The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Off.

THE LEADING AND MOST INFORMATIVE PUBLICATION IN THE FINANCIAL FIELD . . . ESTABLISHED 1839

Volume 197 Number 6242 New York 7, N. Y., Thursday, February 28, 1963 Price 50 Cents a Copy

EDITORIAL

As We See It

Word comes from Washington that the Director of the Budget has assured members of Congress that the President is laying out, or has laid out, a program that will assure a balanced budget in the fiscal year 1967. This highly desirable consummation is, however, to be achieved, less by any control of outlays than by so stimulating business that tax receipts will keep well ahead of inevitably rising expenditures. These bland assurances seem to be but an implementation, or promised implementation, of the general economic philosophy which the President and his aides have been enunciating for some time past. We must, they have been saying, balance the economy by unbalancing the budget. This latter lack of balance would be automatically eliminated, so the story goes, as the economy comes into balance. It would be encouraging if a good basis for any such expectation could be found either in logic or experience. Such a basis, however, eludes us as we are certain that it eludes others who have given the matter careful and dispassionate thought.

As a matter of fact, we have been through all this before. Make the necessary adjustments in terminology to put the facts of the 1930's in the jargon of this day and time, and we find that the New Deal in its earlier days was preaching much the same notions, and making much the same predictions — and, of course, regularly failing to reach the promised land. It was early in 1934 that President Roosevelt told the American people that we must plan for, and were planning for, a balanced budget in the fiscal year, 1936. A year later, when the budget message set forth the estimates for that year, a planned deficit of nearly $4 billion was announced. Actually, the shortage in that year was *(Continued on page 26)*

How and Where Administration Errs in Its Economic Correctives

By Arthur F. Burns,* *John Bates Clark Professor of Economics, Columbia University, and President, National Bureau of Economic Research, New York City*

Former CEA head under Eisenhower endorses Administration's proposed tax-cut size but rakes specifics which favor lower income tax bracket and rising Federal spending. Condemns premeditated plan of long range deficits seen adding $75 billion to public debt by 1972 even if 6% annual GNP rise occurred. Blames uncertainties surrounding government policies and the dollar and our obsolete tax system for economy's lag, and not the consumer and excess capacity. Warns of inflation and devaluation dangers.

I take it that the subject of primary concern to the Joint Economic Committee is the fiscal policy that may serve our nation best at this juncture of history. Before turning to the fiscal problem, I should like to comment briefly on the state of the nation's economy and on the forces that have brought us where we now are.


Dr. Arthur F. Burns

In considering the state of our economy, it is well to keep in mind the progress that has been achieved since the end of the recession of 1960-61.

The flow of dollar incomes to individuals has steadily advanced and is now over 11% above the level of February 1961. The physical volume of total output has risen 10%. Employment in nonagricultural establishments has increased by a little over 2 million and the over-all unemployment rate has declined from nearly 7% to about 5¾%.

These improvements have brought economic activity to the highest level of our nation's history. According to the latest statistics, total employment is close to a record-high level. Total output is larger than ever. The same is true of personal income and consumer spending. Indeed, both the income and the spending of the average American are at a record level even after full allowance is made for the higher taxes and higher prices that he has to pay.

Clearly, our nation, viewed as a whole, is enjoying prosperity and abundance. This does not mean that we do not face serious economic problems. Of course we do, and they require the closest attention of the Joint Economic Committee.

In the first place, our prosperity is unevenly distributed. Some industries—notably agriculture, railroads, airlines, steel, and various branches of the machinery and building trades—are depressed. There are numerous pockets of substantial unemployment in different parts of the country. And while many men are working overtime or at extra jobs, many others are totally or partially unemployed.

Not only is our prosperity unevenly distributed, but the growth of total production in the course of the recent recovery has fallen somewhat short of the average pace of past economic recoveries. This of itself would not be disturbing. However, taken together with the excess unemployment which still existed at the business-cycle peak of 1960, it accounts for the fact that we now have an unemployment rate which, it will be generally admitted, is too high.

Moreover, the pace of economic expansion has slowed down sharply during the past six to nine months. Indeed, the FRB index of industrial production has not risen at all during recent months.

This brings me to the *(Continued on page 20)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 28.

U. S. Government, Public Housing, State and Municipal Securities

Chemical New York

CHEMICAL BANK NEW YORK TRUST COMPANY

BOND DEPARTMENT

P. O. Box 710, New York 8, N. Y.

PHONES: 770-2541 · 770-2661

TWX: 212-571-1414

MULLANEY, WELLS & COMPANY

Underwriters
Distributors • Dealers
Corporate & Municipal Securities

MEMBERS MIDWEST STOCK EXCHANGE

135 So. LaSalle Street

Chicago 3, Ill. FRanklin 2-1166

STATE AND MUNICIPAL BONDS

FIRST NATIONAL CITY BANK

Bond Dept. Teletype: 571-0830

LESTER, RYONS & CO.

623 So. Hope Street, Los Angeles 17, California

Members New York Stock Exchange
Associate Member American Stock Exchange
Members Pacific Coast Exchange

Offices in Corona del Mar, Encino, Glendale, Hollywood, Long Beach, Oceanside, Pasadena, Pomona, Redlands, Riverside, San Diego, Santa Ana, Santa Monica, Whittier

Inquiries Invited on Southern California Securities

New York Correspondent — Pershing & Co.

State, Municipal and Public Housing Agency Bonds and Notes

Municipal Bond Division

THE CHASE MANHATTAN BANK

UNDERWRITER
DISTRIBUTOR
DEALER

FIRST Southwest COMPANY

DALLAS

T. L. WATSON & CO.

ESTABLISHED 1832

Members
New York Stock Exchange
American Stock Exchange

25 BROAD STREET
NEW YORK 4, N. Y.

BRIDGEPORT • PERTH AMBOY

Net Active Markets Maintained To Dealers, Banks and Brokers

Canadian Securities

Block Inquiries Invited

Commission Orders Executed On All Canadian Exchanges

CANADIAN DEPARTMENT
Teletype 212-571-1213

DIRECT WIRES TO MONTREAL AND TORONTO

GOODBODY & CO.

MEMBERS NEW YORK STOCK EXCHANGE

2 BROADWAY NEW YORK · 1 NORTH LA SALLE ST. CHICAGO

We wish to buy

MASSEY-FERGUSON LIMITED

RIGHTS

(Expire March 15, 1963)

DOMINION SECURITIES CORPORATION

40 Exchange Place, New York 5, N. Y.

Teletype 571-0880 · WHitehall 4-8161
Area Code 212

DIVERSIFIED CALIFORNIA

Garment Industry

MUNICIPAL BOND DEPARTMENT

BANK OF AMERICA

N.T. & S.A.

SAN FRANCISCO • LOS ANGELES

gitized for FRASER
http://fraser.stlouisfed.org/

World Wide Markets for your orders on OVER-THE-COUNTER

More and more traders are using the world wide facilities of New York Hanseatic for speedy, accurate executions of their Over-the-Counter transactions.

Our coast to coast wire system, European teletypes and International contacts help you locate the best markets everywhere.

NEW YORK HANSEATIC CORPORATION
ESTABLISHED 1920
Associate Member American Stock Exchange
60 Broad St., New York 4
Telephone: 363-2000
Teletype: 212-571 — 1231, 32, 33, 34
Boston • Chicago • Los Angeles
Philadelphia • San Francisco
World Wide Wire Service

Continuous Markets
Virginia Securities
Call us First

American Furniture
Bassett Furniture Industries
Craddock-Terry Shoe
R. F. & P. All Issues

STRADER and COMPANY, Inc.
LYNCHBURG, VIRGINIA
LD 39 TWX
Victor 6-1333 703 846-0920
Private wire to Shields & Co., New York City

For the MUNICIPAL BONDS of
WEST VIRGINIA
VIRGINIA
NORTH CAROLINA
SOUTH CAROLINA

call
F.W. CRAIGIE & CO
RICHMOND, VIRGINIA

THE BANKERS BOND CO.
Incorporated
420 W. Jefferson St.
LOUISVILLE, KENTUCKY
584-0226 502 589-1123

Effective Distribution in Northern Ohio

MURCH & CO., INC.
Member New York Stock Exchange
Hanna Building
Cleveland 15, Ohio
CH 1-5671 Tele. 216-574-9180-81
Private Wire to L. F. Rothschild & Co., N.Y.C.

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.

CURTIS V. TER KUILE

Hampton Bays, New York

Stephenson Finance Co., Inc.

Stephenson Finance Co., common stock is selling at 9¼ over-the-counter to yield 5.40% on the cash dividend rate of 50 cents per share, plus 2% stock.

For the fiscal year ending Aug. 31, 1962 net income from operations amounted to $250,509, or 78 cents per share after preferred dividend requirements as compared with $183,452, or 55 cents per share for the previous year. Non-recurring income added $147,518 in fiscal 1962 and $19,757 for fiscal 1961. Based solely on income from operations the company earned 78 cents per share in fiscal 1962 vs 55 cents per share in fiscal 1961, an increase of 41.7%. The stock is selling 11.9 times earnings from operations, and paying out 64% in cash dividends.

The balance sheet dated Aug. 31, 1962 shows cash and securities $3,726,578, notes receivable $14,883,987, notes payable $11,177,500, subordinated debt $2,143,825, 5½% preferred stock $281,875, and 300,009 shares of common stock, par value $2.50 per share. Total assets amounted to $18,366,203.

Stephenson Finance Company was incorporated in South Carolina in 1946 and has earned a net profit for each year starting with 1948. The business is to discount notes receivable, make discount basis installment loans on automobiles and household goods, and to make collateral loans to automobile and appliance dealers. Through its two insurance company subsidiaries the Company writes credit, life, fire, accident and theft policies. Another subsidiary is in the General Insurance Sales Business.

Since its inception Stephenson Finance Company has shown steady progress. Stockholders' equity has increased from $230,000 in 1949 to $2,763,538 in 1962. Cash dividends paid to stockholders since 1951 amount to over $1,250,000. As of Aug. 31, 1962, deferred income on installment loans on the Company's books amounted to $1,134,522 and unearned insurance premiums on policies issued amounted to $981,334 making a total of $2,115,856, less losses, an amount from which substantial income will be realized in the future. Book value as at Aug. 31, 1962, amounted to $8.27 per share of outstanding common stock.

