environment that we hope to achieve, the competition may prove to be strong and the Treasury should be prepared to meet it.

*Statement by Mr. Mitchell before the Joint Economic Committee, Washington, D. C., Feb. 1, 1963.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

The 27th Annual Reception and Dinner of the Security Traders Association of New York, Inc., will be held on Friday, April 26, at the Waldorf-Astoria Hotel, at 7:30 p.m.

Subscription is $17.50.

Members of the Arrangements Committee are: Michael J. Heaney, Michael J. Heaney & Co., Chairman; William J. Doherty, Fahnestock & Co.; Walter Kane, Shearson, Hammill & Co.; John M. Mayer, Merrill Lynch, Pierce, Fenner & Smith Incorporated; George McVey, Lehman Brothers; Peter E. Molloy, White, Weld & Co.; Morton N. Weiss, Singer, Bean & Mackie, Inc.; Bernard Weissman, Gold, Weissman & Frankel, Inc.; Paul R. Yednak, Sidney A. Siegel & Co., Inc.; and Edward Zinna, Smith, Barney & Co. Elbridge H. Smith, Stryker & Brown, is in charge of Liaison.

Dinner Reservations are in charge of Bernard J. Clancy, Jr., Bache & Co.

Hotel Reservations may be made with John J. Meyers, Jr., John J. Meyers & Co.

BOND CLUB OF SYRACUSE


Russell C. Carlson


John R. Glushko


Marshall W. Day

The Bond Club of Syracuse has elected the following officers for 1963:

President: Russell C. Carlson, Onondaga County Savings Bank.
Vice-President: John R. Glushko, Hemphill, Noyes & Co.
Secretary: Marvin C. Pellenz, First Albany Corporation.
Treasurer: Marshall W. Day, George D. B. Bonbright & Co.
Board of Governors: John P. Miles, W. C. Langley & Co.; Francis Q. Coulter, Marine Midland Company of Central New York;! Richard Feldman, Granbery, Marache & Co.

SEATTLE SECURITY TRADERS ASSOCIATION


Peter H. Baker


Glenn E. Hinton

The Seattle Security Traders Association, Inc. has elected the following officers for 1963:

President: Peter H. Baker, Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Vice-President: Glenn E. Hinton.
Secretary; John E. Packo, Francis I. Du Pont & Co.
Treasurer: Joe W. Grubbs, Jr., Bank of California, N. A.

MEMPHIS SECURITY DEALERS ASSOCIATION


Ira W. Pyron, Jr.


James N. Reddoch

Memphis Security Dealers Association has elected the following new officers for 1963:

President: James N. Reddoch, James N. Reddoch & Company.
Vice-President: Edwin L. Bennett, M. A. Saunders & Company.
Secretary: Ira W. Pyron, Jr., Goodbody & Co.
Treasurer: I. M. McFadden, Bullington-Schas & Co.

Funston Cites Progress in Annual Report

Keith Funston, President of the New York Stock Exchange, described 1962 as a year of unusual "challenge and response" for the Exchange, citing developments in four major areas in his annual report: (1) The May 28-31 market period produced a "sudden, extraordinary demand for service" from the public that "thoroughly tested the vigor and resiliency" of the Exchange Community and its marketplace; (2) The Exchange made important new moves in its continuing program of strengthening standards; (3) The Exchange's new building program advanced substantially, with the start early in 1962 of a five-year plan to accumulate a $29 million initial financing fund and, at the end of the year, official steps to establish a distinctive site for the new Exchange building at the foot of Broad Street, opposite Battery Park; (4) An 80% faster stock ticker was tested in prototype, and contracts were signed for a computer-based data-processing system, scheduled to automate dissemination of sales and quotation information completely in 1965.


Keith Funston

The May 28-31 market break and recovery — although not the sharpest short-term price movement of recent decades—did produce near-record volume and service pressures "unparalleled in the experience of most Exchange members," Mr. Funston said.

"The Community demonstrated skill in maintaining service in the face of exceptionally difficult operating conditions," the Exchange President declared. "One indication of this may be found in the fact that, although 673,000 public orders were executed on those three days, the Exchange received a scant 300 complaints from customers of member organizations."

As in every year since the Federal securities laws were passed, Mr. Funston said, the Exchange reviewed many of its own rules in the context of current market conditions.

Areas where the Exchange took steps in 1962 to expand requirements included: strengthened training standards for registered representatives, who handle customers' orders for member firms; new qualifying examinations for new members and allied members; a new inspection program for checking the performance of member organizations' office management and sales activities; adding a system of fines to the disciplinary measures the Exchange now takes against registered representatives who violate its rules; and broadening the market letter review program to increase spot-checking of materials published by member organizations doing business with the public.

Mr. Funston noted—in connection with the Exchange's building and automation program—that the number of Americans owning shares in publicly-held companies may reach 25 million by 1970. The total last year, according to the 1962 Census of Shareowners, was more than 17 million. Reported stock volume in 1962, while off at some periods, was third highest for any year in the Exchange's history, reaching 962 million shares, or a 3.8 million daily average.

The new building program had advanced by year's end to the point of the Exchange's signing a letter of intent with the City's Housing and Redevelopment Board, for development of the 240,000-square-foot area in the Battery Park section as the site for the new building. The initial financing fund had been credited with $8.2 million of its $29 million goal by the end of the year.

New stock tickers, capable of speeds of up to 900 characters a minute, are now due for installation in the Exchange's 3,800-printer system by the fall of 1964, Mr. Funston said. Technical design problems encountered in final developmental stages by the manufacturer have pushed this schedule back from the early part of the year.

ASE Board Elects Officers

Edwin Posner was re-elected to a one-year term as Chairman of the American Stock Exchange Board of Governors and nine others were elected to three-year terms as Governors at the Exchange's annual election on Feb. 11.


Edwin Posner


Clarence W. Bartow


Frank C. Graham, Jr.

Named to the 32-member board for the first time were Clarence W. Bartow of Drexel & Co. and Frank C. Graham, Jr., of Purcell & Co. Three of those elected have served on the board in past years—William P. S. Earle, Jr., of Blalack & Wells, Inc., Bernard E. Teichgraeber of Thomson & McKinnon, and David S. Jackson.

Present board members re-elected were Norwood Norfleet of Reynolds & Co., August Huber of Spencer, Trask & Co., John D. Warren of G. H. Walker & Co., and Forrester A. Clark of H. C. Wainwright & Co., Boston.

The Exchange membership also chose three Trustees of the Gratuity Fund and a Nominating Committee of seven to select a slate for the annual election in February, 1964.

Mr. Posner, of Andrews, Posner & Rothschild, has been an Exchange member since 1921 and has served a total of 24 years as a Governor. He was Vice-President of the Exchange in 1932 and 1933, Vice-Chairman of the Board in 1942, 1943 and 1944 and Board Chairman and President in 1945 and 1946.

During much of the recent reorganization of the Exchange, Mr. Posner held the dual function of President pro-tem and Board Chairman. He was appointed President pro-tem on Jan. 22, 1962 and became Chairman on Feb. 13, 1962. He was re-elected Chairman at a special election last June, to serve until the annual election.

The newly elected Board Members include:

Four regular members who have their principal places of business in or within 100 miles of New York City, at least two of whom spend a substantial part of their time on the American Stock Exchange trading floor and at least two of whom are with firms which do a public business and do not perform specialist functions:

William P. S. Earle, Jr., Blalack & Wells, Inc.

Frank C. Graham, Jr., Purcell & Co.

David S. Jackson, Gilligan, Will & Co.

Norwood Norfleet, Reynolds & Co.

Four regular or nonregular members who are principally engaged in office functions in or within 100 miles of New York City and who are with firms that do a public business and do not perform specialist functions:

Clarence W. Bartow, Drexel & Co.
August Huber, Spencer, Trask & Co.
Bernard E. Teichgraeber, Thomson & McKinnon.
John D. Warren, G. H. Walker & Co.

One regular or nonregular member who is principally engaged in office functions more than 100 miles from New York City and who is with a firm which does a public business and does not perform specialist functions:

Forrester A. Clark, H. C. Wainwright & Co. of Boston.

Elected to the Nominating Committee were: Walter F. Blaine, Goldman, Sachs & Co.; John Brick of Paine, Webber, Jackson & Curtis; G. Donald Gallagher, at Coggeshall & Hicks; Norman P. Smith, Merrill Lynch, Pierce, Fenner & Smith Incorporated; Frederick B. Spencer, at Coggeshall & Hicks; Thomas J. Thompson, at Dean, Witter & Co.; Edwin J. Wheeler, at John V. Dunne & Co.

Elected trustees of the Gratuity Fund were Timothy J. Reardon, of Andrews, Posner & Rothschild, and Robert J. Smith, of Sexton & Smith, both to serve until the annual election in February, 1966; and Sterling Nordhouse, at Hoppin Bros. & Co., to serve until the annual election in February, 1965.

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:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Feb. 16	2,054,000	1,975,000	1,915,000	2,454,000
Index of production based on average weekly production for 1957-1959	Feb. 16	110.3	106.0	102.8	131.7
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 8	7,370,260	7,206,660	7,289,110	7,423,260
Crude runs to stills—daily average (bbls.)	Feb. 8	8,788,000	8,726,000	8,574,000	8,586,000
Gasoline output (bbls.)	Feb. 8	29,724,000	30,269,000	30,776,000	29,512,000
Kerosene output (bbls.)	Feb. 8	3,689,000	3,704,000	3,752,000	3,726,000
Distillate fuel oil output (bbls.)	Feb. 8	15,625,000	15,423,000	16,047,000	14,736,000
Residual fuel oil output (bbls.)	Feb. 8	6,267,000	6,422,000	5,722,000	6,932,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Feb. 8	202,280,000	201,602,000	191,782,000	199,414,000
Kerosene (bbls.) at	Feb. 8	25,847,000	26,104,000	29,449,000	25,985,000
Distillate fuel oil (bbls.) at	Feb. 8	104,621,000	113,548,000	136,271,000	112,010,000
Residual fuel oil (bbls.) at	Feb. 8	46,830,000	48,565,000	49,375,000	41,293,000
Unfinished oils (bbls.) at	Feb. 8	81,506,000	80,427,000	82,454,000	79,826,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 9	528,762	501,294	521,515	542,415
Revenue freight received from connections (no. of cars)	Feb. 9	510,032	470,886	462,048	520,631
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 9	8,505,000	7,865,000	8,605,000	8,170,000
Pennsylvania anthracite (tons)	Feb. 9	358,000	339,000	419,000	420,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS - RECORD—NEW SERIES:					
Total advance planning by ownership	Feb. 14	$546,800,000	$558,400,000	$716,400,000	$292,400,000
Private	Feb. 14	205,300,000	273,300,000	357,300,000	143,800,000
Public	Feb. 14	341,500,000	285,100,000	359,100,000	148,600,000
State and Municipal	Feb. 14	319,700,000	256,000,000	345,700,000	142,100,000
Federal	Feb. 14	21,800,000	29,100,000	13,400,000	6,500,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Feb. 9	90	83	99	85
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 16	17,672,000	17,532,000	18,110,000	16,266,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 14	311	329	286	412
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 11	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 11	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Feb. 11	$28.17	$28.17	$27.17	$36.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 15	30.600c	30.600c	30.600c	30.600c
Export refinery at	Feb. 15	28.475c	28.425c	28.475c	28.575c
Lead (New York) at	Feb. 15	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	Feb. 15	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	Feb. 15	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Feb. 15	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Feb. 15	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Feb. 15	108.750c	108.500c	111.500c	121.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 19	90.19	90.21	90.25	87.63
Average corporate	Feb. 19	89.23	89.09	89.09	86.11
Aaa	Feb. 19	93.23	93.23	93.08	89.92
Aa	Feb. 19	90.91	90.91	90.77	87.99
A	Feb. 19	89.37	89.37	89.37	85.59
Baa	Feb. 19	83.79	83.53	83.40	81.29
Railroad Group	Feb. 19	86.38	86.38	85.85	83.53
Public Utilities Group	Feb. 19	90.63	90.63	90.48	87.05
Industrials Group	Feb. 19	90.63	90.63	90.63	87.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 19	3.72	3.71	3.71	3.94
Average corporate	Feb. 19	4.47	4.48	4.48	4.70
Aaa	Feb. 19	4.19	4.19	4.20	4.42
Aa	Feb. 19	4.35	4.35	4.36	4.56
A	Feb. 19	4.46	4.46	4.46	4.74
Baa	Feb. 19	4.88	4.90	4.91	5.08
Railroad Group	Feb. 19	4.68	4.68	4.72	4.90
Public Utilities Group	Feb. 19	4.37	4.37	4.38	4.63
Industrials Group	Feb. 19	4.37	4.37	4.37	4.57
MOODY'S COMMODITY INDEX	Feb. 19	369.3	372.4	371.7	369.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 9	365,319	358,699	355,234	352,402
Production (tons)	Feb. 9	355,574	349,096	355,178	343,811
Percentage of activity	Feb. 9	96	94	98	95
Unfilled orders (tons) at end of period	Feb. 9	464,550	455,175	457,966	470,157
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE=100	Feb. 15	113.99	*113.95	123.49	110.66
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 25	2,925,930	2,941,120	1,864,060	2,513,340
Short sales	Jan. 25	709,980	737,050	261,670	416,580
Other sales	Jan. 25	2,166,920	2,241,870	1,389,040	2,250,450
Total sales	Jan. 25	2,876,900	2,978,920	1,650,710	2,667,030
Other transactions initiated off the floor—					
Total purchases	Jan. 25	662,100	729,750	350,420	276,490
Short sales	Jan. 25	80,100	89,358	13,600	19,100
Other sales	Jan. 25	595,960	623,922	220,210	274,830
Total sales	Jan. 25	676,060	713,280	233,810	293,930
Other transactions initiated on the floor—					
Total purchases	Jan. 25	1,132,863	1,140,038	854,888	854,153
Short sales	Jan. 25	178,900	164,040	81,700	96,170
Other sales	Jan. 25	1,132,776	1,208,060	563,360	974,217
Total sales	Jan. 25	1,311,676	1,372,100	645,060	1,070,387
Total round-lot transactions for account of members—					
Total purchases	Jan. 25	4,720,893	4,810,908	3,069,368	3,643,983
Short sales	Jan. 25	968,980	990,448	356,970	531,850
Other sales	Jan. 25	3,895,656	4,073,852	2,172,610	3,499,497
Total sales	Jan. 25	4,864,636	5,064,300	2,529,580	4,031,347
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. 25	1,704,871	1,837,716	1,046,649	1,960,278
Dollar value	Jan. 25	$79,925,442	$91,896,993	$46,052,825	$106,428,180
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Jan. 25	1,972,960	1,993,611	1,657,284	1,820,771
Customers' short sales	Jan. 25	14,893	20,349	4,981	21,656
Customers' other sales	Jan. 25	1,958,067	1,973,262	1,652,303	1,799,115
Dollar value	Jan. 25	$92,857,310	$99,415,044	$61,790,907	$95,157,415
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 25	711,530	682,830	749,390	525,130
Short sales	Jan. 25				
Other sales	Jan. 25	711,530	682,830	749,390	525,130
Round-lot purchases by dealers—Number of shares	Jan. 25	464,190	518,490	165,380	654,650
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. 25	1,246,600	1,271,120	456,070	710,300
Other sales	Jan. 25	22,956,540	23,273,540	14,337,110	17,684,700
Total sales	Jan. 25	24,203,140	24,544,660	14,793,180	18,395,000
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Feb. 12	100.2	*100.4	100.5	(a)
Farm products	Feb. 12	96.3	*97.7	98.6	(a)
Processed foods	Feb. 12	100.3	*100.7	100.5	(a)
Meats	Feb. 12	92.9	*94.1	96.7	(a)
All commodities other than farm and foods	Feb. 12	100.6	100.6	100.7	(a)