Money is the working tool of the finance business. The operations of many small or medium sized finance companies are restricted by inability to obtain sufficient credit. Stephenson Finance Company has no problem in this respect. The Company has bank credit lines granted by 69 banks in 13 states, including six large New York City banks.

During the last several years Stephenson Finance Company has embarked upon a major expansion program. Superior Auto Insurance Company was acquired in 1957 and Superior Life Insurance Company in 1958. During the year ending Aug. 31, 1959, the Company opened nine new offices. 1960 was a period of consolidation but in the year ending Aug. 31, 1961, eight new offices were acquired. The earlier new offices are now beginning to contribute to the Company's earnings.

The decline in earnings in the fiscal years ending Aug. 31, 1960 and 1961, was occasioned by several factors. In 1960 the Company was assessed additional State taxes amounting to $31,300 and sustained repossession expenses considered to be about $20,000 above normal. Earnings for 1961 were reduced by a $69,000 increase in provision for losses. This was caused by a decline in dealer installment notes, on which the loss provision is 1%, and an increase in direct installment loans, on which the loss provision is 3%. The decline in dealer notes resulted from the fact that this fiscal year was not a good automobile year. The earnings of both years were also affected by start-up, development and sustaining expenses of the new offices. However, this is water over the dam and future annual earnings are not expected to be similarly affected.

The Company is reported to be planning a split of its shares and to list the stock on the American Stock Exchange.

ARTHUR D. DALFEN

Research Department, Filor, Bullard & Smyth, New York City

Colgate-Palmolive Company

Colgate-Palmolive is fast becoming recognized in the business and financial community as a **research-oriented** growth company which should be capable of generating successively increasing sales and earnings over the next several years. As late as 1960 the company spent only $10 million on research and development and new product sales testing. Last year the total was about $25 million, and in excess of $35 million annually may be invested in these vital programs by 1965. The first results of Colgate-Palmolive's intensified research and product testing program, which began to appear last year, underscores the recently formulated drive to expand domestic sales and profits.

The company is one of the world's major producers of cleansing and toiletry articles. Soaps and detergents contribute the largest portion of over-all volume; however, its cream shampoo, tooth paste and shaving cream are among the largest selling in the world. Both an ethical and proprietary drug company were acquired two years ago and it is hoped that entry into the drug field may eventually enhance Colgate-Palmolive's earnings potential.

During the 1960's the company emphasized its foreign business at the expense of domestic operations. While foreign sales rose nearly two and one-half times between 1952 and 1961, domestic sales in the same period increased by only 16%. Also, while foreign earnings climbed 166% in this same period, domestic earnings suffered a 39% decline. After George H. Lesch, the former head of the International Division, became Chief Executive Officer in July, 1960, he announced that domestic operations were to be the vital key to the company's progress in the years ahead.

Reflecting widespread internal improvements and the rapid introduction of new products, sales in 1962 rose 11% to $674 million, up from $605 million recorded in 1961. Especially noteworthy is the 15% increase in domestic sales from $285 million in 1961 to an estimated $330 million in 1962. Foreign sales evidenced a more moderate growth pattern, by rising 8% over 1961's figures. Consolidated earnings in 1962 were $2.73 per share, a slight increase over the $2.66 per share earnings reported in 1961.

Sales in the vicinity of $735 million (a 9% increase over 1962) and earnings in the general area of $2.90 per share (a 6% improvement over last year) are estimated for 1963. We expect that Colgate-Palmolive, although in a transitional period, should report proportional earnings gains in relation to sales increases from 1964 onward.

The company's financial position is strong. At March 31, 1962 working capital stood at $129 million and the current ratio was 2.2 to 1. Long term debt is $41 million. There are 125,000 shares of $3.50 preferred stock and (8.2) million common shares outstanding. Dividends, paid since 1895, and which averaged 49% of earnings in the five years through 1962, are expected to remain at the $1.40 annual rate.

Colgate-Palmolive common appears to offer reasonable value in the context of prevailing markets. The stock, which is currently priced at 48, sells at 17½ times 1962 earnings of $2.73 per share, and 16½ times the $2.90 per share earnings estimated for 1963. Procter & Gamble, although a much larger company than Colgate-Palmolive, and possessing a superior record, sells at 27 times earnings. We believe that Colgate-Palmolive, within the next two years, should begin to demonstrate an earnings growth comparable to that of P & G's performance. Long-range investors may be beginning to think so as evidenced by the apparent accumulation now taking place in the stock. We feel, therefore, that CL, at current levels, is attractive for long-term capital gains possibilities and moderate current income. The stock is listed on the New York Stock Exchange.

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

This Week's Forum Participants and Their Selections

Stephenson Finance Co., Inc.—Curtis V. ter Kuile, Hampton Bays, New York. (Page 2)

Colgate-Palmolive Co.—Arthur D. Dalfen, Research Dept., Filor, Bullard & Smyth, New York City. (Page 2)

Alabama & Louisiana Securities
Bought—Sold—Quoted

STEINER, ROUSE & Co.
Members New York Stock Exchange
Members American Stock Exchange
19 Rector St., New York 6, N. Y.
HAnover 2-0700 212 571-1425
New Orleans, La.-Birmingham, Ala.
Mobile, Ala.
Direct wires to our branch offices

JAPANESE SECURITIES
大和證券
DAIWA
Securities Co., Ltd.
NEW YORK OFFICE
149 Broadway, New York 6, N.Y.
Telephone: BEekman 3-3622-3

SPECIALISTS IN
FINANCIAL PRINTING
Quality, Reliability, Speed...
APPEAL PRINTING CO., INC.
130 Cedar St., New York 6, N. Y.
Telephone: WOrth 4-3033
1889—Our 74th Year—1963

Underwriters-Dealers
Distributors
Corporate and Municipal Securities

McKelvy & Company
New York Stock Exchange
Pittsburgh Stock Exchange
American Stock Exchange (Associate)
Union Trust Bldg., Pittsburgh 19, Pa.
GRant 1-8700 Teletype 412 642-3080
Private Wire to New York City

N. Q. B.
OVER-THE-COUNTER
INDUSTRIAL STOCK INDEX
23-Year Performance of 35 Industrial Stocks
FOLDER ON REQUEST
National Quotation Bureau
Incorporated
46 Front Street, New York 4, N. Y.
CHICAGO SAN FRANCISCO

Digitized for FRASER
http://fraser.stlouisfed.org/

Why Progress Lies Ahead for The American Economy

By John K. Langum, President, Business Economics, Inc., Chicago, Illinois*

Optimistic prediction of a major rise in business activity pushing GNP to $575 billion in 1963 — up $21 billion from 1962 — is based on an assessment of our inadequacies as well as factors portending real progress and achievement for our economy. According to Mr. Langum, an upward business pace this year will stem from increased spending by Government (Federal, State and local), consumers and business. Improving fundamental changes spelling a definite turn for the better are said to include such factors as: (1) advancing profits and the fact that the rate of return on net worth averaged 11% from 1957-1961 which was the same as in 1925-1929; (2) increased cash flow abetted by Government's effort in that direction and proposal to reduce taxes substantially; (3) moderation in labor demands; and (4) greater attention being paid to importance of wage and price direction, and to fruitful monetary and fiscal policy.

The outlook for the American economy is excellent — in fact, very much better than frequently thought. Business is moving up and expectations are good. Fundamental problems of long standing are now being recognized and this is the first step towards solution. Tax reduction and revision offers a real hope of giving an effective push to the economy.

John K. Langum

We have been producing more goods and services, creating more jobs, and generating more personal income and profits than ever before. Nevertheless 1963 will go down in history as a problem year in terms of economic activity with a distinct tone of disappointment. In the first place there were some real disturbing events during the year. Perhaps the most striking example of this was that gross national product in the calendar year ended up at $554 billion, some $14 billion less than the projection by the Administration in January, 1962. In certain months there was very little change in total personal income and retail sales held even or went down. The Federal Reserve index of industrial production, seasonally adjusted, held even at just under 120 for the five months from August to December, 1962. Unemployment continued high with a seasonally adjusted rate of 5.6% in December 1962.

Much attention was given during 1962 to the profit squeeze and businessmen commonly felt they were under severe pressure in terms of achieving adequate profit margins or rate of return. The steel price episode remains as an unpleasant memory and the drop in the stock market culminating in May and June was a major shock.

In addition to real disappointments, however, there were many attitudes expressed which were unduly negative. Many observers maintained nothing less than a veritable deathwatch on the monthly release of business statistics, almost as if in the hope that the economy would experience real difficulties. Misuse of the leading economic indicators constituted spurious accuracy and lead to mistaken forecasts, not well-founded, of recession to come. The leading economic indicators are valuable and useful tools of analysis and must always be given consideration. In the past, however, they have given false danger signals as often as they have given correct danger signals. Furthermore one must look into the composition of the individual series. For instance, the decline in the new orders for durable goods during several months in early 1962 reflected a decline in new orders in the iron and steel industry, as an aftermath of the buildup in anticipation of labor difficulties, rather than a decline in anticipation of a drop in general business activity. Again, while the stock market has frequently been a leading indicator, the decline in the market in early 1962 was much more a belated recognition of reality, rather than an advance indication of oncoming difficulties in the economy. After all, the stock market had kept on rising up and up, with higher price-earnings ratios, lower dividend yields, and higher ratios of market price to book value, with fantastic emphasis on growth and inflation, in the face of the hard realities of inflation that was dying and finally dead, growth in the economy that was exceedingly dificult to achieve, and no growth whatsoever in total corporate earnings.

Inadequate Performance

Nevertheless in many respects 1962 was a year of progress and achievement. The approach to reality in appraisal of our economic situation alone was an im-

Continued on page 24

CONTENTS

Thursday, February 28, 1963

Articles and News

Regular Features

The COMMERCIAL and FINANCIAL CHRONICLE

Published Twice Weekly — Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, PUBLISHER

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

CLAUDE D. SEIBERT, President

WILLIAM DANA SEIBERT, Treasurer

GEORGE J. MORRISSEY, Editor

Thursday, February 28, 1963

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

Copyright 1963 by William B. Dana Company

All rights reserved. Reproduction in whole or in part without written permission is strictly prohibited.

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

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)

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

THURSDAY EDITION ONLY (52 issues per year)

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

OTHER PUBLICATIONS

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

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

Success in home building spurs

PICKWICK ORGANIZATION, INC.

to diversify.
Send for detailed reprint.

B. S. LICHTENSTEIN AND COMPANY

99 WALL STREET, NEW YORK
Telephone: WHitehall 4-6551

DELHI TAYLOR

MACLEAN INDUSTRIES

COMMONWEALTH OIL

PACIFIC SOUTHWEST AIRLINES

GREAT AMERICA CORP.

♥

J. F. Reilly & Co., Inc.

NEW YORK • CHICAGO

Direct Connecting Wires:
New York — Chicago — Denver
Los Angeles

Marrud Inc.

Zonolite Co.

Maradel Products*

Del Webb
Common & Warrants

*Prospectus on request.

SINGER, BEAN & MACKIE, INC.

HA 2-9000 40 Exchange Place, N. Y.
Teletype 212 571-0610

Direct Wires to
Chicago Cleveland Los Angeles
Philadelphia San Francisco
St. Louis Washington

Mary Carter Paint Co.

Wm V. FRANKEL & CO.
INCORPORATED

39 BROADWAY, NEW YORK 6

WHitehall 3-6633

Teletype 212-571-0500
212-571-0501

For many years we have specialized in **PREFERRED STOCKS**

Spencer Trask & Co.

Founded 1868

Members New York Stock Exchange

25 BROAD ST., NEW YORK 4, N. Y.

TELEPHONE HAnover 2-4300 TELETYPE 212-571-0785

Albany Boston Chicago Glens Falls
Nashville Newark Schenectady Worcester

gitized for FRASER
://fraser.stlouisfed.org/

OBSERVATIONS...

BY A. WILFRED MAY

WHAT'S WITH CAPITAL GAINS?

Formulating capital gains taxation is rendered difficult by a particularly large and varied number of factors. These include the political; the economic; the administrative; the difficulty in legalistic definition of investment, speculation and capital gain — and, as with statutory loopholes, the pressures resulting from the concurrent high tax rates on *ordinary* income.

The existing high tax rates (sometimes significantly referred to as a *capital* levy) interfere with the institution of proper tax policies toward capital gains. The lawyer, engineer, or company manager suffering from Treasury divestment of 50 to 91% of his hard earned income (or 40 to 65% as under the presently proposed revisions) would understandably be irked by any major loosening of the taxation on "easy Wall Street profits."

British Practice

The United Kingdom, after years of confining taxation of profits to those *earning a living* thereby, has, through the Finance Act of July, 1962, thrown *all* six-month-or-less gainers into one hopper of taxability at ordinary income tax rates. Previously the tax liability was confined to those *making a living* in the business—with such individuals' classification being administratively decided by the Internal Revenue.

The U. K.'s confinement of the tax to the less-than-six-months holdings, rather than reflecting punitive or other anti-speculative aims, stems from filling the need for definition of *income*. It is assumed that the proceeds from such short-term are classifiable as *income* in lieu of *capital* transactions (it is thus held that such a levy is not essentially a capital gains tax) but an "income tax on a capital transaction."

In this country, under the premise that for practical reasons, as those above cited, the imposition of *some* capital gains tax is unexpendable (despite the tax's capital levy attribute and the non-recurrent fortuitousness of security profits) — the major marathon controversy is centered on the holding period and the rate. The holding period technique, denoting a minimum interval for a security's retention for getting the right to switch from taxability as ordinary income to the more favorable capital gains rates, is unable to elicit a formula satisfying the relevant major interests. This is as true of the President's proposal to lengthen the qualifying holding period to one year from the existing six months, sweetened with a reduction in the present rate from 50% to 30% of the gain, with a reduction in the maximum gain rate from 25% to 19½%.

Kennedy-Dillon Credo

The reasoning for a lengthened holding period, attributed by President Kennedy and Secretary Dillon in their statements to Congress, namely its alleged furnishing of "far greater assurance of bona-fide investors" and as promoting "the mobility and flow of risk capital" is questionable.

In any event, the proposed lengthening of the holding period to one-year, even along with the reduction in the tax's rate, seems to satisfy no one. The officialdom of the Exchange, which had been plugging for reduction of the maximum tax from 25% to 12½% with retention of the six-month period, or abolition of the tax, complain that extending the period to a year will *lock-in* "investors."

The Treasury Department apparently regards the rate reduction as a necessary compromise between the "liquidity" claims and the "locking-in" effect of the lengthened holding period.

The Public Interest

The objective observer *pro bono publico* would take a dim view of both parties' emphasis on the capital investment benefit from "mobility"—in this context meaning stock market *liquidity*, that is, in-and-out market volume.

Also from the viewpoint of the disinterested, the limitation of the decisive time limit to a one-year holding, to define *bona-fide* investment, is indefensible. The representation that a 364-day holding constitutes speculation, but that 366 days of retention bestows a "bona fide investment" blessing, is absurd. Even on the criterion of dividend income, the first year's return reduced by the in-an-out brokerage commission and other expenses, does not measure up to an *investment* yield.

Distribution of Exchange Transactions

The Stock Exchange's transaction Studies show that in the case of *public individuals*, who constitute more than half of all transactions, over 38% operate on a speculative under-six-month holding policy; belying the assumption that "professional" and less-than-a-year holding are synonomous.

Further showing that speculation is not limited to a 364-day holding are margin facts, surely a *speculative* technique. The Exchanges' data show that 32% of public individuals' volume is done with margin, of which 41% is for holding longer than six months.

Objection From an Expert

Also *pro bono publico* from a former Treasury high tax official, Dan Throop Smith, has come criticism of the proposed reduction in the ceiling rate. In testifying before the House Ways and Means Committee on February 21, the one-time Deputy to the Secretary of the Treasury in charge of tax policy, now Professor of Finance at the Harvard Business School, after the blanket endorsement of a reduction in the percentage of capital gains as "sound," inveighed against the proposed Ceiling routine as follows: "But the present 25% ceiling rate should also be reduced in line with the percentage of gains included. A failure to bring the ceiling rate down to 15% (which would be in proportion to the reduction in the capital gains rate for lower bracket taxpayers) would be another example of discrimination against the higher brackets in the so-called reform."

The Association of Customers' Brokers has circularized a questionnaire to its members asking their prophecy as to the effect of alternate proposals, including the Stock Exchange's above-cited proposal, with urging to communicate any complaint "to your Senators and Representatives."

Some Alternatives

The above-cited evidence of the factors involved, here and abroad, lead us to the primary conclusion that holding-period prescription should, at least ideally, be dispensed with. But in that case, those individuals engaged in the business as a livelihood would have to be barred from the benefit of reduction in the percentage of capital gains included in taxable ceiling, as well as from the ceiling of 15, 19½, or 25%. And this would require administration by definition.

If the difficulties involved in formulating such definition be found insuperable, the holding period technique must be invoked in lieu, in order to deal justly with the rest of the community which is subject to the higher and unceilinged ordinary income tax rates.

But for the reasons cited above, the holding period routine should not be confined to a single cut-off date, but should follow a sliding scale, as was in effect here as enacted in the 1934 Act. Probably too stiff were those imposts, calculated as percentages of the profit added to taxable ordinary income: on holdings of less than 1 year—100%; 1-to-2 years—80%; 2-5 years—60%; 5-10 years—40%; and over 10 years—30%.

These rates were revised in subsequent annual statutes until the 1942 Act which, despite its wartime amelioration, ushered in the existing arrangement under which gains achieved during a less-than-six-month period are taken 100% into ordinary income, while those based on a longer-than-six-months holding are given the choice of a 50% inclusion into ordinary income, or a maximum tax of 25% on the gain.

An alternative tax ceiling of somewhere between 25 and 50% should still be included. And important also to be utilized, as with our first mentioned preferred plan, are generous Annual Averaging provisions to avoid the "bunching" of long-term profits for the single-payment hatchet.

If a retention of a singly dated holding period be insisted on, it should, in accordance with British practice, be a 6-month affair, and explained as a definer of income in lieu of an anti-speculation operation.

ART OUTSIDE THE DEEP FREEZE

Midst the increasing indications that the *reform* portion of the White-House tax proposals will be consigned to "Deep Freeze" treatment, an outstanding exception will be made in the case of *Art*.

This conclusion primarily ensues from the fact that clamping down on inflated tax deduction achieved through excessive appraisals is a function jointly exercised by the Internal Revenue Collector and the statute.

A significant straw in the wind is an observation by Professor Dan Throop Smith, former Treasury Tax Expert in the Eisenhower Administration, in testifying before the House Ways and Means Committee last week.

In the context of his Statement, a blistering attack on practically all the President's *Reform* (as well as rate change) proposals, he had this to say on the subject of our interest:

"The denial of the unlimited charitable deduction seems unfortunate. The net cost of giving will be increased for people in the upper brackets through the much needed reduction in the middle and upper bracket rates. For those who might still be willing to commit 90% of their income to the service of the public, through a combination of compulsory taxation and voluntary contributions, it seems unfortunate to change a technical rule. A too big government should not begrudge the efforts of its citizens to maintain some public services through private charities. *On the other hand, the prevention of real abuses, such as through valuation of contributed art objects, probably needs statutory as well as administrative changes.*"

Dillon, Read & Co. Inc.

announces that it has become a Member Corporation of the New York Stock Exchange

February 25, 1963.

Central States IBA Winter TV Series

CHICAGO, Ill. — The Central States Group of the Investment Bankers Association is sponsoring a winter television series, "Investors' Forum" from 2:30 to 3 p.m. Sunday afternoons on station WGN-TV. The program consists of a series of panel discussions on investments.