*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 December	182,424	179,679	167,993
Stocks of aluminum (short tons) end of Dec.	140,126	152,852	207,055
AMERICAN PETROLEUM INSTITUTE—Month of November:			
Total domestic production (barrels of 42 gallons each)	255,109,000	259,849,000	245,555,000
Domestic crude oil output (barrels)	223,220,000	228,380,000	214,566,000
Natural gasoline output (barrels)	31,876,000	31,457,000	30,974,000
Benzol output (barrels)	13,000	12,000	15,000
Crude oil imports (barrels)	33,266,000	35,828,000	30,119,000
Refined product imports (barrels)	31,578,000	26,884,000	26,498,000
Indicated consumption domestic and export (barrels)	330,813,000	*307,560,000	309,619,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of January 31:			
Imports	$538,111,000	$541,304,000	$477,185,000
Exports	729,957,000	773,148,000	345,645,000
Domestic shipments	9,379,000	11,754,000	15,632,000
Domestic warehouse credits	170,149,000	158,985,000	255,169,000
Dollar exchange	149,300,000	186,120,000	74,380,000
Based on goods stored and shipped between foreign countries	995,747,000	973,686,000	853,448,000
Total	$2,592,643,000	$2,649,997,000	$2,621,459,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of January (in millions):			
Total new construction	4,346	4,899	4,082
Private construction	3,253	3,546	2,962
Residential buildings (nonfarm)	1,856	2,012	1,629
New housing units	1,423	1,554	1,208
Additions and alterations	331	351	324
Nonhousekeeping	102	107	97
Nonresidential buildings	899	964	863
Industrial	241	243	225
Commercial	382	428	365
Office buildings and warehouses	227	239	190
Stores, restaurants, and garages	155	189	175
Other nonresidential buildings	276	293	273
Religious	80	85	80
Educational	50	52	50
Hospital and institutional	77	79	69
Social and recreational	51	56	53
Miscellaneous	18	21	21
Farm construction	93	95	92
Public utilities	382	451	360
Telephone and telegraph	72	82	68
Other public utilities	310	369	292
All other private	23	24	18
Public construction	1,093	1,353	1,120
Residential buildings	66	68	82
Nonresidential buildings	386	391	385
Industrial	Not Avail.	30	31
Educational	233	234	237
Hospital and institutional	31	33	27
Administrative and service	45	46	49
Other nonresidential buildings	48	48	41
Military facilities	Not Avail.	Not Avail.	54
Highways	Not Avail.	496	332
Sewer and water systems	132	133	122
Sewer	80	82	72
Water	52	51	50
Public service enterprises	27	29	29
Conservation and development	Not Avail.	106	87
All other public	28	27	29
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of November:			
New England	$35,303,748	$26,120,278	$30,738,954
Middle Atlantic	66,299,041	97,575,297	196,990,806
South Atlantic	51,247,942	65,267,949	52,783,530
East Central	82,531,024	119,448,671	86,535,012
South Central	107,402,222	115,308,313	81,954,945
West Central	41,121,903	50,075,051	49,506,901
Mountain	26,644,574	32,032,859	37,471,912
Pacific	133,403,557	160,092,566	135,394,846
Total United States	$543,954,011	$665,920,984	$671,376,906
New York City	22,268,776	42,198,760	164,132,991
Total outside New York City	$521,685,235	$623,722,224	$507,243,915
COAL EXPORTS (BUREAU OF MINES)—Month of December:			
U. S. exports of Pennsylvania anthracite (net tons)	215,446	208,339	126,038
To North and Central America (net tons)	73,430	94,120	86,895
To Europe (net tons)	141,469	110,485	36,273
To South America (net tons)	187	3,374	18
To Asia (net tons)	360		2,852
COAL OUTPUT (BUREAU OF MINES)—Month of January:			
Bituminous coal and lignite (net tons)	36,160,000	32,590,000	37,620,000
Pennsylvania anthracite (net tons)	1,591,000	1,511,000	1,806,000
COPPER INSTITUTE—For Month of January:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	115,074	*108,170	121,864
Refined (tons of 2,000 pounds)	130,883	*135,481	151,774
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	135,650	*110,466	130,771
Refined copper stocks at end of period (tons of 2,000 pounds)	114,112	*117,441	78,303
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of January:			
Seasonally adjusted	119	*119	114
Unadjusted	118	*117	113
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of December (000's omitted):			
Ordinary	$5,460	$4,920	$5,177
Industrial	624	590	526
Group	2,108	1,078	1,815
Total	$8,192	$6,588	$7,518
PORTLAND CEMENT (BUREAU OF MINES)—Month of December:			
Production (barrels)	22,940,000	29,339,000	23,393,000
Shipments from mills (barrels)	16,607,000	27,103,000	17,323,000
Stocks at end of month (barrels)	38,511,000	*32,324,000	36,343,000
Capacity used (per cent)	59	78	63
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of January:			
Net sales			
Net purchases	$80,730,000	$19,455,000	$76,911,700
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of January 31	$303,948,076	$303,987,703	$296,860,014
General funds balance	5,485,090	7,508,845	4,981,499
Net debt	$298,462,986	$296,478,858	$291,878,515
Computed annual average	3.299%	3.298%	3.155%

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.

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.

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.

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.

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 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).

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.

Anadite, Inc. (3/6)
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.

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.

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**—Expected in March or April.

Atlantic City Electric Co. (3/6)
Feb. 11, 1963 filed $15,000,000 first mortgage bonds due 1993. **Proceeds**—For construction. **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.; First Boston Corp.-Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Blyth & Co. **Bids**—March 6 (11 a.m. EST) at Irving Trust Co., One Wall St., New York. **Information Meeting** — March 1 (11 a.m. EST) at same address.

Atlanta Gas Light Co. (2/27)
Feb. 1, 1963 filed $27,000,000 of first mortgage bonds due March 1, 1988. Of the total, $17,000,000 principal amount will be ready for delivery about March 6, and the balance, on or about Aug. 15. **Proceeds**—To redeem approximately $17,000,000 of outstanding 5⅛% bonds due 1982 and 1985; retire outstanding 3% bonds maturing Sept. 1, 1963; repay bank loans, and for construction and other corporate purposes. **Office**—243 Peachtree St., N. E., Atlanta. **Underwriters**—Stone & Webster Securities Corp., and First Boston Corp., New York.

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**—Indefinite.

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.

● **Automatic Retailers of America, Inc. (3/7)**
Feb. 13, 1963 filed $10,000,000 of subord. debentures due 1983 (with attached warrants). **Price**—By amendment. **Business**—Operation of coin operated vending machines. **Proceeds** — For debt repayment, expansion and other corporate purposes. **Office**—10889 Wilshire Blvd., Los Angeles. **Underwriters**—White, Weld & Co., Inc. and Goldman, Sachs & Co., N. Y.

● **Berman Leasing Co. (3/14)**
Feb. 11, 1963 filed $5,500,000 of conv. subord. debentures due 1983, to be offered for subscription by stockholders on the basis of $100 of debentures for each 20 shares held of record about March 14, with rights to expire about March 28. **Price**—By amendment. **Business**—Leasing of trucks, tractors, trailers and related equipment, and the sale of used and new vehicles. **Proceeds**—For debt repayment. **Address**—Pennsburg, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Big Top Stores, Inc. (3/4-8)
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.

● **Black Hills Power & Light Co.**
Jan. 17, 1963, filed 21,391 common being offered for subscription by stockholders on the basis of one new share for each 20 held of record Feb. 13, with rights to expire Feb. 28. **Price**—$45.50. **Proceeds**—for construction, and loan repayment. **Office**—621 Sixth St., Rapid City, South Dakota. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Brooklyn Union Gas Co. (2/27)
Feb. 4, 1963 filed $12,000,000 of first mortgage bonds due 1988. **Proceeds**—For repayment of bank loans. **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 (11 a.m. EST).

● **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. **Note**—This letter was withdrawn.

Canaveral Hills Enterprises, Inc.
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. **Offering**—In early March.

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.

Central Illinois Light Co. (3/11)
Feb. 8, 1963 filed $9,375,000 first mortgage bonds due 1993. **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 Bros. & 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.

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. **Note**—This registration was withdrawn.

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.

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.

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 March.

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.

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. (3/4-8)**
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**—In late 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.

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.

Danac Real Estate Investment Corp.
Feb. 1, 1963 filed 300,000 common. **Price**—$10. **Business**—Real estate development and ownership. Company plans to deal primarily in commercial, light industrial and apartment properties. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1710 Chapman Ave., Rockville, Md. **Underwriter** — Ferris & Co., Washington, D. C.

● **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.

Defenders Insurance Co.
Jan. 30, 1963 filed 100,000 common. **Price**—$12.50. **Business** — Company plans to write automobile insurance. **Proceeds**—For general corporate purposes. **Office**—146 Old Country Rd., Mineola, N. Y. **Underwriter**—None.

● **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 March.

● **Denmark (Kingdom of) (2/27)**
Feb. 8, 1963 filed $20,000,000 of external loan bonds due 1978. **Price**—By amendment. **Proceeds**—For the acquisition of capital equipment to be used for development of Danish economy. **Underwriters**—Kuhn, Loeb & Co., Inc., Smith, Barney & Co., Inc., Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York.

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 experi-

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NEW ISSUE CALENDAR

February 25 (Monday)
Data Corp. of America............Common
(A. D. Gilhart & Co., Inc.) $131,250
Emtec Inc............Debentures
(Fulton, Reid & Co., Inc.) $300,000
Great Eastern Insurance Co............Common
(Emanuel, Deetjen & Co. and Zuckerman Smith & Co.) $1,908,000
Green Shoe Manufacturing Co............Common
(Paine, Weber, Jackson & Curtis) 170,500 shares
Roddy Recreation Products Inc............Units
(Dempsey-Tegler & Co., Inc.) $1,300,000
Stratton Fund, Inc............Common
(J. R. Willision & Beane) $10,000,000
Workman Electronic Products, Inc............Common
(Hensberry & Co.) $420,000

February 26 (Tuesday)
Seaboard Air Line RR............Equip. Trust Ctfs.
(Bids 12 noon EST) $6,360,000

February 27 (Wednesday)
Atlanta Gas Light Co............Bonds
(Stone & Webster Securities Corp. and First Boston Corp.) $27,000,000
Brooklyn Union Gas Co............Bonds
(Bids 11 a.m. EST) $12,000,000
Denmark (Kingdom of)............Bonds
(Kuhn, Loeb & Co., Inc.; Smith, Barney & Co. Inc., Harriman Ripley & Co., Inc. and Lazard Freres & Co.) $20,000,000

March 4 (Monday)
Big Top Stores, Inc............Common
(P. J. Gruber & Co., Inc.) $301,000
Consultant's Mutual Investments, Inc............Common
(Gerstley, Sunstein & Co.) $5,000,000
Wallace (William) Co............Units
(Reynolds & Co., Inc. and P. W. Brooks & Co., Inc.) 2,500 units

March 5 (Tuesday)
John's Bargain Stores Corp............Common
(Hayden, Stone & Co., Inc.) 50,000 shares
Northwestern Bell Telephone Co............Debentures
(Bids 11 a.m. EST) $40,000,000

March 6 (Wednesday)
Anadite, Inc............Debentures
(Dean Witter & Co.) $800,000
Anadite, Inc............Capital Shares
(Dean Witter & Co.) 15,000 shares
Atlantic City Electric Co............Bonds
(Bids 11 a.m. EST) $15,000,000

March 7 (Thursday)
Automatic Retailers of America, Inc............Debentures
(White, Weld & Co., Inc. and Goldman, Sachs & Co.) $10,000,000
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
Kansai Electric Power Co., Inc............ADR's
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and The Nomura Securities Co., Ltd.) 1,300,000 ADR's
Pacific Savings & Loan Association............Stock
(Kidder, Peabody & Co.) $2,522,036
Pak-Well Paper Industries, Inc............Common
(Francis I. du Pont & Co.) 150,000 shares

March 12 (Tuesday)
Oklahoma Gas & Electric Co............Bonds
(Bids 11 a.m. EST) $15,000,000

March 14 (Thursday)
Berman Leasing Co............Debentures
(Rights offering to stockholders underwritten by Eastman Dillon, Union Securities & Co.) $5,500,000

March 15 (Friday)
Zero Mountain, Inc............Common
(Don D. Anderson & Co., Inc.) $300,000

March 18 (Monday)
North American Life & Casualty Co............Common
(Paine, Webber, Jackson & Curtis) 1,000,000 shares

March 19 (Tuesday)
Chicago & North Western Ry............Equip. Trust Ctfs.
(Bids 12 noon CST) $2,100,000
Michigan Consolidated Gas Co............Bonds
(Bids to be received) $30,000,000

March 25 (Monday)
Heck's Discount Centers, Inc............Common
(Willard Securities, Inc.) 125,000 shares
Norfolk & Western Ry............Equip. Trust Ctfs.
(Bids to be received) $5,475,000

March 26 (Tuesday)
Southern Pacific Co............Equip. Trust Ctfs.
(Bids 12 noon EST) $7,500,000
Texas Electric Service Co............Bonds
(Bids 11:30 a.m. EST) $22,000,000

March 27 (Wednesday)
Southern Railway Co............Equip. Trust Ctfs.
(Bids 12 noon EST) $4,020,000

April 9 (Tuesday)
Missouri Pacific RR............Equip. Trust Ctfs.
(Bids to be received) $8,250,000
Northern Indiana Public Service Co............Bonds
(Bids to be received) $30,000,000

April 15 (Monday)
Utah Power & Light Co............Bonds
(Bids 11:30 a.m.) $15,000,000

April 16 (Tuesday)
Pacific Northwest Bell Telephone Co............Debens.
(Bids 11 a.m. EST) $50,000,000

April 22 (Monday)
Norfolk & Western Ry............Equip. Trust Ctfs.
(Bids to be received) $4,500,000

April 23 (Tuesday)
Consolidated Natural Gas Co............Debentures
(Bids 11:30 a.m. EST) $35,000,000

April 24 (Wednesday)
Tampa Electric Co............Bonds
(Bids 11 a.m. EST) $48,000,000

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 11 a.m. EDST) $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

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mental 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**—Bacon, Johnson Realty Management Co., Inc. (same address). **Offering**—Indefinite.

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 mid-March.

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. Reisch & Co., Inc., New York. **Offering**—Imminent.

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.

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.

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.

Emtec Inc. (2/25-28)
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.

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 April.

Fischbach & Moore, Inc.
Feb. 4, 1963, filed 75,000 common. **Price**—By amendment (max. $25). **Business**—Company is engaged in various types of electrical contracting. **Proceeds**—For selling stockholders. **Address** — 545 Madison Ave., New York. **Underwriter**—Allen & Co., New York. **Offering**—Expected in March.

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 was withdrawn.

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 advertising, 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. (2/25-28)
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.

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.

Green Shoe Manufacturing Co. (2/25-28)
Feb. 6, 1963 filed 170,500 common. **Price**—At-the-market. **Business** — Manufacture and sale of children's shoes. **Proceeds**—For the selling stockholders. **Office**—960 Harrison Ave., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston.

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.

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. (3/25-29)
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.

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.

● 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. **Offering**—Imminent.

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 March.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate pur-

poses. Office—216 E. Monroe St., Springfield, Ill. Underwriter—Horace Mann Investors Inc., (same address).

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.

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, electro-mechanical 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.

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.

John's Bargain Stores Corp. (3/5)
Feb. 5, 1963 filed 50,000 common. Price—By amendment (max. $12). Business — Operation of a chain of retail stores selling housewares, apparel, toys, etc. Proceeds—For selling stockholders. Office — 1200 Zerega Ave., Bronx, N. Y. Underwriter—Hayden, Stone & Co., Inc., New York.

Kansai Electric Power Co., Inc. (3/11-15)
Feb. 6, 1963 filed 1,300,000 American Depositary Receipts. Price—By amendment (max. $17.50). Business—An electric utility serving the Osaka-Kyoto-Kobe area. Proceeds—For expansion. Address—Osaka, Japan. Underwriters—Merrill Lynch, Pierce, Fenner & Smith Inc., and The Nomura Securities Co., Ltd., New York.

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.

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.

Las Vegas Properties Trust
Feb. 7, 1963 filed 500,000 shares of beneficial interest. Price—$10. Business—A real estate investment trust. Proceeds—For investment. Office—4933 Paradise Rd., Las Vegas, Nev. Underwriter—Securities Co. of Nevada, Las Vegas.

● 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. Note—This registration was withdrawn.

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—In late March.

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.

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.
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. Offering—Expected in March.

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. Note—This registration was withdrawn.

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. Offering—Expected in early March.

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.

● Mil National Corp.
Jan. 28, 1963 refiled 94,000 common. Price—$4. Business—Distribution of commercial dry cleaning and laundry equipment. Proceeds—For general corporate purposes. Office—1101 East Tremont Ave., Bronx, New York. Underwriter—Herbert Young & Co., Inc., New York. Offering—Expected in mid-March.

Milwaukee Braves, Inc.
Feb. 11, 1963 filed 115,000 common to be offered for sale only to Wisconsin residents. Price — By amendment (max. $11.50). Business—Company is the owner of the Milwaukee Braves baseball team. Proceeds—For loan repayment and working capital. Address — County Stadium, Milwaukee, Wis. Underwriter — Robert W. Baird & Co., Inc., Milwaukee.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. Price—$2.50. Business—Company plans to develop mobile home parks and residential and commercial real estate. Proceeds—For general corporate purposes. Office—82 Baker St., Atlanta. Underwriter—Overseas Investment Service, Seville, Spain.

Modern Laboratories, Inc.
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. Offering—Imminent.

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,

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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., Inc., 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.
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.**
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. **Offering**—Expected in mid-March.

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.

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.

● **North American Life & Casualty Co. (3/18-21)**
Feb. 8, 1963 filed 1,000,000 common, of which 500,000 are to be offered by company and 500,000 by selling stockholders. **Price**—By amendment. **Business**—Writing of insurance primarily life, sickness and accident. **Proceeds** — For general corporate purposes. **Office** — 1750 Hennepin Ave., Minneapolis. **Underwriter**—Paine, Webber, Jackson & Curtis, N. Y.

Northwestern Bell Telephone Co. (3/5)
Feb. 11, 1963 filed $40,000,000 of debentures due March 1, 2003. **Proceeds**—To repay advances from American Telephone & Telegraph Co. parent, and for other corporate purposes. **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. (jointly). **Bids**—March 5, 1963 (11 a.m. EST) at 195 Broadway, New York.

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.

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.

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.

Pak-Well Paper Industries, Inc. (3/11-15)
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.

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.

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.

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. **Offering**—Expected in March.

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**—March.

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. (2/25)**
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.

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.

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**.—Expected in mid-March.

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.

Stone Mountain Scenic Railroad, Inc.
Jan. 22, 1963 filed 105,000 common to be offered for subscription by stockholders on the basis of one share for each three shares held. Unsubscribed shares will be sold to the public. **Price**—To stockholders, $5.50; to public, $6.50. **Business**—Operation of a scenic railroad. **Proceeds**—For construction, debt repayment and other corporate purposes. **Address**—Stone Mountain, Ga. **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. (2/25)**
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.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

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.

● **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. **Note**—This registration was withdrawn.

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.

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**—Expected in late March.

● **United Data Processing, Inc. (3/4-8)**
Jan. 25, 1963 ("Reg. A") 3,000 common. **Price**—$17.50. **Business** — Electronic processing of commercial data. **Proceeds**—For debt repayment, equipment and working capital. **Office**—430 N. W. 10th Ave., Portland, Ore. **Underwriter**—First Cascade Corp., Portland, Ore.

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.

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.

● **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. **Note**—This registration was withdrawn.

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 (William) Co. (3/4-8)**
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.

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. **Offering**—indefinitely 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 Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price** — $1. **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo.

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.

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. (2/25-28)**
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.

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● **Zero Mountain Inc.** (3/15)
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**—Handley Investment Co., Tulsa, Okla.

Issues Filed With SEC This Week

★ **AMP Inc.**
Feb. 28, 1963 filed 225,000 common. **Price**—By amendment (maximum $28⅛). **Business**—Design and production of solderless electrical terminals, splices, connectors, etc. and electronic components. **Proceeds**—For selling stockholders. **Address**—Harrisburg, Pa. **Underwriters**—Kidder, Peabody & Co., Inc. and Blyth & Co., Inc., N. Y.

★ **Agamenticus Mountain Corp., Inc.**
Feb 6, 1963 ("Reg. A") covering 2,500 units, each consisting of one $97.50 income debenture due Jan. 1, 1983 and one class A common share. **Price**—$100 per unit. **Business**—Leasing and development of a ski and recreational area in Maine. **Proceeds**—For construction, and working capital. **Address**—York, Maine. **Underwriter**—None.

★ **Brewmaster California Corp.**
Feb. 11, 1963 ("Reg. A") 30,000 common. **Price**—$10. **Business**—Wholesaling of draft beer for home use in a dispenser called the "Portatainer". **Proceeds**—For debt repayment, equipment, expansion and working capital. **Office**—134 Industrial Way, Costa Mesa, Calif. **Underwriter**—Miller, Fox & Co., Anaheim, Calif.

★ **Cotton States Life Insurance Co.**
Feb. 11, 1963 ("Reg. A") 30,000 capital shares. **Price**—By amendment. **Business**—Writing of life, health and accident insurance in Alabama and Georgia. **Proceeds**—For working capital. **Office**—901-22 Ave., Tuscaloosa, Ala. **Underwriter**—First Alabama Securities, Inc., Montgomery, Ala.

★ **Gateway Chemicals, Inc.**
Feb. 13, 1963 filed 100,000 common. **Price**—By amendment (max. $14). **Bcsiness**—Compounding and packaging of chemical products, chiefly detergents, and the wholesaling of automobile seat belts. **Proceeds**—For the selling stockholder. **Office**—8825 South Greenwood Ave., Chicago. **Underwriter**—A. C. Allyn & Co., Chicago.

★ **General Real Estate Fund**
Feb. 18, 1963 filed 132,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For acquisition of property, debt repayment and working capital. **Address**—2034 First National Bldg., Detroit. **Underwriters**—Baker, Simonds & Co., Inc., Detroit and Alex. Brown & Sons, Baltimore.

★ **Madway Main Line Homes Inc.**
Feb. 19, 1963 filed 100,000 common. **Price**—By amendment (maximum $14). **Business**—Production, sale, erection and financing of manufactured homes. **Proceeds**—To finance future credit sales of homes. **Office**—315 E. Lancaster Ave., Wayne, Pa. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Expected in late March.

★ **Michigan Consolidated Gas Co.** (3/19)
Feb. 18, 1963 filed $30,000,000 of first mortgage bonds due 1988. **Office**—One Woodward Ave., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly). **Bids**—Expected March 19.

★ **Oklahoma Land Trust**
Jan. 30, 1963 ("Reg.A") 16,000 common. **Price**—$7. **Business**—Real estate investment in Oklahoma. **Proceeds**—For general corporate puposes. **Address**—Watonga, Okla. **Underwriter**—None.

★ **Oregon King Consolidated Mines, Inc.**
Feb. 7, 1963 ("Reg. A") 100,000 common. **Price**—$1. **Business**—Mineral exploration and mining. **Proceeds**—For operating expenses, equipment and working capital. **Office**—525 Failing Building, Portland, Ore. **Underwriter**—None.

★ **Scott-Lee Laboratories, Inc.**
Feb. 4, 1963 ("Reg. A") 90,000 class A. **Price**—$2. **Business**—Manufacture and sale of pharmaceuticals, foods and dietary supplements. **Proceeds**—For working capital. **Office**—524 Poydras St., New Orleans. **Underwriter**—None.

★ **Selmer (H. & A.), Inc.**
Feb. 15, 1963 filed 120,000 common. **Price**—By amendment (maximum $17). **Business**—Manufacture and sale of musical instruments, and accessories. **Proceeds**—For selling stockholders. **Office**—119 N. Main St., Elkhart, Ind. **Underwriter**—Clark, Dodge & Co., Inc., N. Y.

★ **Southeastern Mortgage Investors Trust**
Feb. 15, 1963 filed 1,100,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 E. Morehead St., Charlotte, N. C. **Underwriter**—Fleetwood Securities Corp. of America, N. Y.

★ **Yardley Water Co.**
Feb. 11, 1963 ("Reg. A") 4,000 common to be offered for subscription by stockholders of record on the basis of one new share for each four shares held. **Price**—$25. **Business**—Operation of public utility water works in borough of Yardley, Pa. **Proceeds**—For debt repayment. **Office**—50 W. College Ave., Yardley Pa. **Underwriter**—None.

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."

Ashland Oil & Refining Co.
$25,000,000 of 4.35% sinking fund debentures due 1988, priced at 100%; $35,000,000 of 3⅞% convertible subordinated debentures due 1993, offered at par; and 260,000 common offered at $27 per share, all through Eastman Dillon, Union Securities & Co., and E. F. Hutton & Co., Inc., New York and A. G. Becker & Co., Inc., Chicago.

Black Hills Power & Light Co.
21,391 shares being offered for subscription by stockholders at $45.50 per share on the basis of one new share for each 20 held of record Feb. 13, with rights to expire Feb. 28. Eastman Dillon, Union Securities & Co., New York, is the principal underwriter.

Buckingham Corp.
400,000 class A common offered at $27 per share by Lehman Brothers, New York.

Drexel Enterprises, Inc.
156,414 common offered at $23.50 per share by Lehman Brothers, New York.

Emerson Electric Manufacturing Co.
162,045 common shares offered at $31 per share by Blyth & Co., Inc., New York.

Florida Bancgrowth, Inc.
250,000 common offered at $12.625 per share by Dempsey-Tegeler & Co., Inc., St. Louis.

Jayark Films Corp.
85,000 common offered at $5 per share by Pacific Coast Securities Co., San Francisco.

Packard Instrument Co., Inc.
100,000 common offered at $21.50 per share by A. G. Becker & Co., Inc., Chicago.

Potomac Electric Power Co.
$50,000,000 of 4⅜% first mortgage bonds due Feb. 15, 1998 offered at 101.898%, to yield 4.27%, by Dillon, Read & Co., Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co., and Stone & Webster Securitie Corp., New York, and Johnston, Lemon & Co., Washington, D. C.

R. E. D. M. Corp.
80,000 common offered at $4.50 per share by Schweickart & Co., New York.

Sentinel Life Insurance Co.
250,000 capital shares offered at $5 per share by the company, without underwriting. (Stock was not offered for sale in New York State.)

Texas Power & Light Co.
$10,000,000 of 4⅜% first mortgage bonds due Feb. 1, 1993 offered at 102.50% and accrued interest, to yield 4.23% by Halsey, Stuart & Co. Inc., Chicago.

Wallace & Tiernan Inc.
256,000 common offered at $27 per share by White, Weld & Co., Inc., and Cyrus J. Lawrence & Sons, New York.

White Photo Offset, Inc.
100,000 common offered at $3.50 per share by K-Pac Securities Corp., New York.

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.

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.

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 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 & North Western Ry.** (3/19)
Feb. 20, 1963 it was reported that this road plans to sell $2,100,000 of equipment trust certificates. **Office**—400 West Madison St., Chicago. **Underwriters** — (Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected March 19 (12 noon CST) at above address.

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.

Columbia Gas System, Inc.
Feb. 5, 1963 it was reported that the company plans to sell about $50,000,000 of 25-year debentures, half in June and the balance in October. **Office**—120 E. 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co.

★ **Communications Satellite Corp.**
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Underwriters**—To be named.

Community Public Service Co.
Jan. 16, 1963 it was reported that this company plans to sell $8,000,000 of first mortgage bonds in June 1963. **Office**—408 W. 7th Street, Fort Worth, Tex. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp.

Connecticut Light & Power Co.
Dec. 10, 1962 it was reported that the company is considering the issuance of about $22,500,000 of bonds in 1963 or 1964. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

● **Consolidated Natural Gas Co.** (4/23)
Feb. 11, 1963 it was reported that the company plans to sell $35,000,000 of sinking fund debentures due 1988 in April. **Business**—A holding company for six subsidiaries engaged in all phases of the natural gas business. **Proceeds**—For loan repayment, and expansion. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co.; Halsey, Stuart & Co. Inc., First Boston Corp. **Bids**—Expected April 23 (11:30 a.m. EST) at above address. **Information Meeting** — April 18 (10:30 a.m. EST) at Bankers Club, 120 Broadway, New York.

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.

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).

General Telephone Co. of California
Feb. 5, 1963 it was reported that this subsidiary of General Telephone & Electronics Corp., plans to sell $25,000,000 of first mortgage bonds in June. **Office** — 2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters** —(Competitive). Probable bidders: First Boston Corp.-Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis-Stone & Webster Securities Corp. (jointly); White, Weld & Co.-Kidder, Peabody & Co. (jointly).

General Telephone & Electronics Corp.
Feb. 5, 1963 it was reported that this company plans to sell $50,000,000 of sinking fund debentures in March or April. **Proceeds**—To repay bank loans, make advances to subsidiaries, etc. **Office** — 730 Third Ave., New York. **Underwriters** — Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp., New York; Mitchum, Jones & Templeton, Los Angeles.

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.

Hartford Electric Light Co.
Feb. 6, 1963 it was reported that this utility plans to sell $15,000,000 of first mortgage bonds in the first or second quarter. **Proceeds**—For construction. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters**—To be named. The last sale of bonds in October 1958, was handled on a negotiated basis by First Boston Corp., New York; Putnam & Co., Hartford, and Chas. W. Scranton & Co., New Haven.

Hawaiian Telephone Co.
Feb. 4, 1963, the company announced plans to sell about $9,000,000 of common stock late in the third quarter. Details have not been decided upon. However, in the period August 1937 to October 1961 the company offered common to stockholders through subscription rights, 14 times. **Office**—1130 Alakea St., Honolulu. **Underwriter** —Kidder, Peabody & Co., New York.

● **Interstate Power Co.**
Feb. 18, 1963 it was reported that this company plans to sell $6,000,000 of first mortgage bonds in May 1963. **Office** — 1000 Main St., 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, 1963 it was reported that the company plans to sell $10,000,000 of bonds in late 1963 or early 1964. **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., 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.

Life & Casualty Insurance Co. of Tenn.
Feb. 11, 1963 it was reported that John D. and Clint Murchison, Jr., are negotiating with certain underwriters for the proposed public sale of a portion of their 24% stock interest (approx. 5,250,000 shares) in the company. **Office** — 159-167 Fourth Ave., No., Nashville, Tenn. **Underwriters**—To be named.

★ **Louisiana Power & Light Co.**
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly).

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).

Missouri Pacific RR (4/9)
Feb. 13, 1963 it was reported that this road plans the sale of about $8,250,000 of equipment trust certificates in April. **Address**—Missouri Pacific Bldg., St. Louis 3, Mo. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected April 9.

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.

Norfolk & Western Ry. (4/22)
Feb. 13, 1963 it was reported that this road plans to sell about $4,500,000 of 1-15 year equipment trust certificates in April. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected April 22.

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. (4/9)**
Feb. 18, 1963 the company stated that it plans to sell $30,000,000 of first mortgage bonds due 1993. **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. **Bids**—Expected April 9.

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).

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. (4/16)
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 16 (11 a.m. EST) at 195 Broadway, New York.

★ **Pacific Savings & Loan Association (3/11-15)**
Feb. 18, 1963 it was reported that 162,712 shares of this firm's outstanding guarantee stock will be sold in March. **Price**—About $15.50 per share. **Business**—A California savings and loan association. **Proceeds** — For selling stockholders. **Office**—5401 Whittier Blvd., East Los Angeles, Calif. **Underwriter**—Kidder, Peabody & Co., N. Y. **Note**—Issue is exempted from SEC registration.

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

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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.

★ Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

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.

★ Sony Corp.
Feb. 15, 1963 it was reported that this company plans to sell 300,000 American Depositary Shares in the U. S. **Business**—Manufacture of transistorized radios, magnetic tape recorders, semiconductors and other electronic equipment. **Address**—Tokyo, Japan. **Underwriters**—Smith, Barney & Co., and The Nomura Securities Co., Ltd., New York. **Offering**—Expected in mid-April.

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 Pacific Co. (3/26)
Feb. 20, 1963 it was reported that this road plans to sell about $7,500,000 of 1-15 year equipment trust certificates. **Office**—165 Broadway, New York. **Underwriters**—(Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected March 26 (12 noon EST) at above address.

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 March.

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.

● Tampa Electric Co. (4/24)
Feb. 20, 1963 it was reported that this utility plans the sale of $48,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and refunding operations. **Office**—111 No. Dale Maby Hwy., Tampa, Fla.. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co. **Bids**—April 24 (11 a.m. EST) in New York.