Future subjects to be covered will be the Oil Industry; Robert L. Milligan, The Pure Oil Company, panelist, on March 3rd.

Tax Exempt Securities, March 10th; panelists: Frank C. Carr, John Nuveen & Co.; William A. Noonan, Continental Illinois National Bank & Trust Co.; Blair A. Phillips, Jr., Shearson, Hammill & Co.; and George B. Wendt, The First National Bank of Chicago.

Railroad Industry, March 17th. Panelists; Ben W. Heineman, Chicago and Northwestern Railway Company; and Clair M. Roddewig, Association of Western Railways.

Leisure Time, March 24th. Panelists: B. E. Bensinger, Brunswick Corporation, and Charles H. Percy, Bell & Howell Company.

N. Y. Group to Hear Browne

Alan K. Browne

Alan K. Browne, Vice-President of the Bank of America, N.T. & S.A., San Francisco, will address the New York Financial Advertisers Association at its monthly luncheon meeting held at 12 Noon Thursday, Feb. 28 at the New York University Club, 123 W. 43rd St., New York City, it has been announced by Frank W. Hall, NYFA President.

Mr. Browne's topic is entitled "Taking Municipal Bond Advertising Out of the Graveyard."

A highlight of the meeting will be the passing of the Presidential gavel from outgoing NYFA President Charles O. Graf, financial advertising manager of the New York *Daily News*, to Frank W. Hall, Vice-President of the advertising and public relations firm of Albert Frank-Guenther Law, Inc.

Thompson Named By F. I. duPont

CHICAGO, Ill. — Thomas W. Thompson has been named Chicago Managing Partner of Francis I. duPont & Co., with headquarters at 208 South LaSalle St., it has been announced.

Henry Stefany continues as Chicago Senior Partner of the firm.

Mr. Thompson has served as manager of the Norfolk, Va. office of Francis I. duPont & Co. since 1958. Prior to that he was for several years a manager of Scott, Horner & Co., a Virginia investment firm which was absorbed by Francis I. duPont & Co. Mr. Thompson is vice-president of the Bond Club of Virginia.

Form Leumi Secs.

Leumi Securities Corporation, a newly formed broker-dealer firm specializing in Israel securities in New York, has opened offices at 60 Broad Street, New York City. It will act as broker-dealer, serving banks, brokers, financial institutions and other dealers throughout the Western Hemisphere.

Established by Bank Leumi le-Israel, Israel's largest commercial bank, the new firm is a subsidiary of the bank.

Israel D. Frumkin has been appointed Executive Vice President of Leumi Securities Corporation, it was announced by Gideon Strauss, Executive Vice President of Bank Leumi le-Israel (American operations).

The Board of Directors of Leumi Securities consists of Merton L. Alexander, President; Mr. Strauss; Ralph Friedman, Chairman, Standard Milling Company; and Theodore R. Racoosin, Director, Eastern Life Insurance Company.

New York Han[illegible] Corporation, New York, [illegible] been appointed investm[illegible] advisor to Leumi Securities [illegible]ration.

gitized for FRASER
tp://fraser.stlouisfed.org/

The Travelers Insurance Co.

By Dr. Ira U. Cobleigh, *Economist*

A salute to the leading multiple line life, fire, and casualty insurance company in America, now in its 100th year of business.

The Civil War was still in progress, when on June 17, 1863, The Travelers Insurance Company was incorporated in Hartford, Conn., with a capital of $200,000, consisting of 2,000 shares of $100 par value. This original capital has now grown to 10,000,000 shares (5,000 for 1), and at the current quotation of $165 per share, has an indicated total market value of $1.65 billion dollars. Cash dividends have been paid without interruption since 1864, and totalled, since organization $244,367,000 at the end of 1962. A $1,000 investment made in this stock as recently as 1949 (2¼ shares at 435) would have grown to 56¼ shares today, worth $9,270 at current quotations, not counting dividends. Travelers is indeed one of the great American financial corporations, with a truly remarkable record of continuous growth and rising profitability.

Stature

Travelers is regarded as the largest multiple-line company. For 1962, its total premium income was $1,348,052,275, up from $1,262,461,271 in 1961. Of the 1962 total, $338.7 million was from life insurance premiums, $336.4 million from accident and health, $289.5 million from automobile insurance, $126.9 million from workmen's compensation, and the balance from fire and general liability lines. Total life insurance in force at the year-end was $32.3 billion, of which $6.58 billion was in individual policies, and the balance in group insurance. The gain over 1961 in life insurance on the books was over $1.326 billion. Total assets of Travelers at the year-end were $4,217,558,191.

Multiple Coverage

Travelers has been a leader in the large-scale offering of multiple line insurance, and the famous "umbrella" in its advertising graphically illustrates the over-all protection obtainable at Travelers. Travelers was among the pioneers in this "one stop" insurance, and today, perhaps the most significant trend in the entire industry is toward the combined offering, under one corporate roof, of sales and servicing of life, fire and liability insurance. As a result, life insurance companies are seeking mergers with casualty companies, and vice versa.

The Accident Department of The Travelers Insurance Company owns the Travelers Indemnity Company, which began business in 1906, and writes a general line of fire and casualty business. Travelers is licensed to do business in all of the 50 states, and in Canada.

In life insurance, the policies offered are all non-participating, and the major selling accent has been on group insurance. Group in force increased by over $1.1 billion in 1962. Growth in life insurance business has been uninterrupted since the Great Depression, and group coverage is now a standard feature in most corporate pension and welfare programs.

Investment Policy

Insurance companies have long been renowned for the excellence and diversity of their investment portfolios. In the case of Travelers, the portfolio was invested in 1962, 57.4% in bonds, and 25.6% in mortgage loans. In the life department, net return (after taxes) on investments was at the rate of 4.16%, which represented an .09 percentage gain over 1961 results.

Growth

The growth rate in Travelers is impressive. Increase in total admitted assets (combined companies) in the 1951-61 period was from $2.1 billion to $3.46 billion, or 77.3%. In the same period, life insurance in force increased 172% from $11.38 billion to $30.97 billion. By the plowback of earnings, capital funds rose in the same time interval 91.8%, from $227.5 million to $436.5 million. This "built in" growth in net worth is one of the most attractive features of life insurance companies, and has been a powerful propellant in increasing the market value of life shares, decade after decade.

Market Action

During the period between 1956 and 1960, life stocks treaded water marketwise, awaiting a definition of a long-range tax formula. Since then, investor interest in life stocks has broadly increased and several mutual funds, specializing in life shares have enjoyed a rapid expansion. For Travelers, the market range has been from a low of 62½ in 1956 to a 1961 high of 178. The current quotation at 165 (about 18 times adjusted net) is thus not high historically, and reflects, scarcely at all, the gains in assets, earning power, and net worth achieved over the past two years. Further, many excellent life stocks cannot be traded in New York State because the issuing companies are not licensed to do business there. Travelers, however, enjoys a broad and active New York trading market, and because of its blue chip quality and brilliant performance over the years, is a favorite among both institutional and individual investors. Because of the quality of the issue and the relative scarcity of shares in major life companies, Travelers should continue to attract an impressive following in the OTC market. It has shown a major increase in adjusted per share net, from $6.29 in 1959 to about $9 for 1962, and there has been a rich history of stock dividends and splits.

Coming Milestone

Travelers is in line for a special citation at this time because this is its 100th year since incorporation. Actually, the company began to do business April 1, 1864, so that April 1, next year, will no doubt be the centennial date. It is quite customary for insurance companies to celebrate so significant a milestone in a very impressive way. For Travelers we might look forward to the anniversary announcement or introduction of some especially attractive new policy or policies. Further, the stock is selling at a level where another stock dividend, or a 2 for 1 split, might seem an entirely appropriate way in which suitably to reward shareholders on so historic an occasion.

We conclude that Travelers has been a magnificent stock to own during the past century, and promises to continue so during the present one.

N. Y. Home Loan Bank Appoints Mortlock

WASHINGTON, D. C.—Appointment of president Eugene M. Mortlock of the First Federal Savings and Loan Association of New York, New York, as vice chairman of the Federal Home Loan Bank of New York's board of directors was announced by Federal Home Loan Bank Board Chairman Joseph P. McMurray.

Mr. Mortlock's appointment is for a one-year term ending Dec. 31, 1963.

The Federal Home Loan Bank of New York, one of the 11 District Banks, provides reserve credit and liquidity services for some 460 member savings and loan associations in New Jersey, New York, Puerto Rico, and the Virgin Islands. The board of directors of the New York Bank consists of 14 persons, 10 elected by the member institutions and four appointed by the Federal Home Loan Bank Board to represent the community and national interest. M. K. M. Murphy is president of the New York Bank.

First Michigan Official Changes

W. Sydnor Gilbreath Jr., President of First of Michigan Corporation since 1943, has been elected Chairman of the Board of Directors, it has been announced. David H. Callaway, Senior Vice-President and head of the firm's New York office, was elected President. Mr. Gilbreath will continue as Chief Executive Officer.

W. S. Gilbreath, Jr. D. H. Callaway

One of the founders of First of Michigan Corporation in 1933, Mr. Gilbreath was elected President of the firm in 1943. His entire business career has been in the investment securities field, starting in Chicago with the National City Company, a subsidiary of National City Bank. Later he became head of the bond department of the Security Trust Company and a Vice-President of the First Detroit Company.

Mr. Callaway joined First of Michigan Corporation in 1936 in the municipal department. He was named Vice-President in 1946 and in 1948 became a Director of the Detroit-based investment securities firm. He was elected Senior Vice-President in 1954 and has headed the New York office at 2 Wall Street since 1958. He is a Past President of the Municipal Forum of New York.

First of Michigan Corporation, members New York Stock Exchange, maintains headquarters in the Buhl Building, Detroit. In addition to New York, the firm also has offices in Chicago, Columbus, Battle Creek, Bay City, Birmingham, Flint, Grand Rapids, Grosse Pointe, Lansing and Muskegon. The firm deals in listed and unlisted securities, municipal and corporate bonds, mutual funds, corporate underwriting, municipal financing, acquisitions, mergers and sales, new issues and security appraisals.