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

Texas Electric Service Co. (3/26)
Feb. 5, 1963 it was reported that this subsidiary of Texas Utilities Co., plans to sell $22,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—Seventh and Lamar Sts., Fort Worth. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kuhn, Loeb & Co.-Blyth & Co.-Lehman Brothers (jointly). **Bids**—Mar. 26 (11:30 a.m. EST) at Ebasco Services, 2 Rector St., New York. **Information Meeting** — March 22 (11 a.m. EST) at same address.

★ Transcontinental Gas Pipe Line Co.
Feb. 20, 1963 it was reported that the company is considering the issuance of $30-$40,000,000 of debt securities in the third quarter. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., N. Y.

● Union Light, Heat & Power Co.
Feb. 18, 1963 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $6,000,000 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.

★ Utah Power & Light Co. (4/15)
Feb. 19, 1963 it was reported that this utility plans to sell $15,000,000 of first mortgage bonds due 1993. **Proceeds**—To refund a like amount of 5¼% bonds due Oct. 1, 1987. **Office**—1407 W. North Temple St., Salt Lake City. **Underwriters**—(Competitive.) Probable bidders: Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.- Salomon Brothers & Hutzler (jointly); Kidder, Peabody & Co.; Lehman Brothers-Bear, Stearns & Co. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.- Blyth & Co. (jointly); Halsey, Stuart & Co. Inc. **Bids**—Expected April 15 (11:30 a.m.) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—April 11 (2:30 p.m. EST) at same address.

● Virginia Electric & Power Co. (5/4)
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**—May 14 (11 a.m. EDST) at One Chase Manhattan Plaza, New York. **Information Meeting**—May 10 (11 a.m. EDST) at same address.

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)
Feb. 18, 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. **Proceeds**—To repay bank loans, and for construction. **Office**—2015 Forest Ave., Great Bend, Kan. **Underwriter**—Dean Witter & Co., San Francisco. **Offering**—Expected about April 1.

U. S. Business Must Try for Free World Common Market

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some years to come. But the need of the underdeveloped nations is a present need. If Congress were guided by a timetable for our broader role in the world, it could never have carried out these actions simultaneously.

Nor, it seems to me, would the Secretary of the Treasury have endorsed the trade bill, as well as a bill for foreign aid, while also calling for termination of tax incentives to American business operating abroad—enterprise that helps build prosperity in international markets, and helps raise living standards of countries that we assist.

Inconsistencies of this kind would be less likely to arise if our foreign economic policies had been shaped within a single plan. Let me say that in using the word "plan," we should recognize that each individual country has its special economic problems for which no universal approach could possibly provide the best solution.

Correspondingly — the larger the group of nations in any general trading agreement, the more flexible must be the framework of their relationships. Benelux was a notable success; but the Treaty of Rome provided for ties within the European Common Market that are less rigid than those adopted for Benelux. The projected Atlantic Community contemplates still looser relationships. And now, a "plan" for a Free World Common Market would require still greater flexibility to accomodate the vast differences within this larger entity—between Japan and Nigeria, or the United States and Bolivia. At the same time, these differences should not constitute a block to creating this more encompassing market partnership.

Business Cannot Delegate Its Responsibility

To help shape such a plan may be the most important contribution of the business community to the national and international economy over the next decade. For business to delegate the responsibility for this type of thinking altogether to government would be against its own self-interest, as well as that of the country at large.

To repeat, this new machine will operate best if it moves with all its parts in place—both on a national and world scale. Vital components are now out of alignment. For example, we are edging into a world pattern in which prices are an international matter, while wages and costs are still national factors. Unless such factors are harmonized, the whole project could fall apart.

Aside from uniting in planning, the success of a Free World Common Market is dependent, I believe, upon several specific conditions.

Prerequisite Conditions

First, we must succeed in keeping pace with the calendar of tariff reduction set by the European Common Market. The goal must be to take part in a progressively expanding exchange of goods and services, while at the same time securing conditions which will not impose discrimination on Europe or ourselves.

There must also be a willingness on the part of all groups to proceed in the open spirit in which the European Common Market was founded. Industry, labor, government must recognize that the changes implicit in new relationships around the world, while they promote general prosperity, will still require special transitional assistance to industries in various countries whose trading interests inevitably will be thrown off-balance.

Along with our willingness to adopt an "open spirit," we would hope for an equal willingness on the part of Europe to reverse its present tendency to "restrictiveness" and exclusiveness. This is a tendency that will grow with the success of the Common Market, unless otherwise curbed.

Further — prosperous nations should be partners not only in trade, but in responsibility to the needs and political destinies of the underdeveloped nations. The United States and the United Kingdom now contribute about six-tenths of 1% of Gross National Product for economic aid. Germany, Italy, and Japan contribute three-tenths of 1%, or less. There has lately been progress toward equalizing these contributions. This progress can be accelerated if all industrialized nations share the same goals, opportunities, and problems in relation to impoverished areas. The underdeveloped nations in turn can help themselves — through fiscal responsibility, self-discipline, and the patriotic concern of privileged minorities for the raising of living standards within their countries.

A further condition of success—a vital condition, I believe—brings me back to the role of the business community in guiding the development of a Free World market.

As I indicated earlier, American management has ready credentials for exerting an important influence. It is significant that businessmen have played a prominent part in setting up the European Common Market and the Paris Conference that urged an Atlantic Community. A large segment of business today has broader involvement in the economies of the world than many other groups who shape the conditions and laws of foreign trade.

Criticism of American Businessman's Ability

I think we would all agree that European businessmen are responding with remarkable facility to a new international world. What of the American businessman? It isn't altogether reassuring to see him through European eyes. An international specialist tells me that the European businessman today regards his American counterpart as inflexible and not as imaginative as today's world requires. He finds too much rigidity in American organization—with our overseas managers tightly restricted by home office control and discouraged from exercising initiative. He says our people abroad often have the title without the responsibility.

There is also the view that we have been milk-fed in the easy nursery of a vast and growing economy — one that thrived through protectionism and years of war and postwar prosperity. Some have questions about our technological inventiveness. They cite as one of many examples that almost every important advance in the machine tool industry during the last 10 years has originated in Europe or Japan. They also note a failure in modernization. As their nations pour a higher percentage of their national income into new plant, they observe that our rate of plant renewal is falling behind our rate of obsolescence by 1% every three years.

Perhaps most serious is the belief that our business community has developed few internationalists. It is just recently, we must confess, that many international businesses have stopped the downgrading of our international and export personnel — and the positioning of international and export departments in the lower levels of organizational charts.

I don't feel we should dismiss these criticisms out of hand. Whether or not we are sufficiently flexible, imaginative, and contemporary will be determined by performance. The fact is that we need all these qualities in ample measure if we are to succeed in meeting the competition in a new kind of world market.

Partnership Abroad

We have a trading heritage that goes back to the days of clipper ships, and our own commercial activity today in countries overseas is significantly broader than just trading. In many instances, it is a close business involvement with the local community, and with welcome employment of local capital, labor, and resources. While charged with having too little authority themselves, American businessmen overseas assign larger responsibility to local managers than is usually granted by their international competitors. Having a national as chief officer, or nationals as members of decision-making boards, is more the rule than the exception in our overseas organizations.

I think we can have the highest regard for the partnership achieved by business communities abroad. My thinking is obviously influenced by my own company's long record of trade overseas, where, from the beginning, we have joined forces with local management and local capital. Today we are in business in more than 115 countries; but only one-half of 1% of our payroll abroad goes to citizens of the United States.

The Coca - Cola Company, it seems to me, exerts a pump-priming power around the world, through shared techniques of production and marketing, through the local initiative of suppliers, and through training programs that develop management and technical skills at all levels.

It is an example of business contribution to economic development which, I am sure, can be repeated many times in the overseas experience of many other companies.

About 700 of our leading 1,000 companies now have facilities outside the country; and in 1961, U. S. firms opened more than 1,100 new units abroad. One of every six dollars of U. S. profits now comes from overseas. Despite this successful involvement, it is my impression that foreign trade policy is developed for the most part by specialists in government, the foundations, and universities. The business community contributes—but, in my opinion, not to the degree that its credentials justify.

How can American business best support the goals of the Free World Common Market.

Let me suggest an outline of a program:

Outlines Steps to Be Taken

First—*business should take initiative in planning.* It must know where it wants to go in shaping a Free World Common Market. It must have a clear idea of goals —of what kind of international partnership it wishes to have and how to bring it about. It must contribute to the planning of timetables and procedures, and to solving problems in such areas as patent laws, labor practices, tax schedules and the free flow of funds across borders. It should help draft rules of trade to see that a Free World Common Market will operate fairly for all parties.

Second — *in shaping a Free World Common Market, business should enlist government as a partner.* The obligations of business as a partner are to contribute to the planning, developing, and day-to-day commerce of a world market. The obligation of government should be to provide a favorable climate for international business—one which assures our own enterprise abroad advantages equal to those of competition.

In markets overseas, government should make every effort to bring about the equalizing of business regulations from one country to another, insofar as it may be practical.

At home, government should seek to remove or reduce such handicaps in international competition as obsolete tax policies, discriminatory labor legislation, and repressive regulation of individual industries. As an example—our coastal shipping laws make West Canadian lumber shipped to New York cheaper than our own West Coast products.

The risk of change and the needs for adjustment in a world market are obvious. Business must promote government policies to speed the adjustment of industries to new patterns of competition. It should ask that government help business in ways consistent with free enterprise—and with safeguards against government assistance becoming a system of intervention and control.

Business should take initiative in strengthening particular areas and industries against the adverse impact of new freedoms in world trade. It should not abdicate this activity entirely to government.

Third—*the American executive should have a globe in his office*—not just a flat wall map of 50 states.

If there is to be a market on a world scale, the American businessman must take the world as his sphere of operations.

He must adopt as a way of life the kind of internationalism that is bringing exciting innovation in all major areas; the kind of thinking that inspired the founding of an Atlantic University in Wales for exposure of its students to the various cultures they may later encounter in their international responsibilities; the kind that fills so many places on today's airliners with scientists and specialists in all fields; and that recently prompted the far-reaching proposal of Mr. Frederic Donner, General Motors, Board Chairman, to enable and encourage investors in many different countries to share in the development of international enterprises. With this approach to a new world, business cannot move along old, established grooves of parochial thinking.

Fourth—*business should qualify as a world citizen.* When business goes abroad, it must go with a sense of social responsibility that reflects today's realities. Sir Oliver Franks recently stated, "If 12 years ago the balance of the world turned on the recovery of Western Europe, now it turns on a right relationship of the industrial North of the globe to the developing South."

A business abroad, wherever possible, should establish joint enterprises and employ local funds, resources, and personnel. This serves both to create understanding between the business interests of one country and another, and to promote local accumulation of capital.

Finally—*business should help build industries overseas—as well as sales.* Business should cooperate with parallel industries abroad to create conditions for their joint growth. For example, the automobile manufacturers of the U. S., Europe and Japan could jointly exercise great leverage in promoting roadbuilding where transportation is inadequate. The travel industries have already given an example of international cooperation in standardizing information and in reducing red-tape restrictions on the movement of tourists. Food processors could support the growth of container industries to stimulate production of local products. Electronic companies could work to standardize voltage and speed the allocation of air channels.

One of the best contributions would be a joint program for the construction and building industry of the Western world to supply housing in the vast areas where it is so scarce and inadequate.

Insurance for Higher Living Standards

In my view, a Free World Common Market offers the best insurance for higher living standards in all participating countries. And a program by U. S. business to help bring it about would advance our growth rate, while offering to the new nations of the world the high productivity levels of a private enterprise economy. It would avoid the dilemma of balancing our relationships between the European Common Market and countries to our North, South, and East.

We have all been impressed by the rise of prosperity in many countries of the Free World. But in our own terms, they have still not realized the potential they might bring to a new world of trade.

In 1958, the Common Market, compared to the United States, had fewer than one-fifth the automobiles per hundred people, and one-ninth the television sets.

The expansion of these already prosperous markets—not to mention those of the Pacific and Latin America—holds promise of consumption on a massive scale. A Free World Common Market would be a framework for developing this potential.

Such a world market would assist emerging economies. It would guard against the very real danger of limiting free trade to industrialized nations—which might impose protectionism, of all things, against the underdeveloped nations and discrimination against our agricultural exports as well.

This danger can be measured by the needs of many underdeveloped countries. Increases in their population move tragically ahead of increases in their production of food. This misery of the Southern Hemisphere should be a challenge met by all nations of the North. One source of help would be higher income from trade.

Under recent policies, the export prices of the industrial nations, from 1953 to 1959, remained stable. Those of other countries fell by 10%; while those of Latin America dropped by 19%.

It is well worth measuring the impact of such a decline. Latin American exports in 1959 totaled $8.27 billion. If prices had not fallen, the value of these exports would have totaled $10.2 billion. This meant a loss of over $1.9 billion—almost enough to cancel the total budget of government and business for the Alliance for Progress, at the present projected rate of $2 billion a year.

Our Own Self-Interest

Even from the viewpoint of self-interest, we have a continuing need to launch underdeveloped economies in international trade. For one thing, it is well to keep reminding ourselves of their importance as a source of critical raw materials—and of the dangers we would face if they were to slip behind the Iron Curtain through lack of support. The Commitee for Economic Development points out that the Middle East holds two-thirds of the world's proved oil deposits; underdeveloped nations produce nearly all the world's tin, the U. S. none. The Congo produces 60% of the world's uranium and 90% of its radium. The entire natural rubber supply comes from underdeveloped countries.

Accelerating trade with these nations would produce capital to increase the output of what they need most—food. Consider the vast difference that the industrialization of agriculture would bring to these countries. To see how quickly it might bring self-sufficiency, you need only think of the amazing example of France, which has moved from importing to the exporting of grains and produce in a relatively few years.

It is realistic to believe that we still have a long way to go to bring about a world market; at the same time, we may well expect that a concert of forces may speed its development to match the pace of the European Common Market.

I think we should be clear as to the reasons for the success of the European Common Market. How would you describe this organization? It is a group of nations. It is also a breakthrough-assault on tariff walls. But perhaps, above all, it is a *plan* and a *schedule*. And it is also a joint and daring enterprise of government, labor and business. And business, I must say, in a dominant role. The fact is the European Common Market is primarily the creation of politically astute businessmen. Its genesis was a purely business project: the coal and steel unification of Europe under the Schuman Plan. It was launched with the evangelism of politically-minded businessmen, France's Jean Monnet, and Belgium's Paul-Henri Spaak and Paul van Zeeland. It was set in motion by a political impulse with the goal of eventual European unity. But it was recognized that success depended upon hard-headed business planning, detailed technical knowledge, and impassioned salesmanship.

We now visualize a greater task —the joining of the nations of the Free World in a giant community of commerce. This is a project deserving our enthusiastic commitment. Today, American business does more than half of the business on this planet. It would, therefore, seem inconceivable that a Free World Common Market could be achieved without its initiative and determination.

Throughout history, governments have thought of markets as goals to fight for. They are now learning that traders easily excel soldiers in bringing back wealth to enrich their countries; while the difference between what they leave abroad is the difference between benefit and destruction.

Priceless Goal of Peace

All of us are constantly urged to work for peace. It's often puzzling to know exactly what we should do. Now it seems clear. In the planning and shaping of a Free World Common Market, businessmen can bring to the priceless goal of peace a set of special and indispensable skills and energies.

One further word. I would like to pay tribute to the National Foreign Trade Council for its effective influence in the broadening of American interest in international trade. As new conceptions of world relationships win disciples, your membership will be ready with exceptional experience and insight.

And now, let me recognize and concede that, historically, the acceptance by American business of a one-world trading economy would go far beyond any traditional position it has held in world affairs, or perhaps beyond the position it holds today. In making this new commitment, we would simply be acknowledging new world forces and new opportunities to extend prosperity over more of the earth's surface. We should expect to meet a degree of resistance and protectionism both at home and abroad; and our first task, I believe, will be to win broad agreement in principle, among ourselves and others, so that we can move forward to a plan.

A drive against restraints of trade was once celebrated with the dumping of tea in Boston Harbor. Today, without demonstration or revolution, we can build a new unity through the free exchange of our work, talents, and resources. I believe we can say —it could be one of history's extraordinary happenings.

* An address by Mr. Austin at the 49th National Foreign Trade Convention, New York City.

How We Can Reduce Taxes Without Enlarging Deficits

Continued from page 12

tween 1962 and 1963 of around 6% and a constant price growth rate of 4%.

Employing assumptions drawn from our budgetary experience since 1954, I have derived estimates of budget receipts for fiscal 1964 for each of these three models of GNP growth. What I find is that receipts in fiscal 1964 would be $90.8 billion on a Model A growth curve; $93.0 billion on Model B; and $9.8 billion on Model C.

* * *

From these estimates of receipts we can derive some ideas as to budgetary outcome for fiscal 1964. What they tell us is that the budget deficit would be reduced to a relatively small figure if, with no reduction in tax rates from present levels and with fiscal 1964 expenditures at the same level as in fiscal 1963, we were to grow between 1962 and 1963 by 3½% to 4½% in current prices or by 2½% to 3% in constant prices. And they suggest that economic growth in 1963 at the rapid rate pictured in Model C, namely, at about 6% in current and 4% in constant prices, would produce a surplus of around $2 billion in the fiscal 1964 budget.

These are the results one gets if these rates of economic growth, ranging from 2½% to 4% in real terms, are assumed to be achieved at the same time that Federal expenditures are held at the fiscal 1963 level of $93.7 billion and if tax rates remain as they are. You may say that it would be impossible to achieve growth at these rates, even at a 2½% (constant price) rate, with this fiscal policy. This may be so. certainly, in view of what has been said officially about the prospect for substantial tax reduction in 1963-64, a good many people would be disappointed, I suppose with a generally dampening effect on the economy, if they were to be told now that there was to be no tax reduction for the present. But we can be perfectly neutral on this essentially speculative question and merely ask what would be the budget implications of a fiscal policy that would reduce taxes for the fiscal year 1964 by $5 billion over what they would otherwise be and raise Federal expenditures by $5 billion above the $93.7 billion fiscal 1963 level.

What seems to be implied by such a fiscal policy is a very substantial deficit, as large or larger than the currently projected fiscal 1963 deficit of $7.8 billion. Specifically, the deficit would be held close to the fiscal 1963 level if the economy were to grow by 6% on a current price basis (4% in constant prices) and would be between $10 and $15 billion if the economy were to grow by a 3½% to 4½% rate on a current price basis (2½% to 3% in real terms).

In other words, if a $5 billion tax cut is effective in fiscal 1964 and if Federal expenditures are higher by another $5 billion, we face a substantial and very likely enlarged budgetary deficit in fiscal 1964. This would mean an unbroken succession of deficits, each one larger than the one before, extending through the **third full year** following a trough in the business cycle.

Danger of Recession on Heels of Enlarged Deficit

I leave it for you to reflect over the budgetary outcome if, sometime between now and mid-1964, or indeed at any time in 1964 or 1965, we should slide into a recession. Such a misfortune is by no means inevitable, of course, for we could find that the pause in late 1962 was enough to provide a basis for an extended advance, and so we may continue in a kind of pause — advance, pause — advance sequence. But this is only an outside possibility. By the end of 1963 we will have reached the outer limit of the average length of postwar peacetime cycles, and it must be adjudged as unlikely that the expansion could be extended for a much longer period. Certainly, there is nothing in the fiscal policy in question which would, in and of itself, promise an indefinite extension of expansion. Actually, the only new element in the policy would be the $5 billion tax reduction. Expenditures have already been rising at an annual rate of $5 to $6 billion for two and a half years, but without in the least suggesting the possibility of achieving uninterrupted economic growth by this means.

Nor can we look to tax reduction as a continuing source of stimulus for our economy. Considering the rate at which expenditures would be rising under the assumed policy, we would soon exhaust the possibilities of granting $5 billion tax reductions.

* * *

Suggests Spending Ceiling and Caution on Tax Cuts

In my judgment, there are two broad policy implications in this fiscal outlook. The first is that there is an urgent need for control over the increase of Federal expenditures. What we should do is put a ceiling on expenditures for, say, two years at the fiscal 1963 level, that is, at about $94 billion. Considering "built-in" increases and additional program requirements that must be met, such as those growing out of the present tensions in international relations, this means that substantial reductions in some programs are necessary.

The second policy implication of the fiscal 1964 budget outlook is that there is need for caution in the amount and character of tax reduction. As it is developing, the fiscal situation does not justify a reduction of more than $2.5 billion on anything but an emergency basis, and the economic outlook at this time does not spell emergency. Furthermore, such tax reduction as is legislated should be designed to promote a higher level of private investment expenditure. This would be done best, for a $2.5 billion revenue loss, by a reduction in the corporate income tax rate to 47%. We are not now in a position to indulge ourselves in a large, across-the-board reduction of the tax burden. Under the right expenditure control conditions we could, however, take a first step in this direction, hoping to take additional steps at a later date.

Interestingly enough, however, the whole tenor of public discussion at this time contemplates a policy that is exactly the opposite of this. Very large increases in expenditure are being discussed for existing programs, most of which have to do with conditions here on earth; and last summer it was disclosed that our national goal for the next few years would be to land a man on the moon. At the same time that we contemplate these enormously exciting though equally enormously expensive undertakings, the air is full of official trial balloons and numberless unofficial proposals for large tax reductions. The mood is one of competitive venturesomeness and generosity in which there seems to be some thought that the prize should be allotted to whomever is prepared to make the boldest and most magnanimous offer. I trust I will be forgiven if I say that to me all of this has a distinctly bizarre quality.

* * *

Overcoming Defeatism Toward Spending Control

Turning to the first of these policy implications, what about the possibilities of expenditure control?

There is developing, I would judge, a kind of defeatism on this subject. I would be among the first to concede the political difficulties involved in a program of expenditure control if it lacked administration support, and even more so if it conflicted with administration policy. But given administration support, a program for containing the increase of Federal spending would, in my judgment, be entirely feasible. The question, therefore, is whether there are practical possibilities of achieving economies that would be economically desirable.

I believe there are such opportunities. To illustrate, let us take the case of Federal credit programs. There is a grossly inadequate public understanding of the magnitude, let alone the character, of the Federal Government's lending activities, but for anyone interested in learning more about these the Budget Message for a number of years has carried a special Appendix of factual information. From this source we learn that in the current fiscal year all Federal credit program combined will be a charge on the budget to the extent of $1.8 billion, which is the difference between the amount of disbursements made under the programs and the amount of repayments received and certain other offsets. However, this net figure tells little about the size of the program. Currently, total disbursements under the programs are estimated for fiscal 1963 at something over $8 billion. About half of this is accounted for byy the Commodity Credit Corporation and the Agency for International Development, but other agencies also accounted for by the Commodity able sums. Thus, the Export-Import Bank will disburse an estimated $800 million in fiscal 1963; the Small Business Administration, something over $400 million; the Farmers Home Administration, more than $500 million; the Rural Electrification Administration, $360 million; the Community Facilities Administration, close to $500 million; and the Federal National Mortgage Association, more than $400 million.

Would Attack Credit Programs First

Since we are dealing with a very large deficit, economies must be of substantial size to be significantly helpful. In this respect, federal credit programs would be a good place to start. It is never a wise budgetary policy to undertake flat, across-the-board budget cuts, because existing programs have such widely different degrees of merit, but it is interesting to observe that a reduction in disbursements averaging 10% for federal credit programs as a whole would produce an expenditure reduction of around $800 million. And such a program could hardly be regarded as a severely austere one. Astonishing as this may seem, a 10% overall reduction would leave disbursements for federal credit programs as a whole still as large as they were in fiscal 1962, and $3 billion higher than they were in fiscal 1961.

To do this would require a searching reappraisal of credit programs and techniques. Some of the programs, certainly those represented by the Agency for International Development, have been designed to accomplish purposes that could in no way be accomplished except through governmental effort; but others are in part, at least, competitive with private effort and have assumed their present size mainly because they make credit, often of a long-term variety, available at interest rates significantly below the market. For such programs, an interest rate policy more closely attuned to market realities would direct a larger proportion of the financing to the private financial system and reduce expenditures in the federal budget. Administrative limitations would do the same thing. Economies could be effected in other programs by requiring greater reliance on loan participations with private lenders, a more determined search for available private financing before public credit is offered, or the substitution of loan insurance or guarantees for direct lending. In still other cases, all that would be necessary would be for the federal agencies involved to relax their currently aggressive search for loans.

Sell Treasury Held Financial Assets

Still in the area of federal credit programs, let me mention another possibility for reducing net budgetary expenditures. This could be done through the sale to the public of loans and securities accumulated under federal credit programs. The January 1962 Budget Message estimated that Treasury holdings of these financial assets will reach $29 billion by the end of the fiscal year 1963. Only direct loans are included in this amount; insured or guaranteed loans or securities are excluded.

This $29 billion fund constitutes what I believe is our least well-understood stockpile. It includes over $3.5 billion of mortgage loans held by FNMA; nearly $4 billion of loans made by the Rural Electrification Administration; $1.8 billion of loans made by the Community Facilities Administration; $1.4 billion of credits extended by the Farmers Home Administration; and nearly $15 billion of loans growing out of various international lending activities.

Many of these financial assets would be ineligible for sale; others would be unsaleable under any practicable arrangement. But there is reason to believe that it would be possible to sell a substantial amount of them, and to make a market distribution of even a small fraction of the total would produce a very large volume of budget receipts. And to do so would not be a novel move. The Federal National Mortgage Association was established in the first instance on the theory that it would sell mortgages as well as buy them. The Veterans Administration has marketed some of its holdings of direct loans. The Export-Import Bank did the same abroad and in this country. And loans made by the Reconstruction Finance Corporation were liquidated under a carefully designed and executed program.

Of course, sales would have to be made subject to two major conditions: first, the terms of the sale would have to be fully protective of the public interest; second, sales would have to be made in a manner and on a schedule that would avoid depressing the economy by forcing a significantly higher level of long-term interest rates.

Certain Protective Measures

As regards the first of these two conditions: because most of the loans were made in the first instance at below-market interest rates it would be necessary to sell them at prices below par. But when one considers the difference between the income being earned by the federal government on the assets in question and the rate of interest the Treasury must pay on the public debt in order to continue holding them, it is by no means certain that a net loss to the federal government would be involved in a sales program. In any case, so long as sales were made on terms that provided no more than a reasonable compensation and return for underwriters and private investors, such capital loss as there might be could properly be regarded as a capitalization or payment in advance of future subsidies, and this obligation would be discharged without imposing a current burden on the budget.

As regards the second of the two conditions, namely, that public sales of financial assets might raise long-term interest rates and exert a restrictive effect on the economy, this would depend on the timing and volume of sales and on the availability of investment funds. Actually, there has been a surplus of funds seeking investment of late, not a shortage, and there is accordingly a good chance that a properly administered sales program would have little effect on the prices of long-term securities. Also, whether sales tended to raise long-term interest rates would depend on monetary policy. It seems reasonable to expect, however, that monetary policy would assist a program aimed at helping to bring the budget deficit under better control. Of course, the assistance one would get from sales of financial assets would be *ad hoc* and noncontinuous. But it would come at an opportune time and it could be an ingredient of a fiscal policy that would hold promise of reversing the trend to larger and larger deficits.

* * *

Curbing Civil Public Works Grants

Let me mention only one more expenditure program in which economies might be found. I have in mind the programs of Federal construction and grants to the states and civil public works, which have been increasing by leaps and bounds of late.

There is about a 50-50 distribution of expenditures for civil public works as between budget accounts and trust fund accounts, with each accounting in fiscal 1963 for about $3¼ billion. But the budget accounts alone have increased by about $1 billion in the last two fiscal years. As a group, their increase is exceeded by the ballooning of expenditures under the Federal credit programs but it has been very rapid. A program under which civil public works expenditures would be held in fiscal 1964 to the level prevailing in fiscal 1962 would produce a budget economy of close to $500 million, but it would still provide for a level of spending $500 million higher than obtained in fiscal 1961. This, again, would be no austerity program.

Other possibilities could be mentioned. What is really needed is a thorough re-examination of the Federal expenditure budget. A Presidentially - appointed commission of private citizens who would approach the problems in terms of what is good for all Americans and not of what is good for particular interest groups could do this.

To undertake such a budget reappraisal in order to prevent our being engulfed by federal spending that is getting so large and so complex and is growing so fast that no one really comprehends it, would be reason enough. An additional reason derives from the budgetary outlook I have sketched in these remarks. It is this:

We need to restructure our tax system and lighten the burden of taxation in ways that will improve the performance of our economy, but the budget outlook tells us that, unless we exert a much more effective discipline over the volume of our federal spending, we cannot undertake these needed measures of tax relief without courting larger and larger deficits. All the evidence points to the need for a searching scrutiny of expenditure priorities.

*An address by Dr. Saulnier at the conference on "Federal Tax Reform in 1963" of the Tax Foundation, New York City.

Buckingham Corp. Class A Offered

A secondary offering of 400,000 shares of Class A common stock of The Buckingham Corp. (New York, N. Y.), sole importer of Cutty Sark Scotch whisky in the United States, is being made by a group headed by Lehman Brothers, New York. The stock is priced at $27 a share.

The outstanding capitalization of the company, adjusted to give effect to this offering by selling stockholders consists of, 900,000 shares of Class A common and 2,000,000 shares of Class B common stock.

Net sales in 1962 amounted to $55,806,154 and net income to $4,238,597.

Substantially the entire business of Buckingham consists of the import and sale of Cutty Sark whisky, the brand name of which is owned by Berry Bros. & Rudd Ltd., an English firm established in the 17th Century. The company has the sole right to import Cutty Sark for resale in the United States under a contract which extends to Dec. 31, 1987. Cutty Sark is one of the largest selling brands of Scotch whisky in the United States, accounting for approximately 11% of the total case sales of Scotch whisky in the United States in 1961.

Basic Trends Affecting The U. S. Economy in 1963

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risen very little in the past five years. So far as we can see now, there are no signs of any change in this picture in the near future. The 1963 outlook is for continuing price stability, modified by the slow rise the cost of consumer services.

This pattern of price behavior is in sharp contrast to the experience of Western European nations during the last few years. You can still hear the argument that American industry is being priced out of world markets through high wages, high prices and high labor costs. Certainly, the shifts in world trade have subjected some American industries to intensified competition, resulting in rising imports and lost exports. Our balance of payments problem has been accentuated by these trade shifts. However, as so often happens in economics, these trends have been halted and even reversed to some extent. What seemed like a tidal wave a few years ago has become a gentle tide. The European nations are now beginning to encounter the economic forces which the U. S. experienced in the 1950's.

European Price Comparison

For example, let us look at prices. The Organization for Economic Cooperation and Development (OECD) has recently published a report on *Policies for Price Stability*, in which their Working Party of experts compares the experience of Western European nations with that of the U. S. and Canada. For the eight year period 1953-61 consumer prices in France rose at an *annual rate* of over 4%, Sweden over 3%, United Kingdom 2.9, Norway and Denmark 2.7, Netherlands 2.6, Germany 1.8. By contrast, the annual rate for the U. S. was 1.4, Canada 1.3, Belgium 1.3, and Switzerland 1.2.

But when the Working Party carried the comparison forward to 1962 (first seven months), the upward trend was even more significant. The 1961-62 rates of increase were as follows: Denmark 6.6%, France 5.4, Norway 5.4; Austria 5.4; Switzerland 4.5, Germany 4.3, United Kingdom 4.2, etc., etc. The comparable U. S. figure was 1.1% and Canada 0.8. No European country came anywhere near our record of price stability, except Belgium with 1.8.

This same pattern is developing in wages and salaries in Western Europe. These are running ahead of prices and of productivity. Our BLS Division of Foreign Labor Conditions has prepared some indexes of average hourly earnings over the past five years. These are cash earnings, excluding supplementary benefits, which would make some difference because they are not uniform among all these countries. However, it is unlikely that adjustments for supplements would alter the general picture. If we use the average hourly earnings of employees in the year 1957 as a base ('57=100), the indexes for such earnings at the latest available months in 1962 are as follows: The figures are not strictly comparable from country to country, but they are good enough for our purpose here. They represent earnings of employees in manufacturing, in mining, and in similar industry groups.

France	Sept.	149
Germany	Sept.	156
United Kingdom	Oct.	130
Italy	Sept.	131
United States	Oct.	117
Canada	Sept.	115

These figures may surprise you. We in the U. S. are so accustomed to reading in the newspapers about "world's champion" wage settlements that we often entirely overlook the more modest wage and salary increases throughout the whole economy. Since 1957, the average annual rate of increase in average hourly earnings in the U. S. has been only about 3% a year. The Canadian experience has been about the same. Both countries have achieved comparative price stability and moderate wage and salary increases.