THE PORT OF NEW YORK AUTHORITY · ESTABLISHED · BY COMPACT BETWEEN NEW YORK AND NEW JERSEY · APRIL THIRTIETH 1921

THE PORT OF NEW YORK AUTHORITY

Proposals for all or none of $8,250,000 of The Port of New York Authority, STATE GUARANTEED COMMUTER CAR BONDS, SECOND SERIES, Due 1963-1987, will be received by the Authority at 10:30 A.M., E.S.T. on March 14, 1963, at 111 Eighth Avenue, New York 11, New York. Principal and interest of said Bonds are unconditionally guaranteed by the State of New York.

Each offer must be accompanied by a certified check or cashier's check in the amount of $165,000. The Authority will announce the acceptance or rejection of bids at or before 6:00 P.M., E.S.T. on that day.

Copies of the prescribed bidding form, of the Official Statement of the Authority and of the resolutions pursuant to which these bonds are to be issued, may be obtained at the Office of the Treasurer of the Authority, 111 Eighth Avenue, New York 11, N. Y.

THE PORT OF NEW YORK AUTHORITY

S. SLOAN COLT
Chairman

February 28, 1963

JAMES C. KELLOGG, III
Vice-Chairman

HOWARD S. CULLMAN
Honorary Chairman

gitized for FRASER
http://fraser.stlouisfed.org/

Tax-Exempt Bond Market

BY GEORGE L. HAMILTON*

Although new issue volume increases to record proportions in the weeks ahead, the tax exempt bond market continues to do relatively well. New issues are attracting highly competitive bidding at levels that are gradually higher. Regardless of the fact that new issues are not quickly sold out in most instances, the selling performances generally have been rather good. Unusually these issues have been from 40% to 60% sold and in some cases, considerably better.

The *Commercial and Financial Chronicle's* State and Municipal (twenty year) general obligation bond index is virtually unchanged at 2.930% this week as against 2.935% last week. In view of the slightly easier corporate bond market, and the drifting market for the various Treasury securities, tax exempt issues have been doing relatively better than the bond market as a whole.

The first subscription days of the Treasury's involved pre-and-advance refunding operation caused a lot of backing and filling in many maturities of Treasury bonds and most dealers will be happy when this refunding is over. The deadline for financial institutions is February 28 and the subscription period for public investors ends March 8. While Treasury bond prices have been down slightly since the news of this refunding was announced, the Federal Reserve's steadying influence seems certain to guide the market within narrow ranges for the length of this operation.

Three King-Sized Tax-Exempt Issues Dominate March Calendar

The new issue calendar of municipal bonds has jumped to a twelve month high as we head into the normally very active month of March. At present there appears to be a total of at least $745,562,000 of new issues scheduled for competitive bidding during the next thirty days. The most recent volume addition involves $137,920,000 of Public Housing Authority loans to be sold at public bidding on March 20. The Authorities involved are in sixteen States and Puerto Rico and will have a maturity range of from one to forty years.

However, when one considers that three issues, the previously mentioned Housing bonds, the $150,000,000 State of Illinois (1964-1988) bonds and the $37,215,000 San Francisco, California (1964-1983) loan make up close to half the volume for the next thirty days, the calendar is not unduly heavy. With careful pricing by underwriters, this volume should create no hardships on the municipal market and, in fact may stimulate more interest for tax exempts.

Strong Demand for Municipals From All Investment Sources

An abundance of money appears available for bonds, particularly for tax exempts, as the economy expresses but little exuberance and the "tax cut" headlines seem to be becoming daily more and more frantic. The AFL-CIO Executive Council assertion that the nation is heading for a recession this year, and the House Ways and Means Committee apparent disinterest in President Kennedy's tax plans, have all left the country in a quandary and indirectly helped the municipal bond market.

The banks, both in the big cities and across the country, 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.

It is interesting to note that when one particularly large bank buyer fills his requirements and leaves the market, there is always another bank to pick up the slack. While we are the first to admit that this buying cannot go on *ad infinitum*, at present there seems to be no sign of diminished buying by the banks.

Casualty insurance companies which were conspicuous by their absence during the last quarter of 1962 also are back in the market and are looking for any blocks of bonds with better than average yields.

The reporting to the Internal Revenue Service of interest payments to individuals by savings banks, banks and savings & loan associations has also helped create numerous new buyers of tax exempt bonds. While it is hard to judge the amount of money coming into tax exempt bonds, one may say it has been very substantial.

No Inventory Problem

The inventory situation continues to be favorable to the market by all standards. Dealer offerings in the *Blue List* have been relatively steady despite the recent heavier new issue volume. Current total of State and Municipal bond offerings is $498,479,500. A week ago the aggregate was $463,007,500 and a month ago it stood at $519,309,000.

This *Blue List* float, in our opinion, is of modest proportions, and with the interest carry to dealers becoming more important, as markets have steadied and margins of profits have diminished, it will not be too long before the $750,000,000 mark will be taken for granted.

Recent Awards

This past week while not as active as the preceding one saw $110,993,000 of tax exempt bonds sold at competitive bidding. These issues drew strong bids and in many instances price levels were through the reoffering scales for similarly rated issues brought to market recently.

Wednesday a week ago saw the award of $11,700,000 El Paso County (Colorado Springs), Colorado School District #11 general obligation, building (1964-1983 bonds to the syndicate managed jointly by *Harris Trust and Savings Bank* and *Chase Manhattan Bank* at a net interest cost of 2.9197%. The runner-up bid of a 2.9199% net interest cost was made by the group headed jointly by Halsey, Stuart & Co., Inc. and Continental Illinois National Bank and Trust Co. Only 3½ cents per thousand dollars or 17½ cents per $5,000 bond separated the winning bid from the second highest bid.

Other major members of the winning syndicate include First National City Bank, Northern Trust Co., The First Boston Corp., C. J. Devine & Co., John Nuveen & Co., Eastman Dillon, Union Securities & Co., First National Bank in Dallas, F. S. Moseley & Co., Hartford National Bank & Trust Co., Federation Bank & Trust Co., City National Bank & Trust Co., Kansas City, R. H. Moulton & Co., Braun, Bosworth & Co., Dominick & Dominick, Mercantile National Bank, Dallas, and Laidlaw & Co.

Reoffered to yield from 1.65% to 3.05%, this well regarded bond attracted immediate bank buying and initial orders amounted to 50% of the issue. Subsequent orders have brought the balance down to $3,270,000.

"Pennsylvania Day"

Monday of the present week was Pennsylvania day in the municipal underwriting business, with three issues of sewer revenue bonds sold through negotiation. Bristol Township Authority, Pennsylvania awarded $4,590,000 Sewer revenue bonds, comprised of $1,995,000 Serial bonds due 1967-1988 and $705,000 Term bonds due 1993 and $1,890,000 Term bonds due 2003 to *Ira Haupt & Co.* and associates.

Other major members of this syndicate include Butcher & Sherrerd, Eastman Dillon, Union Securities & Co., Halsey, Stuart & Co., Inc., Hemphill, Noyes & Co., Kidder, Peabody & Co., John Nuveen & Co., Warren W. York & Co., Bache & Co., Dolphin & Bradburg, Arthurs, Lestrange & Co., and Moore, Leonard & Lynch.

Reoffered to yield from 2.60% in 1967 to 3.75% in 1988 and priced to yield 3.80% in 1993 and 3.85% in 2003, the account reports an unsold balance of only $275,000.

Bradford Sanitary Authority, Pennsylvania sold $3,649,000 Sanitary Disposal revenue (1964-1999) bonds to the group headed by *Arthurs, Lestrange & Co.*

Associated with Arthurs, Lestrange & Co. as major members of this group are Blair & Co., Inc., Blyth & Co., Butcher & Sherrerd, Eastman Dillon, Union Securities & Co., Goldman, Sachs & Co., Goodbody & Co., Halsey, Stuart & Co., Inc., Ira Haupt & Co., Mer-

*Pinchhitting for Donald Mackey.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.15%	3.00%
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%	3.05%

February 27, 1963 Index=2.93%

*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 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.
Riverside S. D., Calif.	1,000,000	1964-1983	11:00 a.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	1966-1990	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	1964-1936	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.
Omaha, Neb.	6,400,000	1965-1980	11:00 a.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.
Union County, N. C.	1,000,000	1964-1987	11:00 a.m.

March 6 (Wednesday)

Alaska (State of)	7,600,000	1965-1983	10:00 a.m.
Framingham, Mass.	3,835,000	1964-1983	11:00 a.m.
Louisiana Fiscal Authority	20,000,000	1964-1983	11:00 a.m.
Ocala, Fla.	1,800,000	1963-1987	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.
Spring Branch S. D., Texas	3,500,000	1964-1996	11:30 a.m.
Warren Township Metro. SD, Ind.	1,165,000	1964-1972	11:00 a.m.
Yonkers, N. Y.	9,822,000	1964-1980	--------

March 7 (Thursday)

Beloit, Wis.	1,420,000	1964-1983	11:00 a.m.
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.
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	1966-1993	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)

Clackamus Co. S. D. 7, Ore.	1,788,000	1964-1983	8:00 p.m.
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.
De Witt, N. Y.	1,389,000	--------	--------
Grand Rapids, Mich.	1,445,000	1964-1973	11:00 a.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.

March 13 (Wednesday)

Bloomington, Minn.	3,500,000	--------	12:30 p.m.
Dayton, Ohio	5,050,000	1964-1993	11:00 a.m.
Hartford, Conn.	9,750,000	--------	--------
Indiana State College Board	3,130,000	1964-2001	2:00 p.m.
Ladue S. D., Mo.	1,475,000	1964-1983	4:00 p.m.
Maine (State of)	3,500,000	--------	11:00 a.m.
Maine, Univ. of Maine & Educ. TV	3,500,000	1964-2003	11:00 a.m.
Nansemond County, Va.	3,000,000	1964-1983	Noon

March 14 (Thursday)

East Point, Ga.	1,995,000	1964-1982	Noon
Port of New York Authority, N. Y.	8,250,000	1963-1987	10:30 a.m.
Portsmouth, Va.	4,600,000	1964-1983	11:00 a.m.