European Price-Wage Problems

Conversely, most European nations are wrestling with the twin problem of holding price and wage increases within reasonable bounds. They have achieved full employment and fast economic growth while Canada and the U. S. have been experiencing heavy unemployment and sluggish growth. Now each group would like to emulate the other's achievements, but without endangering its own. All nations are in pursuit of the goals of full employment, fast growth, stable prices and moderate wage increases. For some years it seemed as if Germany and Japan had accomplished this feat, but the last two years have dispelled this illusion. Japan suffered a rise in consumer prices of 5% during 1961, followed by nearly 7% by latter 1962. In Germany, the recent rises in wages, prices, and costs have produced a slackening of economic growth.

This problem of achieving well-balanced growth will become more acute, in view of the targets which some nations have set for themselves during the 1960's. The OECD countries adopted a resolution setting a goal of a 50% increase in Gross National Product for the decade 1960-70. The OECD established another Working Party of experts who produced a report on *Policies for Economic Growth*. The Working Party prepared some estimates of the average annual percentages rates of growth in employment, productivity, and Gross National Product.

Country	Employment	Productivity	GNP
France	0.8	4.1	5.0
Germany	0.3	3.7	4.1
Italy	0.9	4.1	5.0
U. K.	0.5	2.8	3.3
U. S.	1.7	2.7	4.4

These statistics, being projections and conjectures, have a lot of weaknesses, but they are good enough to highlight several important points. First, the U. S. labor force (employment) is due to grow two to three times as fast as the labor supply in Western Europe. This factor may be of critical importance in determining the patterns of economic growth which develop in these countries during the decade. Unemployment in the U. S. in the coming decade will be affected to some extent by the more rapid growth of the labor force. At the same time, this expanding labor supply will act as a damper on wages and prices. Conversely, the slow growth of the labor force, especially in Germany and the United Kingdom, may create an upward pressure on wages and prices in those countries.

Productivity Comparison

In the second place, the U. S. productivity increase was estimated as the lowest of the group —about the same as the United Kingdom, but far below the annual productivity gains of France, Germany, and Italy. This low estimate requires an explanation. It does *not* mean that the average output per man-hour in American industry is at a lower level than in European countries; in fact, it is far higher. It is true that there are some industries in some countries which have achieved American levels of output per manhour, but these are not typical. The substantially higher wage levels in the American economy are offset in many industries by higher productivity, in which case the labor costs would be more nearly comparable. There is another important point about rates of productivity gains. Most European countries are still in the process of catching up to their long-term trends. They have not yet reached the U. S. stage of development. Finally, the more advanced a country is, the larger the fraction of its output which is devoted to consumer services. A nation investing large resources in construction and heavy industry will usually show higher rates of productivity. As higher standards of living are achieved, the shift to the service industries brings down the rates of productivity increase and produces somewhat more modest gains in Gross National Product.

The conclusion I wish to draw is that conditions are changing, both here and abroad. The 1960's are different from the 1950's, and the relative positions of different countries are continually changing. The important point about the Western World is that most advanced nations are moving toward wealth and well-being — higher incomes and rising standards of living.

Comparison With U.S.S.R.

I have said nothing so far about the Iron Curtain countries; but they too are claiming spectacular progress. They produce statistics which seem to demonstrate that they have greater productivity gains and faster economic growth than in the free nations. Furthermore, their claims for the future often exceed the statistics. The Soviet Union Prime Minister talks confidently about catching up with the U. S. in the 1970's and surpassing us in the 1980's. However, if statistical comparability is difficult to achieve among the free nations you can imagine that it is doubly so with the Communist nations. They have their own definitions and classifications which are often distinctly different from ours. The Soviet methods of calculating the gross output of their economy is so different from ours that American students of Soviet economy have to try to recalculate it on a comparable basis.

The case of the unemployment figures is an even better illustration of Soviet invalid claims. Their theory is that there is no unemployment in the Soviet Union; every worker who wants a job can have one. Yet they have occasionally published statistics which show the existence of what they call "labor turnover." These are workers who are in transit from one job to another. Their published statistics show that the loss of time per worker amounted to about 30 days, on the average. Now this would correspond fairly closely to the classification we have in our unemployment statistics of those workers out of a job less than five weeks. This figure in the U. S. often amounts to as much as 40% or more of our total unemployment. If they used our definition, they would have a substantial volume of unemployment.

Furthermore, since they do not admit the existence of unemploymen, they have no unemployment insurance. Therefore, if there is not enough work in the factory to keep all the workers busy, they may be told not to report; and if there is no work, there is no pay. This system would correspond quite closely to the practices of many American business concerns in the old days before we had unemployment insurance. The work week would be shared among the existing work force in order to avoid layoffs; the work week might be reduced to 32 hours, 24 hours, or even less. It is interesting to note that this practice has ceased to exist in American industry. Statistics from employers on hours of work per week clearly demonstrate that workers are generally employed for a full week if they work at all that week. If they are laid off for a full week, they draw unemployment insurance.

Where Else Are Their Surpluses?

However, there are some facts that speak louder than statistics. For example, have you heard of any surpluses of anything anywhere in the Communist world? Isn't the story always one of failures and shortages—crop failures, food shortages, empty stores, inadequate housing, and consumer grumbling. There is no Communist country which has yet solved its agricultural problem — how to raise enough food for its own people. The two nations which have done best among them are Yugoslavia and Poland, in both of which they have refrained from communizing the farms. The Communist "common market" (copied from the West) has gone nowhere; they haven't yet developed an international currency for themselves. It would be foolish to deny the spectacular achievements of the Soviet Union in many fields of activity, but it would be equally shortsighted to over-rate these achievements. The spectacular is often achieved at the expense of the ordinary, sputniks displace shoes.

Most assuredly, Communist competition in economics cannot be ignored. They are deadly serious about their objectives and their devout Communists display a dedication which should make us conscious of some of our own shortcomings. Furthermore, they have shown no hesitation in adapting to their system anything we have which looks promising—except, of course, our free economy. Our system has its problems, which we are trying to solve; but the Communists have not yet created any system which is as good.

*An address by Mr. Clague before the Harmonie Club, New York City, Jan. 19, 1963.

The State of TRADE and INDUSTRY

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term defense contracts, notably for rifles and machine guns, will provide the bar market some support through most of the year.

Little gain is noted in demand for wire products. Domestic sellers are quoting merchant items from stock and facing stiff competition from imports.

Wire rod imports are apparently being curtailed as a result of dumping charges filed by U. S. producers.

Importers tell *Steel* that demand is as great as ever but that European mills are restricting U. S. allocations until they see how the commissioner of customs rules on pending dumping charges. If they stick, importers will have to pay the difference between home market price and delivered U. S. price.

To protect themselves with supplies, importers are placing more of their rod orders with Japanese mills. It's considered unlikely Japanese mills will be found guilty of dumping. They recently upped prices $5 a ton and may hike them again in the second quarter.

Importers who handle welded standard pipe say some foreign mills have suspended offerings as a result of dumping charges.

Strike-Hedge Buying Pushes Demand for Steel

The steel market is on an escalator that should lift it by stages through May, *Iron Age* magazine reported.

The upward movement is powered by a general improvement in demand from wide areas of industry, seasonal factors which show their strength in early spring, and inventory building as a hedge against possible steel labor trouble.

Iron Age said automotive steel orders for April delivery, expected momentarily, will give a good indication of what's ahead. Forecasts indicate that a 10% increase in March will be backed up by another 10% gain in April.

Any lingering doubts of an inventory buildup were dismissed early this week. In an unprecedented disclosure, General Motors acknowledged its plans to stockpile in advance of steel labor negotiations. The automotive giant is stepping up its steel buying by from 10 to 15% over requirements. It expectes to have an inventory similar to what it held in 1962 as the steel labor deadline approaches.

This statement by General Motors will force the hands of many steel users who have been hesitant about inventory plans. Auto industry suppliers now know what's expected of them. Non-automotive steel users also know the score. They will be forced to go along as a protective device to assure their positions on mill books if any steel labor crisis develops.

Up to now, there has been little acknowledged inventory building. But many steel users had been ordering well in advance, even into May and June, to assure delivery if a jam develops on mill order books.

With little inventory business on the books up to now, most of the recent gains appear to be based on solid demand. Delivery promises have lengthened out some, but mills still promise relatively quick delivery. To meet these promises against rising demand, mills have had to keep more steel in their own pipelines to assure prompt service. This has been a factor in recent sharp gains in production.

An analysis of steel shipments and production indicates that about one million tons of steel will be added to domestic supply in the first quarter. About half of this will be accumulated by the mills as they fill pipelines and round out semi-finished stocks for quick service.

On the basis of current estimates, first quarter shipments will be a conservative 18.5 million tons. Another 500,000 tons will be added to domestic supply by imports of foreign steel. Consumption should round out about 18 million tons for the quarter. This means that about one million tons will be added to the supply chain, but not necessarily to stocks in the hands of users and service centers.

Auto Pace Advance 12.6% Over Year-Ago Level

Auto production in the U. S. last week ranged approximately 12.6% above the corresponding week of last year, *Ward's Automotive Reports* said.

The statistical agency estimated that output last week would reach 152,169 units, a few cars less than the 153,981 counted in the previous session, but far above 135,085 assemblies completed in the corresponding week of a year ago.

Ward's said that the industry built 1,000,000 passenger cars in the Jan. 1-mid-Feb. period. Production of 1963 model cars, the reporting service said, is now at close to 3.6 million units, pacing all previous model runs.

Of the industry's 47 assembly plant, only five were scheduled for operations last Saturday, all of them General Motors Corp. facilities. Chevrolet, which alone has made more than 1,000,000 cars in the current model year, operated three plants.

A Buick plant at Flint (Mich.) and a combination Buick-Olds-mobile-Pontiac complex at South Gate (Calif.) were also programmed for overtime.

Ford Motor Co., for the first Saturday this year, did not assemble passenger cars However, the company made trucks at four locations last Saturday.

Chrysler Corp., on a five-day schedule last week at all plants, will close its Chrysler assembly line this week. American Motors also continued a five day schedule last week, but Studebaker returned to a four-day program.

Rail Freight Drops 2.5% Below 1962 Week

Loading of revenue freight in the week ended Feb. 9, totaled 528,762 cars, the Association of American Railroads announced. This was an increase of 27,468 cars or 5.5% above the preceding week.

The loading represented a decrease of 13,653 cars or 2.5% below the corresponding week in 1962, but an increase of 42,379 cars or 8.7% above the corresponding week in 1961.

There were 14,626 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Feb. 2, 1963 (which were included in that week's over-all total). This was an increase of 1,784 cars or 13.9% above the corresponding week of 1962 and 4,308 cars or 41.8% above the 1961 week.

Cumulative piggyback loadings for the first five weeks of 1963 totaled 63,628 cars for an increase of 5,209 cars or 8.9% above the corresponding period of 1962, and 15,158 cars or 31.3% 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 55 in the corresponding week in 1961.

Inter-City Trucking Dips 0.6% Below Year-Ago

Intercity truck tonnage in the week ended Feb. 9 was 0.6% below the volume in the corresponding week of 1962, the American Trucking Associations announced Feb. 15. Truck tonnage was 2.1% ahead of the volume for the previous week of this year. The volume of intercity tonnage, while still trailing 1962, has shown an improvement since the ending of the dock strike. In part, persistent winter weather in certain areas has had the over-all effect of depressing traffic.

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.

The terminal survey for last week showed increased tonnage from a year ago at 15 localities, with 18 points reflecting decreases from the 1962 level. One terminal city, New York, showed no change from the corresponding week of 1962. Trucking centers at Los Angeles registered tonnage gains of 17.2%, while Charlotte and Memphis terminals reflected decreases of 11.7 and 10.2%, respectively.

Compared with the immediately preceding week, 21 metropolitan areas registered increased tonnage, while 13 areas reported decreases.

Lumber Data Unavailable

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

Electric Output Rises to 8.6% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 16, was estimated at 17,672,000,000 kwh., according to the Edison Electric Institute. Output was 14,000,000 kwh. more than the previous week's total of 17,532,000,000 kwh., and 16,266,000,000 kwh., or 8.6% above the total output of the comparable 1962 week.

Business Failures Edge Lower In Latest Week

Commercial and industrial failures dipped to 311 in the week ended Feb. 14 on the heels of the preceding week's slight rise to 329, reported Dun & Bradstreet, Inc. Casualties were less numerous than last year when 412 occurred in the comparable week and they also fell short of the 374 in 1961. However, some 6% more businesses failed than in pre-war 1939 when the toll came to 293.

Casualties involving liabilities of $100,000 or more edged down to 44 from 55 a week earlier and 54 a year ago. A mild decline also occurred among small failures with liabilities under $100,000 which dipped to 267 from 274 in the prior week and dropped sharply from the comparable 1962 level of 358 for this size group.

The week's downturn centered in retailing where the toll declined to 148 from 158 and in manufacturing, down to 48 from 66. Only fractional shifts appeared in construction, with 53 as compared with 55 last week, and in commercial service, with 28 as against 25, while the toll among wholesalers actually increased to 34 from 25. No industry or trade group suffered as many casualties as in the similar week a year ago.

In most geographic regions, business tolls declined or held even during the week. Failures in the Middle Atlantic States fell to 84 from 102, in the Pacific States to 50 from 81, and in New England to 8 from 21. A strong contrasting increase, on the other hand, occurred in the East North Central Region which reported a climb to 90 from 46. Fewer concerns succumbed than last year in six of the nine major regions, with particularly steep downswings in the Middle and South Atlantic and Pacific States. Tolls ran above year-earlier levels only in the East and West North Central and Mountain States.

Canadian failures held steady at 32, the same as last week, and remained below the 48 recorded in the corresponding week of 1962.

Wholesale Commodity Price Index Slips Further This Week

Despite a rise in steel scrap, the general wholesale commodity price level eased down to 268.24 htis Monday, reported Dun & Bradstreet, Inc. The trend below both month-ago and year-ago levels continued. Wheat and hides were quoted appreciably lower at wholesale markets than on the similar day last week, and mild declines were chalked up for rubber, hogs and coffee.

The Daily Wholesale Commodity Price Index dipped to 268.24 (1930-32 = 100) on Monday, February 18, from 268.59 a week earlier and 269.23 in the preceding month. It fell considerably below the 272.94 registered on the corresponding day of 1962.

Wholesale Food Price Index Dips For Third Straight Week

The Wholesale Price Index, compiled by Dun & Bradstreet, Inc., inched lower for the third consecutive week and came to $5.83 on Feb. 19. Down 0.2% from $5.84 a week ago, it was 1.2% below the comparable 1962 level of $5.90.

Hams and bellies were priced appreciably lower at wholesale markets this week and wheat, oats, steers and hogs dipped moderately. Almost offsetting these declines were increases in the wholesale cost of seven food-stuffs: rye, lard, cheese, sugar, cottonseed oil, cocoa and eggs.

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.

Warmer Weather Spurs Consumer Buying

Rising temperatures generally perked up retail purchases in the week ended this Wednesday and pushed total volume well ahead of the comparable year-earlier level. Admittedly, mixed trends prevailed. Rains hit the West Coast on the weekend, while in the East, rain dampened anticipated shopping on Lincoln's Birthday. Philadelphia sales bloomed with the end of the transit strike, but New York and Cleveland merchants still suffered their newspaper black-outs. Signs of spring appeared in purchases of apparel and garden supplies. Valentine's Day sentiments sparked sales of candy, greeting cards, lingerie, cosmetics, jewelry, and men's furnishings. While car sales continued to forge ahead, it was so-so week for home furnishings.

The total dollar volume of retail trade in the week ended Wednesday, Feb. 13, ranged from +4 to 8% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —5 to —1; East South Central 0 to +4; West North Central and West South Central +2 to +6; Middle Atlantic +3 to +7; South Atlantic +6 to +10; East North Central +7 to +11; Mountain and Pacific +8 to +12.

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 Feb. 9, compared with the like period in 1962.

In the four-week period ended Feb. 9, 1963, sales gained 2% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended Feb. 9, remained unchanged from 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 2% more than a year ago for the country's 12 principal retail centers which, incidentally, includes Cleveland and New York City. In the past four weeks, Cleveland's sales declined 2% compared to last year's period, but the sales for the week ending Feb. 9, were 6% higher than the comparable week in 1962.