March 15 (Friday)

Calleguas Mun. Water Dist., Calif.	6,500,000	--------	--------

gitized for FRASER
http://fraser.stlouisfed.org/

rill Lynch, Pierce, Fenner & Smith, John Nuveen & Co., B. J. Van Ingen & Co., Inc. and White, Weld & Co.

Scaled to yield from 1.75% to 3.50%, the group reports an unsold balance of $390,000.

Bristol Township Authority, Pennsylvania awarded $2,470,000 Sewer Assessment revenue term bonds due 1969 to *Ira Haupt & Co.* as 2.80s. The bonds were offered at 100 and during the order period, all of the bonds were sold and the account marked closed.

Week's Major Sale

Tuesday was an active day, with four issues of importance selling at competitive bidding. The largest loan of the week, $30,485,000 State of Maryland various purpose (1966-1978) bonds attracted four bids with the syndicate headed jointly by the *Chase Manhattan Bank, Bankers Trust Co.* and *First National City Bank* the successful bidder at a dollar price of 100.366 for a 2⅝% coupon. The runner-up bid of 100.261 also for a 2⅝% coupon came from the group led jointly by Morgan Guaranty Trust Co., First National Bank of Chicago and Phelps, Fenn & Co.

Other major members of the successful syndicate include Halsey, Stuart & Co., Inc., Lehman Bros., Smith, Barney & Co., Blyth & Co., Chemical Bank New York Trust Co., Alex. Brown & Sons, Glore, Forgan & Co., Salomon Bros. & Hutzler, Kuhn, Loeb & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith, Blair & Co., Inc., Equitable Securities Corp. and Shields & Co.

Scaled to yield from 1.80% to 2.75%, investor demand was moderate with the present balance in syndicate being $15,425,000.

Prince George's County, Maryland awarded $12,750,000 various purpose (1964-1983) bonds to the account headed jointly by *Harriman Ripley & Co.* and *Alex. Brown & Sons* at a 3.0194% net interest cost. The runner-up bid of a 3.03% net interest cost was made by Kidder, Peabody & Co. and associates.

Other major members of the winning account are Smith, Barney & Co., Blyth & Co., Glore, Forgan & Co., White, Weld & Co., B. J. Van Ingen & Co., Inc., Equitable Securities Corp., Paribas Corp. and Lee Higginson Corp. Reoffered to yield from 1.60% in 1964 to 3.25% in 1986, the present balance is $7,405,000. The 1987 and 1988 maturities carried a 1/10 of 1% coupon and were sold at a 4.20% yield.

The account led by *Lehman Brothers* and *C. J. Devine & Company* submitted the best bid for $5,625,000 Onondaga County (Syracuse), New York Improvement (1964-1980) bonds naming a dollar price of 100.591 for a 2.70% coupon. The second bid of 100.579 also for a 2.70% coupon came from The First Boston Corporation and associates and there were nine additional bids made for this issue.

Other major members of the successful account include Ladenburg, Thalmann & Company, F. S. Smithers & Company, Kean, Taylor & Company, Francis I. duPont & Company, Ira Haupt & Company, G. H. Walker & Company and Federation Bank & Trust Company.

Scaled to yield from 1.60% to 2.85%, the present balance is $3,615,000.

Tuesday's final sale of note involved $5,550,000 New York State Dormitory Authority revenue (1965-1994) bonds This issue attracted six bids, with the syndicate headed by *Phelps, Fenn & Company* and *Lehmann Brothers* the high bidder at a 3.317% net interest cost. The winning bid compared very favorably with the second bid of a 3.32% net interest cost which was made by Wertheim & Company and associates.

Other members of the winning syndicate include C. J. Devine & Company, Merrill Lynch, Pierce, Fenner & Smith, Salmon Brothers & Hutzler, W. M. Morton & Company, Paine, Webber, Jackson & Curtis, Francis I. duPont & Company and First of Michigan Corporation.

Reoffered to yield from 1.85% in 1965 to 3.50% in 1993, initial demand has taken care of about 80% of the bonds. The 1994 maturity carried a 1/10 of 1% coupon and was sold at a 4.25% yield.

Advance Refunding Arranged

There were no issues of importance up for competitive sale on Wednesday, but Cowlitz County, Washington Utility District #1 announced that they had completed arrangements with the syndicate headed by *Lehman Bros.* for advance refunding of $21,306,000 Swift River #2 Hydro-Electric revenue bonds. No public offering of the new bonds is expected.

Profit-Taking in Term Bonds

The *Commercial and Financial Chronicle's* Revenue bond Index averages out at 3.477% on Feb. 27 versus 3.469% last week. This small increase of average yields represents a market loss of about ⅛ of a point. This decline was due to some profit taking and was not unexpected after the substantial gains of the past month.

Interest exempt, in the opinion of Bond Counsel for the Authority, under the existing statutes and court decisions from Federal income taxes, and under existing statutes from New York State income taxes.

NEW ISSUE

$5,500,000
Dormitory Authority of the State of New York
Revenue Bonds
Ithaca College Issue, Series A

Dated July 1, 1962 **Due July 1, 1965 to 1994**

Principal and semi-annual interest (January 1 and July 1) payable at the main office of Chemical Bank New York Trust Company, the Trustee. Coupon bonds of $5,000 each, registrable as to principal only or as to both principal and interest. Callable on or after July 1, 1974 as a whole at any time or in part in inverse order of maturity on any interest payment date at 104% if called on or before June 30, 1976, and at lower prices if called thereafter.

Legal investments, in the opinion of Bond Counsel, under present provisions of the Act, for insurance companies, banks and trust companies, savings banks and associations, administrators, guardians, executors, trustees and other fiduciaries in the State of New York.

The Act provides that bonds and other obligations of the Authority shall not be a debt of the State of New York nor shall the State be liable thereon, nor shall they be payable out of any funds other than those of the Authority.

These Bonds are valid general obligations of the Authority secured by and payable from a first lien on and pledge of, to the extent provided by the Resolution, the moneys annually received by the Authority pursuant to the Agreement and Lease, dated as of February 11, 1963 and to be dated March 1, 1963, respectively, whether such moneys are received as rentals from the College pursuant to the Lease, or whether such moneys are received as rentals, fees or other charges by reason of the Authority's ownership, leasing or operation of the Project.

AMOUNTS, RATES, MATURITIES, YIELDS AND PRICES

Amount	Rate	Due	Yield	Amount	Rate	Due	Yield or Price	Amount	Rate	Due	Price or Yield
$100,000	6%	1965	1.85%	$150,000	5%	1975	3.00%	$210,000	3.40%	1985	@100
110,000	6	1966	2.00	150,000	3¼	1976	3.00	220,000	3.40	1986	@100
110,000	6	1967	2.15	160,000	3¼	1977	3.05	230,000	3.40	1987	@100
110,000	6	1968	2.30	160,000	3¼	1978	3.10	240,000	3.40	1988	3.45%
120,000	6	1969	2.40	170,000	3¼	1979	3.15	250,000	3.40	1989	3.45
120,000	6	1970	2.50	180,000	3¼	1980	3.20	260,000	3.40	1990	3.45
130,000	6	1971	2.60	180,000	3¼	1981	@100	270,000	3.40	1991	3.50
130,000	6	1972	2.70	190,000	3.30	1982	@100	280,000	3.40	1992	3.50
140,000	6	1973	2.80	200,000	3.30	1983	3.35	290,000	3.40	1993	3.50
140,000	6	1974	2.90	200,000	3.30	1984	3.35	300,000	1/10	1994	4.25

(Accrued interest to be added)

These Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Messrs. Sykes, Galloway & Dikeman, Bond Counsel for the Authority. Offering of the Bonds is made only by the Official Statement, copies of which may be obtained in any State from such of the undersigned as may lawfully offer the Bonds in such State.

Phelps, Fenn & Co. **Lehman Brothers** **C. J. Devine & Co.** **Kuhn, Loeb & Co.**

Merrill Lynch, Pierce, Fenner & Smith Incorporated **Salomon Brothers & Hutzler** **Blair & Co.** Incorporated

W. H. Morton & Co. Incorporated **Paine, Webber, Jackson & Curtis** **Francis I. duPont & Co.**

First of Michigan Corporation **Adams, McEntee & Co., Inc.** **Barr Brothers & Co.** **Coffin & Burr**

Eldredge & Co. Incorporated **Kean, Taylor & Co.** **Roosevelt & Cross** Incorporated **Wood, Struthers & Co.**

Shelby Cullom Davis & Co. **Tilney & Company** **Doolittle & Co.**

Sage, Rutty & Co., Inc. **H. V. Sattley & Co., Inc.**

New York, February 28, 1963

tized for FRASER
://fraser.stlouisfed.org/

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Appliance Stocks—Report — With particular reference to **Whirlpool Corp.**, **Maytag** and **Sunbeam**—Bache & Co., 36 Wall St., New York 5, N. Y. Also available are comments on **Walt Disney**, **United Artists**, and **Metro Goldwyn**.

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.

Candidates For A Two Way Recovery — Review with particular reference to **Allied Chemical**, **Fibreboard Paper Products**, **Flintkote**, **Olin Mathieson Chemical** and **Pure Oil**.—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

Charts and the Silver Investor—Discussion — Canadian Forecaster, 238 Adelaide St., West Toronto, Canada.

Cosmetics Industry—Analysis—I. L. Rennert & Co., Inc., 56 Beaver St., New York 4, N. Y. Also available is an analysis of **Andrew Jergens**.

Employment Act and Council of Economic Advisers—Discussion—W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available is an analysis of **Western Bancorporation**.

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.**

Life Insurance Stocks—Bulletin—Ralph B. Leonard & Sons, Inc., 25 Broad St., New York 4, N. Y. Also available is an analysis of **Business Men's Assurance Company**.

Municipal Market—Report—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is an analysis of the **Retail Trade Industry**.

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

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

100 Largest U. S. Corporations—Study—F. S. Moseley & Co., 50 Congress St., Boston 2, Mass.

Railroads — Report — Walston & Co., Inc., 74 Wall St., New York 5, N. Y. Also available is a bulletin on **Anti-Smog** Manufacturers.

Savings & Loan Holding Companies — Memorandum — Sincere and Company, 208 South La Salle St., Chicago 4, Ill.

Selected Issues For Yield and Appreciation — Bulletin — Gerstley, Sunstein & Co., 211 South Broad St., Philadelphia 7, Pa.

Steel Investments In Canada—Analysis—C. M. Oliver & Company, Limited 821 West Hastings St., Vancouver 1, B. C., Canada

Treasury Refunding—Discussion—New York Hanseatic Corporation, 60 Broad St., New York 4, N. Y.

U. S. Banks and Trust Companies —Comparative data—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available is a report on near term opportunities in **Steel**.

* * *

Air Control Products—Memorandum—Brand, Grumet & Seigel, Inc., 67 Broad St., New York 4, N. Y.

Air Control Products—Analysis—Herzfeld & Stern, 30 Broad St., New York 4, N. Y. Also available are comments on **Burlington Industries**, **Briggs & Stratton** and **Textron Inc.**

Aluminum Limited — Analysis — Annett & Company Limited, 220 Bay St., Toronto 1, Ont., Canada. Also available are analyses of **Falconbridge Nickel Mines** and **Power Corporation of Canada**.

American Broadcasting Paramount Pictures—Memorandum—Ross & Hirsch, 120 Broadway, New York 5, N. Y. Also available are memoranda on **CBS**, **Metromedia**, **American Distilling**, **Consolidated Cigar** and **Air Control Products**.

Arvin Industries — Bulletin — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Burge Protestant Hospital — Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Canadian Breweries Ltd.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Clark Equipment — Analysis — Colby & Company, Inc., 85 State St., Boston 9, Mass. Also available is an analysis of **Universal Oil Products** (firm asks stamped self addressed envelope when requesting copies).

Colgate Palmolive—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Columbia Gas System Inc.—Annual report—Public Relations Department, Columbia Gas System, 120 East 41 St., New York 17, N. Y.

Computer Applications Inc. — Memorandum—L. M. Rosenthal & Co., 5 Hanover Square, New York 4, N. Y.

Dura Corporation—Analysis—H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Duro Pen Company Inc.—Report —Frank Karasik & Co., Inc., 235 East 42nd St., New York 17, N. Y.

Falconbridge Nickel Mines Ltd.—Analysis— Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ont., Canada.

Fidelity America Financial Corp. —Memorandum—G. E. C. Securities, Inc., 625 Madison Ave., New York 22, N. Y.

Forest Laboratories Inc.—Analysis— Purcell & Co., 50 Broadway, New York 4, N. Y. Also available are reports on **Permian Corp.** and **South Puerto Rico Sugar.**

General Plywood — Comments — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Georgia Pacific—Memorandum—Coggeshall & Hicks, 111 Broadway, New York 6, N. Y.

Gulf Oil Corp.—Memorandum—R. W. Pressprich & Co., 80 Pine St., New York 5, N. Y.

Harris Intertype—Memorandum—De Haven & Townsend, Crouter & Bodine, Land Title Building, Philadelphia 10, Pa.

Kerr McGee Oil Industries—Analysis — Bregman, Cummings & Co., 4 Albany St., New York 4, N. Y.

Lockheed Aircraft — Analysis — Golkin, Devine & Fishman, Inc., 67 Broad St., New York 4, N. Y. Also available is an analysis of **Deere & Company.**

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

Marrud — Memorandum —Dresner, Gomberg & Co., Inc., 37 Wall St., New York 5, N. Y. Also available are memoranda on **Bell & Howell** and **American Motors.**

Marsh & McLennan—Memorandum—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available is a memorandum on **Culligan.**

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

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

Mueller Brass — Analysis — Watling, Lerchen & Co., Ford Bldg., Detroit 26, Mich.

National Connector Corp.—Memorandum — Craig-Hallum, Kinnard, Inc., 133 South Seventh St., Minneapolis 2, Minn.

Nopco Chemical—Memorandum—Sartorius & Co., 39 Broadway, New York 6, N. Y.

Olin Mathieson Chemical—Report —Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available are reviews of **Fidelity Philadelphia Trust**, **Shamrock Oil & Gas Corp.** and **Wickes Corp.**

Polychrome Corp.—Memorandum —Westheimer and Company, 124 East Fourth St., Cincinnati 2, Ohio.

Ridge Tool — Memorandum — Saunders, Stiver & Co., 1 Terminal Tower, Cleveland 14, Ohio.

Security Insurance Company of New Haven—Analysis—Putman & Co., 6 Central Row, Hartford 4, Conn.

Telex—Memorandum—Leason & Co., Inc., 39 South La Salle St., Chicago 3, Ill.

United States Rubber Company—Analysis—John H. Kaplan & Co., 120 Broadway, New York 5, N. Y.

Walnut Grove Products Co.—Memorandum—First Nebraska Securities Inc., 1001 "O" Street, Lincoln 8, Neb.

Wards Co. Incorporated—Analysis —Stein Bros. & Boyce, 6 South Calvert St., Baltimore 2, Md.

Washington National Insurance Company—Analysis—Cartwright, Valleau & Co., Board of Trade Bldg., Chicago 4, Ill.

Western Union — Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

Weyerhaeuser Corp. — Memorandum—Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco 4, Calif. Also available is a memorandum on **California Water Service.**

F. W. Woolworth—Memorandum —Pershing & Co., 120 Broadway, New York 5, N. Y.

For Banks, Brokers and Financial Institutions . . .

Stocks we trade in the "Cosmetics" Industry

ALBERTO - CULVER
AVON PRODUCTS
BEAUTY COUNSELORS
CHARLES OF THE RITZ
INT'L FLAVORS & FRAGRANCES
MARADEL PRODUCTS
MORTON MFG.
SHULTON INC.
TIP-TOP PRODUCTS
VASSAR CORP.
ANDREW JERGENS CO.

Troster, Singer & Co.
Members New York Security Dealers Association
74 Trinity Place, New York 6, N. Y.
HAnover 2-2400 Teletype 212 571-1780; 1781; 1782

Wagner Receives Brotherhood Award

Edmund F. Wagner (left), Chairman and President of The Seamen's Bank for Savings, receives the Brotherhood Award of the National Conference of Christians and Jews "for distinguished service in the field of human relations." The presentation was made by George A. Murphy, Board Chairman, Irving Trust Co.

A half-century of successful achievement in business and community activities by Edmund F. Wagner, Chairman and President of The Seamen's Bank for Savings, was eulogized Feb. 20 when more than 800 members of savings banks, life insurance companies, building and real estate firms joined in a dinner in his honor at the Americana Hotel, New York.

The event, sponsored by the National Conference of Christians and Jews, was a highlight of the annual observance of Brotherhood Week. Former U. S. Secretary of Labor James P. Mitchell, National Chairman of Brotherhood Week, was the principal guest speaker.

Climaxing the tributes, George A. Murphy, Board Chairman, Irving Trust Co., presented the National Brotherhood Award to Mr. Wagner "for distinguished service in the field of human relations."

In making the presentation, Mr. Murphy sketched the business and financial activities of Mr. Wagner that began in 1917 when he became associated with the real estate firm of William Cruikshank Sons. He was elected a Trustee of The Seamen's Bank for Savings in 1958, and shortly thereafter named President and Chairman of the Board.

Mr. Murphy also extolled Mr. Wagner for his broad humanitarian interests which embrace a host of religious, philanthropic, educational and civic organizations.

Carl A. Morse, President, Diesel Construction Co., served as Chairman and presided at the dinner.

Sounding the keynote for the occasion, Mr. Morse lauded Mr. Wagner for his outstanding career, "He has proven himself resourceful in business, honorable in his dealings with others, conscientious in his devotion to his church and his community," Mr. Morse said.

All funds raised at the $100 per plate dinner were turned over to the National Conference of Christians and Jews to aid its program of promoting good will and understanding among the racial and religious groups of the nation.

Dillon, Read & Co. NYSE Member

Dillon, Read & Co., Inc., 46 William St., New York City, has announced that it has become a member corporation of the New York Stock Exchange.

Digitized for FRASER
http://fraser.stlouisfed.org/

Current News in the Field

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

NEW FIRMS

ALLENTOWN, Pa. — **Allen-Pitt Securities Company**, 40 North Seventh Street, successor to Sherman & Hall, Inc.

ATLANTA, Ga.—**Reynolds & Co.**, 4376 Jett Road, N. W. George S. Reynolds is sole proprietor. He was formerly with Francis I. du Pont & Co. and Pierce, Carrison, Wulbern, Inc.

BROOKLYN, N. Y.—**F and C Securities Inc.**, 6911 Eighteenth Ave.

BROOKLYN, N. Y. — **First National Investor Co.**, 11 Emerson Road. Paul Chayka is proprietor.

BROOKLYN, N. Y. — **Vito V. Florio**, 2742 Fulton St.

BROOKLYN, N. Y.—**Charleston A. Kleinman**, 201 Brighton First Road.

CHICAGO, Ill.—**Bronson Investment Company, Inc.**, 2400 West 95th Street. Officers are Perry A. Bronson, Jr., President; James E. Bronson, Vice-President; and M. S. Bronson, Secretary and Treasurer. Perry A. Bronson was formerly with Paine, Webber, Jackson & Curtis and A. C. Allyn & Co.

DALLAS, Tex.—**Reagan M. Waskom, Jr.**, First National Bank Bldg. Mr. Waskom was formerly with Parker, Ford & Co., Inc. and Eppler, Guerin & Turner.

FALLS CHURCH, Va.—**Robert C. Morris**, 450 West Broad Street. Mr. Morris was formerly with Amott, Baker & Co., Inc. and Matthew Corporation.

FLUSHING, N. Y.—**PM Investors Co.**, 65-77 Parsons Blvd. Paul Morosoff is sole proprietor.

NEW ROCHELLE, N. Y.—**Howard Otway**, 19 De Veau Lane.

NEW YORK CITY—**Walter Russell & Co.**, 475 Fifth Ave., Partners are Walter Russell and Marcella Russell.