Wellington Elect. Stock All Sold

The company reports that its recent offering, without underwriting, of 54,000 common shares at $7.50 per share, was all sold. Net proceeds will be used for the repayment of loans, purchase of additional equipment, and working capital.

Wellington of 65 Honeck St., Englewood, N. J., is primarily engaged in the manufacture of etched aluminum foil for sale to producers of aluminum electrolytic capacitors. It also manufactures and leases automatic winding machines for use in the production of various types of capacitors.

TAX-EXEMPT BOND MARKET

Continued from page 6

members of the group. The balance in group as we go to press totals $23,500,000.

Close Bidding Again

St. Louis, Missouri awarded $14,765,000 Public Building and improvement (1964-1983) bonds to the syndicate headed by the *Northern Trust Company* at a net interest cost of 2.89550%. Here again bidding was extremely close, with the runner-up bid of a 2.89559% net interest cost coming from the group managed jointly by First National Bank of Chicago, Chase Manhattan Bank and Harris Trust and Savings Bank.

Other major members of the winning syndicate include Chemical Bank New York Trust Co., Seattle First National Bank, Ladenburg, Thalmann & Co., Wertheim & Co., Weeden & Co., First National Bank in St. Louis, Braun, Bosworth & Co. and Bache & Co.

Scaled to yield from 1.60% to 3.00%, the present balance in syndicate is $6,195,000.

The *Security First National Bank of Los Angeles, First Western Bank and Trust Co., Bank of California* and *R. H. Moulton & Co.* were the successful bidders for $14,000,000 Los Angeles, California School (1964-1983) bonds naming a net interest cost of 2.787%. The runner-up bid, a 2.814% net interest cost, was submitted by the Bank of America N.T. & S.A. and Associates.

Scaled to yield from 1.60% to 3.00%, the present balance is $4,500,000.

Tuesday's final sale of note involved $6,500,000 Jefferson County, Colorado School District (1967-1986) bonds which were awarded to the *First National City Bank* group at a 3.094% net interest cost. The second bid, a 3.10% net interest cost, came from the First National Bank of Chicago account.

Other major members of the successful group include Chase Manhattan Bank, Bankers Trust Co., Chemical Bank New York Trust Co. and Dominick & Dominick.

Scaled to yield from 2.10% to 3.20%, the present balance is $5,745,000.

The group led by the *First National City Bank* and *Marine Trust Co. of Western New York* submitted the best bid for $12,900,000 Erie County (Buffalo), New York General Improvement (1964-1983) bonds. The group bid 100.349 for a 2¾% coupon and the runner-up bid, 100.13 also for a 2¾% coupon, came from the First Boston Corp. and Associates.

The obligations are scaled to yield from 1.55% to 3.00% and initial orders have amounted to $4,000,000.

Dollar Bonds Enjoy Easy Marketability

The dollar quoted long term toll road, toll bridge and public utility bonds continue to attract more investors. These issues, many of which are in the well seasoned investment category, possess many worthy investment qualities. In being term issues for the most part, they are quoted in dollars rather than yield and are thus more marketable than most serial general obligation bonds. These issues are virtually closed end and thus are protected from dilution. Since tolls can be increased when required, the security is well protected as we go into a period of expansive traffic density. As traffic generally becomes heavier the toll roads will attract relatively more traffic on the basis of safety.

It has been authoritatively stated that if all the streets and highways in the U. S. A. were as safe as the Ohio Turnpike, traffic deaths in our country last year would have been less than 9,000 instead of being something over 41,000.

For some of the toll roads, winter revenues have fallen back relatively due to the season's severity, but most of the road's net revenues continue to be at least 5% better than a year ago.

Two Point Price Increment Since Dec. 5

The *Commercial and Financial Chronicle's* Revenue bond Index averages out at 3.469% on Feb. 20, against 3.475 last week. This small lessening of average yield represents a market gain of something less than $1 per bond. As a comparison, we note that the Index stood at 3.609% on Dec. 5 last. Thus the market is up more than 2 points since then.

Packard Instr. Common Offered

Public offering of 100,000 common shares of Packard Instrument Co., Inc., at $21.50 per share is being made by A. G. Becker & Co., Inc., Chicago. Of the total 50,000 shares are being sold by the company, and 50,000 by Lyle E. Packard, Chairman and President.

Net proceeds to the company will be used to repay bank loans, expand plant facilities, and increase working capital.

Packard of 3713 Grand Blvd., Brookfield, Ill., is engaged in the development, manufacture and sale of scientific instruments, principally electronic devices for the detection and measurement of radioactivity.

DIVIDEND NOTICE

P. Lorillard Company

AMERICA'S FIRST TOBACCO MERCHANTS

Established 1760

Cigarettes
KENT
Regular
King Size
Crush-Proof Box
OLD GOLD STRAIGHTS
Regular
King Size
YORK
Imperial Size
NEWPORT
King Size
Crush-Proof Box
SPRING
King Size
OLD GOLD SPIN FILTERS
King Size
EMBASSY
King Size

Smoking Tobaccos
BRIGGS
UNION LEADER
FRIENDS
INDIA HOUSE

Little Cigars
BETWEEN THE ACTS
MADISON

Chewing Tobaccos
BEECH-NUT
BAGPIPE
HAVANA BLOSSOM

Turkish Cigarettes
MURAD
HELMAR

DIVIDEND NOTICE

Regular quarterly dividend of $1.75 per share on the Preferred Stock and regular quarterly dividend of $.60 per share on the outstanding Common Stock of P. Lorillard Company have been declared payable April 1, 1963, to stockholders of record at the close of business March 4, 1963. Checks will be mailed.

G. O. DAVIES,
Vice President

New York, February 20, 1963

First With The Finest—Through Lorillard Research

DIVIDEND NOTICES

The Board of Directors of
CONSOL
CONSOLIDATION COAL COMPANY

at a meeting held today, declared a quarterly dividend of 40 cents per share on the Common Stock of the Company, payable on March 15, 1963, to shareholders of record at the close of business on March 1, 1963. Checks will be mailed.

JOHN CORCORAN,
Vice-President & Secretary

February 18, 1963.

E. I. DU PONT DE NEMOURS & COMPANY

DU PONT
REG. U. S. PAT. OFF.

Wilmington, Del., February 18, 1963

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock — $4.50 Series and 87½¢ a share on the Preferred Stock — $3.50 Series, both payable April 25, 1963, to stockholders of record at the close of business on April 10, 1963; also $1.50 a share on the Common Stock as the first quarterly interim dividend for 1963, payable March 14, 1963, to stockholders of record at the close of business on February 26, 1963.

P. S. DU PONT, *Secretary*

Public Service Electric and Gas Company

NEWARK, N. J.

QUARTERLY DIVIDENDS

The Board of Directors has declared the following dividends for the quarter ending March 31, 1963:

Class of Stock	Dividend Per Share
Cumulative Preferred	
4.08% Series	$1.02
4.18% Series	1.045
4.30% Series	1.075
5.05% Series	1.2625
5.28% Series	1.32
$1.40 Dividend Preference Common	.35
Common	.60

All dividends are payable on or before March 30, 1963 to stockholders of record March 1, 1963.

MALCOLM CARRINGTON, JR.
Secretary

NJ PUBLIC SERVICE
CROSSROADS OF THE EAST

DIVIDEND NOTICES

Allegheny Ludlum Steel Corporation
Pittsburgh, Penna.

At a meeting of the Board of Directors of Allegheny Ludlum Steel Corporation held today, February 15, 1963, a dividend of fifty cents (50c) per share was declared on the Common Stock of the Corporation, payable March 29, 1963, to shareowners of record at the close of business on March 8, 1963.

S. A. McCASKEY, JR.
Secretary

TC
TENNESSEE CORPORATION

TENNESSEE CORPORATION

February 19, 1963

A quarterly dividend of thirty-five (35c) cents per share was declared payable March 15, 1963, to stockholders of record at the close of business March 1, 1963.

JOHN G. GREENBURGH,
Treasurer

61 Broadway
New York 6, N. Y.

Kennecott
COPPER CORPORATION

February 15, 1963

At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.00 per share was declared, payable on March 22, 1963, to stockholders of record at the close of business on February 26, 1963.

MALCOLM R. WILKEY, Secretary
161 East 42nd Street, New York, N.Y.

CYANAMID

AMERICAN CYANAMID COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock Series D, payable April 1, 1963, to the holders of such stock of record at the close of business March 1, 1963.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of forty-five cents (45¢) per share on the outstanding shares of the Common Stock of the Company, payable March 29, 1963, to the holders of such stock of record at the close of business March 1, 1963.

R. S. KYLE, *Secretary*

Wayne, N. J., February 19, 1963.

DIVIDEND NOTICES

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a regular quarterly dividend of thirty-five cents (35c) per share on the capital stock ($3 par value) of the Corporation, payable March 15, 1963, to stockholders of record March 1, 1963.

L. G. Regner
Vice President & Secretary

Milwaukee, Wis.
February 19, 1963

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 30 cents per share on the Common Stock of the Company, payable April 1, 1963 to stockholders of record at the close of business March 1, 1963

D. W. JACK
Secretary

February 15, 1963

XEROX
CORPORATION
ROCHESTER, NEW YORK

DIVIDEND NOTICE

The Directors of Xerox Corporation at a meeting held on February 7, 1963, declared a quarterly dividend of $0.25 per share on the common stock payable April 1, 1963, to stockholders of record at the close of business on March 8, 1963.

E. K. DAMON
Treasurer

SUNDSTRAND

SUNDSTRAND CORPORATION

DIVIDEND NOTICE

The Board of Directors declared a quarterly cash dividend of 25¢ per share on the common stock, payable March 21, 1963, to shareholders of record March 7, 1963.

G. J. LANDSTROM
Vice President-Secretary

Rockford, Illinois
February 12, 1963

WASHINGTON AND YOU

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

WASHINGTON, D. C.—The death of Senator Robert S. Kerr of Oklahoma, the log-cabin-born wealthiest man in the Senate, has focused attention on 44-year-old Senator Russell B. Long of Louisiana.

Senator Long is the No. 2 ranking Democrat on the important Senate Finance Committee headed by Senator Harry Flood Byrd, the distinguished American from Virginia, who insists that he will end his Congressional career when his present term expires.

Because Mr. Long is a comparatively young man, and appears destined to have a strong role in the years ahead in the matters concerning taxes, there is marked interest in the man from the Bayou country. Per square mile there is no place in America that has as much oil and natural gas production and in reserves as does Senator Long's South Louisiana.

The *Congressional Quarterly*, because of the sudden interest in Mr. Long and his political philosophy, has done considerable research on his activities with the assistance of this correspondent.

An Economic Liberal

Senator Long is an advocate of economic and welfare programs to increase the buying power of low income people and to stimulate the economy. An economic liberal on most issues, he is expected to side more often with such Committee liberals as Senators Paul H. Douglas, Democrat of Illinois; Albert Gore, Democrat of Tennessee, and Eugene J. McCarthy, Democrat of Minnesota, than did the late Senator Kerr. However, like Senator Kerr, he is an all-out champion of economic interests involving his own state, including the oil and gas industry.

As pointed out by the *Congressional Quarterly*, taxes, tariffs, Social Security and welfare programs come under the jurisdiction of the Senate Finance Committee.

Senator Long, who came to the Senate in 1948, when he was barely 30, the minimum constitutional age for a United States Senator, is probably the most powerful single political figure in Louisiana. He is the titular head of the Long political organization or the Long followers in that state, which is growing a little faster than the national average.

His late father, Senator Huey P. Long, was the founder of the Long "dynasty" that has steered the ship of state in Louisiana, off and on, since 1928. Huey Long was Governor from 1928-32 and Senator from 1932 to 1935. In addition to electing to Earl K. Long (Huey's brother and Russell's uncle) Governor, the Long family has had five members of the family in Congress including Huey.

Propelled By "Little Man"

Senator Long, like his father, claims that his first statewide political victory came about because the little man laid down the plows and the hoes and went to the polls to send him on his way to Washington. He was elected over Judge Robert F. Kennon. They ran for the unexpired term of the late Senator John H. Overton of Louisiana.

Under the leadership of Senator Byrd, who is 75, the New Frontier's legislative program has some rough, tough sailing in the Senate Finance Committee. This includes the proposed tax reduction and tax reform program submitted by President Kennedy. It also includes the Social Security Medicare program.

Senator Long, like the late Senator Kerr, opposes the medical bills. On the other hand, he is expected to rally behind the President's tax program for the most part. He is against reducing the 27½% depletion allowance accorded the oil and natural gas industries.

The Southerner, who ranks 15th in Democratic senority in the Senate, is chairman of the Small Business Anti-Trust and Monopoly Subcommittee. He takes a leading role in the Senate in matters designed to protect the small businessman from "unfair competition" from larger firms.

Favors Government Ownership of Some Patents

Senator Long is a strong advocate of retaining for public use any inventions or scientific and technological developments made through Government-financed research. Not too long ago he went to the White House for a night conference with President Kennedy to urge him not to "give away" patents discovered at Government-expense to big industries.

Although he has been described by some few critics as being "inconsistent" on some of his political philosophies in Congress, Senator Long emphatically denies this, and he can readily give his explanation why his critics are "wrong" in their contentions.

There is no doubt that he is a lliberal in economic matters concerning the average man. He is a strong advocate against "forced integration," and maintains that he will oppose Federal aid to education as long as the funds might be withheld from segregated public schools.

The Senator as of now unquestionably will support President Kennedy in his bid for reelection in 1964, and will do what he can to help him carry Louisiana again as he did in 1960.

No Devotee of Our Foreign Aid Program

On the question of foreign assistance, Senator Long has taken a rather firm stand against the foreign spending program. He maintains that billions of dollars covering the past 10 years have been wasted because the funds have gone to the wrong countries, and to worthless projects in some countries that are friendly to the United States.

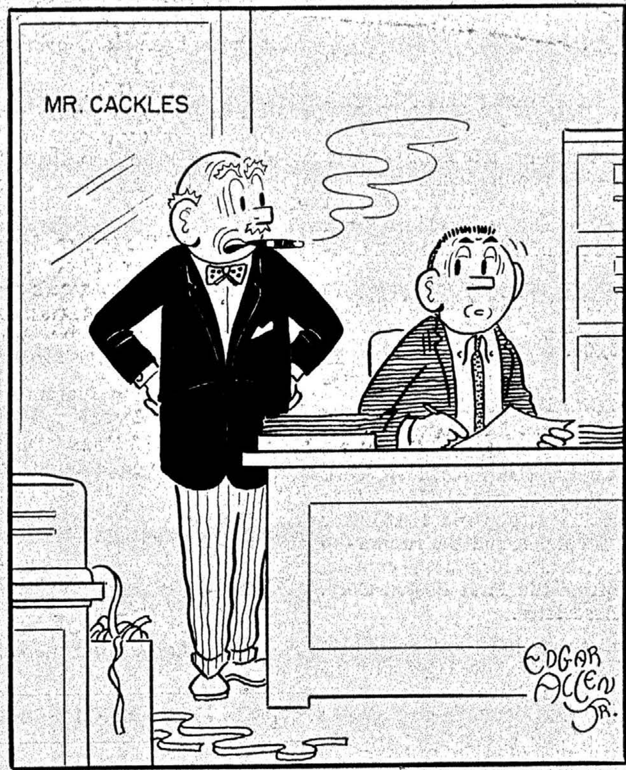
Senator Long was only 10 years old when his father Huey was elected Governor. He was only 16 when his father was fatally wounded in the skyscraper Capitol at Baton Rouge on a Sunday night in September, 1935, when the Louisiana Legislature was meeting in an extraordinary session at Huey's request.

Senator Long takes the position in Congress that "what is good for Louisiana is good for the country."

One of these days Mr. Long hopes to end his political career by serving as Governor of Louisiana. He could probably be elected in the forthcoming governorship contest, but he has no intention of leaving a bright career in the United States Senate.

Probably as he grows a little older, Senator Long may become a little more conservative in some areas. Perhaps in the years ahead he will become a national figure, but not the "stormy petrel type" that marked his late father's political career, nor his late Uncle Earl's stormy career which included three terms as Governor.

[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.]



"I know you're new here, MacRadish, but in picking growth stocks for our weekly newsletter we don't use the 'eeny-meeny-miny-mo' system!"

COMING EVENTS

IN INVESTMENT FIELD

Feb. 21, 1963 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual winter dinner at the Bellevue Stratford Hotel.

CHRONICLE's Special Pictorial Section March 7.

Feb. 27, 1963 (Detroit, Mich.)
Bond Club of Detroit, 47th annual dinner at the Detroit Boat Club.

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.

CHRONICLE's Special Pictorial Section April 4.

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.

CHRONICLE's Special Pictorial Section May 9.

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.

May 12-15, 1963 (Chicago, Ill.)
Financial Analysts Federation annual convention at the Palmer House.

May 13-15, 1963 (Washington, D. C.)
National Association of Mutual Savings Banks 43rd annual conference at the Sheraton Park Hotel.

May 16-17, 1963 (Cincinnati, O.)
Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and Dinner May 16 at the Queen City Club; Outing May 17 at the Losantiville Country Club.

May 16-17, 1963 (Nashville, Tenn.)
Nashville Association of Securities Dealers annual spring party at the Hillwood Country Club and Belle Meade Country Club, respectively.

June 19-21, 1963 (Chicago, Ill.)
Investment Bankers Association Municipal Conference at the Pick-Congress Hotel.

CHRONICLE's Special Pictorial Section July 11.

Sept. 11-13, 1963 (Pebble Beach, Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

May 16-24, 1964 (N. Y. City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

May 15-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual Meeting at the Sheraton Park Hotel.

Bear, Stearns to Admit

Bear, Stearns & Co., 1 Wall St., New York City, members of the New York Stock Exchange, on March 1st will admit William J. Friedman to limited partnership.

THE BOSTON SECURITIES TRADERS ASSOCIATION

39TH ANNUAL WINTER DINNER

STATLER-HILTON HOTEL • • • FEBRUARY 8, 1963

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White, Weld & Co.

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James J. Concagh, *Greenshields & Co., Inc.*, New York; Vincent Ryan, *New York Hanseatic Corporation*, Boston; Russ Potter, *Arthur W. Wood Company*, Boston; Ed Schaefer, *H. D. Knox & Co., Inc.*, New York

Robert G. Wade, *Martin, Hall & Rounds, Inc.*, Lewiston, Maine; Bob Kerr, *Robert C. Kerr & Co.*, Indian Orchard, Mass.; Robert L. Polleys, *Josephthal & Co.*, Boston

Herb Ferrari, *Hornblower & Weeks*, Boston; Sal Saladini, *Hornblower & Weeks*, New York; James Lynch, *Paul D. Sheeline & Co.*, Boston

Tom Brown, *Spear, Leeds & Kellogg*, New York; Frank Mullin, *White, Weld & Co.*, Boston; Irwin Shubert, *Arnhold & S. Bleichroeder, Inc.*, New York; Jim Connolly, *Estabrook & Co.*, New York

Leon Dorfman, *Goldman, Sachs & Co.*, New York; Leo Brown, *Asiel & Co.*, New York; Herb Stern, *L. F. Rothschild & Co.*, New York; Robert Kauffman, *L. F. Rothschild & Co.*, New York

David Ginberg, *Frank Ginberg & Co., Inc.*, New York; Gerry Markowitz, *Frank Ginberg & Co., Inc.*, New York; Irvin Hood, *Lee Higginson Corporation*, New York; Joseph Scheidecker, *Myron A. Lomasney & Co.*, New York

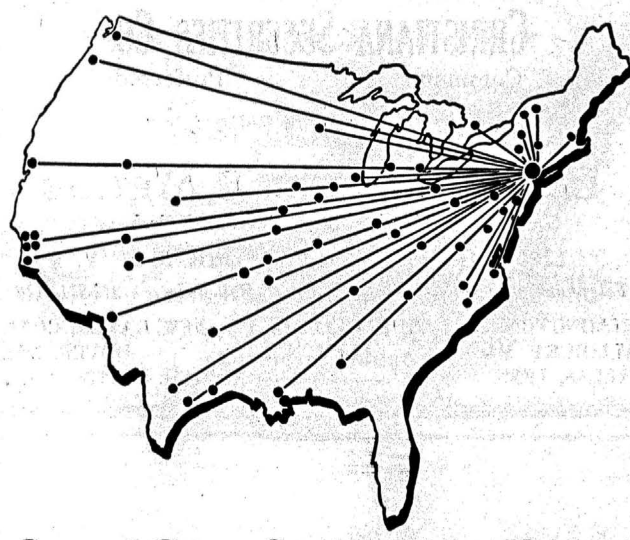
Hank Serlen, *Josephthal & Co.*, New York; Paul Davenport, *E. R. Davenport & Co.*, Providence, R. I.; Bob Polleys, *Josephthal & Co.*, Boston; Larry Nathan, *Lerner & Co., Inc.*, Boston

Jack Putnam, *W. E. Hutton & Co.*, Boston; Guy R. Hogarth, *Fahnestock & Co.*, New Haven, Conn.; John M. Fitzgerald, *W. C. Pitfield & Co., Inc.*, New York; Fred Carter, *De Haven & Townsend, Crouter & Bodine*, Philadelphia

Frank Ronan, *New York Hanseatic Corporation*, New York; Arthur Murphy, *A. C. Allyn & Co.*, Boston; John McCue, *May & Gannon, Inc.*, Boston; William Maguire, *Stroud & Company Incorporated*, Philadelphia

Gerald D'Ambrosio, *Breen Creamer Stanley Corp.*, Boston; Frank Breen, *Breen Creamer Stanley Corp.*, Boston; Clive Fazioli, *White, Weld & Co.*, Boston; Wendell Gustavson, *Shearson, Hammill & Co.*, Boston; William Clendenin, *National Association of Securities Dealers*

Leon Day, *Chas. A. Day & Co., Inc.*, Boston; Joe Carew, *Hanrahan & Co., Inc.*, Worcester, Mass.; Bert Pike, *Troster, Singer & Co.*, New York; Bill Meyers, *John J. Meyers & Co.*, New York



Don Robertaille, *Dominion Securities Corporation*, New York; Sid Jacobs, *Sidney Jacobs* Co., New York; Edward J. Kelly, *Carl M. Loeb, Rhoades & Co.*, New York; Norman Wild, *Janney, Battles & E. W. Clark, Inc.*, Philadelphia

Jim Jacques, *First Southwest Company*, Dallas; Irv Skinner, *Eaton & Howard, Inc.*, Boston; John Boone, *First Southwest Company*, Dallas; Mike Epstein, *Abraham & Co.*, New York

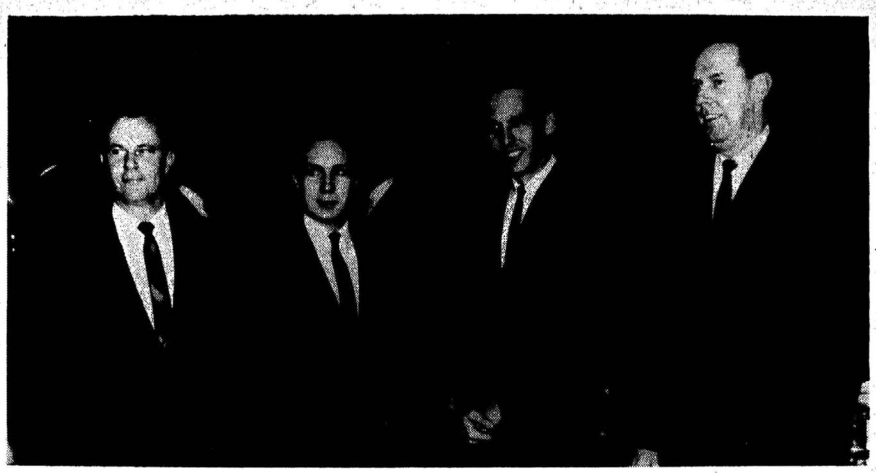
Jim McFarland, *Stroud & Company, Incorporated*, Philadelphia; "Hank" Serlen, *Josephthal & Co.*, New York City; Wilfred Conary, *G. H. Walker & Co.*, Providence, R. I.; George Angelos *Chas. W. Scranton & Co.*, New Haven, Conn.

Curtis Bates, *Draper, Sears & Co.*, Boston; Mike Growney, *Gregory & Sons*, New York; Bob D'Ambrosia, *Breen Creamer Stanley Corp.*, Boston; Joe Rinaldi, *H. D. Knox & Co., Inc.*, Boston

Joe Buonomo, *F. L. Putnam & Company Inc.*, Boston; Al Tisch, *Fitzgerald & Company*, New York; George Angelos, *Chas. W. Scranton & Co.*, New Haven; Irving Le Beau, *May & Gannon, Inc.*, Boston

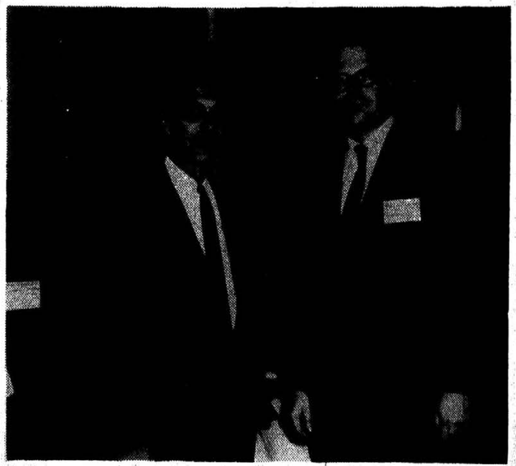
Ed Hines, *Chace, Whiteside & Winslow, Inc.*, Boston; Crandon Leahy, *National Quotation Bureau*, Boston; Louis Zucchelli, *J. B. Maguire & Co., Inc.*, Boston; Bob Sorterup, *Brown, Lisle & Marshall*, Providence, R. I.; Pete Brodersen, *A. M. Kidder & Co., Inc.*, New York

Dave Stumpp, *W. E. Hutton & Co.*, Boston; Gilbert Lothrop, *W. E. Hutton & Co.*, Boston; David Garceau, Bank Commissioner, State of Maine; Hal G. Hoyt, Director of Securities Division, State of Maine



Herb Beattie, *H. A. Riecke & Co., Inc.*, Philadelphia; Dave Conary, *May & Gannon, Inc.*, Boston; Al MacCart, *Drexel & Co.*, Philadelphia; Bob Greene, *Stroud & Company Incorporated*, Philadelphia

Herb Smith, *Blyth & Co., Inc.*, Boston; Gene Hussey, *First Boston Corporation*, Boston



Carl Wells, *Paine, Webber, Jackson & Curtis*, Boston; Calvin Clayton, *Clayton Securities Corporation*, Boston

Charles R. Clausen, *Hoit, Rose & Company*, New York; Dick Ryan, *A. G. Edwards & Sons*, New York

Ed Beakey, *E. W. Eddy & Co.*, Hartford; Jerry Devine, *C. J. Devine & Co.*, New York

Jerry Coe, *Lerner & Co., Inc.*, Boston; Jerry Abeles, *Burnham and Company*, New York

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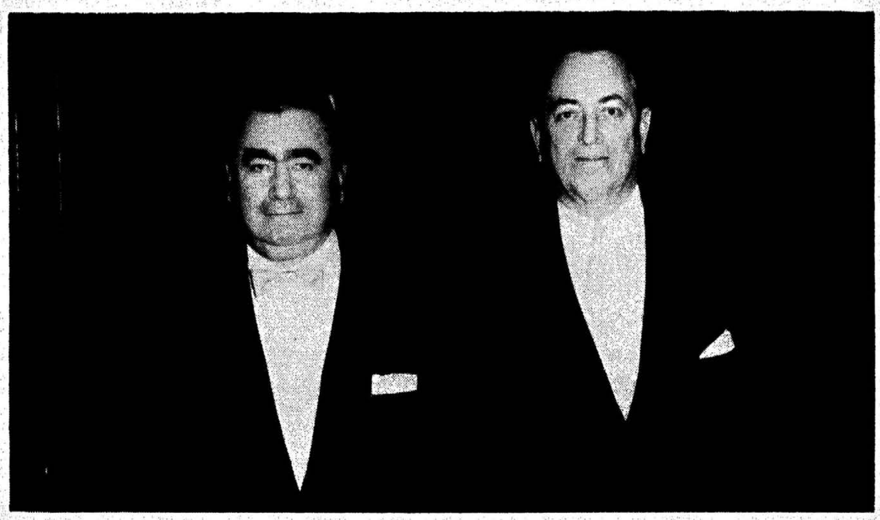
Allen J. White, *Allen J. White & Co., Inc.*, East Providence, R. I.; Hy Patashnick, *Hy Patashnick, Inc.*, North Adams, Mass.

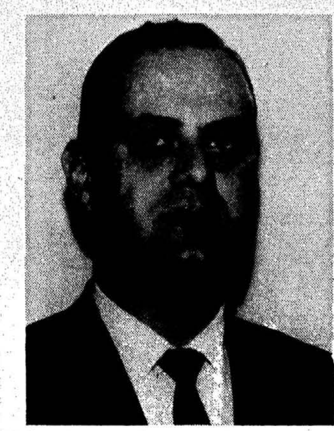
Aaron Geller, *Allen & Company*, New York; Walter F. Saunders, *Dominion Securities Corporation*, New York; "Duke" Hunter, *Wellington Hunter Associates*, Jersey City, N. J.

Henry Tabb, *Townsend, Dabney & Tyson*, Boston; Frank Murray, *Laird, Bissell & Meeds*, New Haven, Conn.; George Stanley, *Breen Creamer Stanley Corp.*, Boston

Hal Murphy, *Commercial & Financial Chronicle*, New York; Harold Vaughan, *Doremus & Co.*, Boston



Mike Heaney, *Michael J. Heaney & Co.*, New York; "Speed" Hughes, *Clayton Securities Corp.*, Boston



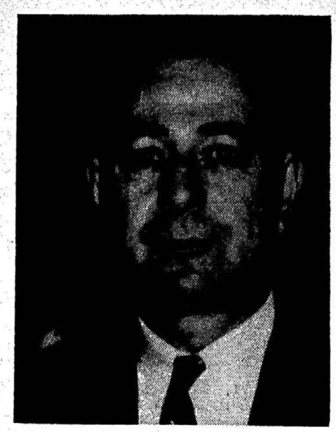
George Miregeas, *J. H. Goddard & Co., Inc.*, Boston

Gregory Dunn, *May & Gannon, Inc.*, Boston; Marty Gunkel, *P. F. Fox & Co., Inc.*, New York; William Thompson, *Carr & Thompson, Inc.*, Boston

Bob Woeber, *Arthurs, Lestrange & Co.*, Pittsburgh, Pa.; Jim Mundy, *Suplee, Yeatman, Mosley Co., Inc.*, Philadelphia; Jack Barker, *Lee Higginson Corporation*, New York

Joseph Smith, *Newburger & Co.*, Philadelphia; Herbert Singer, *Singer, Bean & Mackie, Inc.*, New York

Tom Feeley, *Goodbody & Co.*, New York; Walter Saunders, *Dominion Securities Corporation*, New York; James B. Maguire, *J. B. Maguire & Co., Inc.*, Boston



Hubert Bernard, *J. H. Goddard & Co., Inc.*, Boston

Dayton Haigney, Jr., *Shearson, Hammill & Co.*, Boston; Warren Donovan, *Dayton Haigney & Co., Inc.*, Boston; Dick Guarino, *Merrill Lynch, Pierce, Fenner & Smith Incorporated*, Boston

Frank Barrett, *H. C. Wainwright & Co.*, New York; Jim Moynihan, *J. B. Maguire & Co., Inc.*, Boston; W. D. Dexter, *Stone & Webster Securities Corporation*, Boston

Henry Tabb, *Townsend, Dabney & Tyson*, Boston; Diana Frankland, *White, Weld & Co.*, Boston; Burt Whitcomb, *Harriman Ripley & Co. Incorporated*, Boston

Warren Lewis, *Weedon & Co.*, Boston; Bill Mueller, *Middendorf, Colgate & Co.*, New York; Harold Brown, *Middendorf, Colgate & Co.*, Boston

Milton Capper, *Russell & Saxe*, New York; Elmer Myers, *Eisele & King, Libaire, Stout & Co.*, New York

Warren Moore, *Coffin & Burr*, Boston; Clem Diamond, *Townsend, Dabney & Tyson*, Boston; Charles Thornton, *L. H. Rothchild & Co.*, New York