NEW YORK CITY — **Whitestone 1963 Program Corp.**, 20 Broad St.

NEW YORK CITY—**Space Age Programs, Inc.**, 535 Fifth Ave. Officers are Sidney Shiff, President; Norman Goldberg, Vice-President; and Mrs. Thomas A. Buckner III. All were formerly with Growth Programs, Inc., of which Mr. Shiff was President.

NEW YORK CITY—**L. R. Herbert Inc.**, 150 West 49th St. Officers are Herbert Grossbard, President and Treasurer; Irving Grossbard, Secretary; and Bernard Wright, Vice-President. Herbert and Irving Grossbard were formerly with Sunshine Securities.

NEW YORK CITY — **Dudley F. King & Co., Inc.**, 48 Wall St., successors to the investment business of Dudley F. King.

NEW YORK, N. Y. — Stirling, Linder, Prigal & Bilotti, Inc., brokers, underwriters and dealers, has changed its firm name to **Linder, Bilotti & Co., Inc.**

The organization will retain its present offices at 50 Broadway.

Armand Bilotti is President of Linder, Bilotti & Co., Inc. and H. S. Linder is Vice-President. James Stirling and Robert Prigal, formerly associated with Stirling, Linder, Prigal & Bilotti, Inc., are no longer connected with the organization.

QUEENS, N. Y.—**Kaye Investors**, 53-16 207th Street. Saul Kaplan is sole proprietor.

ST. ALBANS, N. Y.—**American Institute of Investors Research**, 170-11 Foch Boulevard. R. Franklin Brown is proprietor.

SALEM, Oregon—**Oregon Underwriters, Inc.**, Masonic Building. Officers are Orgill E. Aylett, President; Boyd E. Walker, Vice-President; and Lowell G. Reese, Secretary-Treasurer.

SALT LAKE CITY, Utah—**Sheldon B. Christenson Associates, Ltd.**, 15 North West Temple, successors to Sheldon B. Christenson Associates. Officers are Sheldon B. Christenson, President; M. P. Christenson and Neil P. Christenson, Vice-Presidents; and Keith N. Johnson, Secretary-Treasurer.

SAN FRANCISCO, Calif. — **Waldron & Co., Inc.**, Russ Building, is resuming a securities business. Officers are Darrell O. Holleyman, President; Daniel T. Goldberg, Vice-President; and Maxine M. Brose, Secretary and Treasurer. Mr. Holleyman was formerly Vice-President of Skaife & Co. and prior thereto of Waldron & Co., Inc.

SANTA ANA, Calif. — **Smith Investment Company**, 1229 West Fifth Street. Vinton V. Smith is proprietor.

SCARSDALE, N. Y. — **Panamco**, 222 Daisy Farms Drive. Monroe Caine is proprietor.

SCOTTSBLUFF, Neb.—**Tri State Supply, Inc.**, 27th & Broadway.

SYRACUSE, N. Y.—**Billings Associates, Inc.**, State Tower Bldg.

UTICA, N. Y.—**Meyer Philipson & Co.**, 33 Kenyon Court. Partners are Meyer Philipson and Gloria Philipson. Mr. Philipson was formerly an officer of Hubinger-Philipson, Inc. and was a partner in Philipson & Co.

VALLEY STREAM, N. Y.—**Brown Securities Corp.**, 107 South Central Ave.

WEBSTER GROVES, Mo.—**McKee-Darpel & Co.**, 8711 Big Ben Boulevard. Partners are James B. McKee, Jr. and Joseph F. Darpel, Jr. Mr. McKee was formerly with Metropolitan Securities Corp.

NEW BRANCHES

ANAHEIM, Calif. — **Hemphill, Noyes & Co.**, California Federal Building. Victor B. Starnes is manager.

AUSTIN, Tex.—**E. F. Hutton & Co., Inc.**, 805 Brazos St. Alfred T. Broad and John C. Aycock are co-managers.

HOUSTON, Texas—**Russ & Company, Inc.**, Humble Building. John A. Thackston is Manager.

LEXINGTON, Ky.—**The Bankers Bond Co.**, 400 East Main Street. Joseph R. McDevitt is resident manager.

McLEAN, Va. — **Rouse, Brewer, Becker & Bryant, Inc.**, 5129 Chain Bridge Road. Mrs. Isabel F. O'Donnell is Manager.

MERIDIAN, Miss.—**J. C. Bradford & Co.**, Dixie Towers Building. David B. Holmes is manager.

MIDLAND, Mich. — **King and Company**, 139½ East Main Street. James A. Wenzel is manager.

NEWTON, N. J.—**Emanuel, Deetjen & Co.**, Sussex & Merchants National Bank Building. John C. Leppart is Manager.

ROME, Italy—**Hayden, Stone & Co., Inc.**, Via Francesco Crispi 10, Apartment 20. Francesco Colonna is associated with the office.

SOUTHERN PINES, N. C.—**Southeastern Securities Corporation**, 115 Pennsylvania Avenue. John A. McPhaul is in charge.

WINTER HAVEN, Fla.—**Francis I. du Pont & Co.**, 126 Lake Sears Drive. Donald L. Larsen is in charge.

New Issues — **February 27, 1963**

$30,485,000

State of Maryland

2⅝% Certificates of Indebtedness

Dated April 1, 1963 — **Due April 1, 1966-78, incl.**

Interest Exempt From Present Federal Income Taxes

AMOUNTS, MATURITIES AND YIELDS OR PRICES

Amount	Due	Yield or Price
$1,950,000	1966	1.80%
2,010,000	1967	2.00
2,065,000	1968	2.10
2,135,000	1969	2.20
2,195,000	1970	2.30
2,265,000	1971	2.35
2,330,000	1972	2.40
2,400,000	1973	2.45
2,470,000	1974	2.55
2,550,000	1975	2.60
2,625,000	1976	@ 100
2,705,000	1977	2.70%
2,785,000	1978	2.75

(Accrued interest to be added)

Principal and semi-annual interest (October 1 and April 1) payable in Baltimore, Maryland. Coupon certificates in denomination of $5,000, registrable as to principal.

Tax Exempt in the State of Maryland

Legal Investment for Savings Banks and Trust Funds in New York State and for Savings Banks in Connecticut and Massachusetts.

These Certificates of Indebtedness, to be issued for various purposes, in the opinion of the Attorney General of the State, will constitute legal and valid binding obligations of the State of Maryland, for the payment of which ***the full faith and credit of the State will be pledged.***

The above Certificates are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by the Attorney General of Maryland on all issues and in addition: by Messrs. Semmes, Bowen & Semmes and Messrs. Weinberg and Green, Attorneys, Baltimore, with respect to General Construction Loan of 1962; by Messrs. Miles & Stockbridge and Messrs. Weinberg and Green, Attorneys, Baltimore, with respect to General Construction Loan of 1958 and 1959; by Messrs. Miles & Stockbridge and Messrs. Semmes, Bowen & Semmes, Attorneys, Baltimore, with respect to General Construction Loan of 1960 and 1961 and General Public School Construction Loan of 1956 and 1962 and by Messrs. O'Conor & McManus, Attorneys, Baltimore, with respect to County Jail Loan of 1961 and Area Redevelopment Loan of 1962.

The Chase Manhattan Bank — **Bankers Trust Company** — **First National City Bank** New York — **Halsey, Stuart & Co. Inc.** — **Lehman Brothers**

Smith, Barney & Co. — **Blyth & Co., Inc.** — **Alex. Brown & Sons** — **Glore, Forgan & Co.** — **Salomon Brothers & Hutzler**

Eastman Dillon, Union Securities & Co. — **Merrill Lynch, Pierce, Fenner & Smith** Incorporated — **Blair & Co.** Incorporated — **Equitable Securities Corporation**

Shields & Company — **Hornblower & Weeks** — **L. F. Rothschild & Co.** — **First of Michigan Corporation** — **Dick & Merle-Smith**

Clark, Dodge & Co. Incorporated — **Hemphill, Noyes & Co.** — **Wm. E. Pollock & Co., Inc.** — **Robert Garrett & Sons** — **Industrial National Bank** of Rhode Island

Federation Bank and Trust Company — **Johnston, Lemon & Co.** — **The National Shawmut Bank** of Boston — **Braun, Bosworth & Co.** Incorporated

Estabrook & Co. — **Union Trust Company of Maryland** Baltimore — **New York Hanseatic Corporation** — **Brown Brothers Harriman & Co.**

Commerce Trust Company Kansas City, Mo. — **The Illinois Company** Incorporated — **Robert Winthrop & Co.** — **Schwabacher & Co.** — **Wells & Christensen** Incorporated

Wachovia Bank and Trust Company — **Cooley & Company** — **Stranahan, Harris & Company** — **Elkins, Morris, Stokes & Co.**

Robert L. Whittaker & Co. — **William S. Morris & Co.** — **C. T. Williams & Co.** Incorporated

Digitized for FRASER

High Farm Price Supports Imperil Agricultural Exports

By Robert C. Liebenow,* *President, Chicago Board of Trade, Chicago, Ill.*

Commodity expert explains why the Chicago Board of Trade wants to end our policy of high agricultural support prices and to replace it with an entirely different program. The effect of the present program is said to stifle our exports since it pushes domestic prices above world prices, and to require export subsidies. Advocated instead are: (1) limited version of the Brannan Plan which would give farmers direct payments but not across the board; (2) replace direct controls with indirect ones such as greatly expanded Soil Bank; and (3) extension of international commodity agreement to almost every major farm export and other raw material. Mr. Liebenow believes that this concept of a "freer" agricultural market would cost the consumers less, lower taxpayers' cost, and end resort to export subsidies. An unhappy comparison made with ECM's agricultural policy exposes a troubling close similarity or imitation of our very own domestic and foreign trade policies. The writer calls attention to the singular importance of agricultural exports to our balance of payments health and, therefore, to the urgent need to revamp our policies along the lines suggested.

I want to discuss two basic issues that go hand in hand. The first is the importance to farmers and to all Americans of our agricultural exports. The corollary subject is the importance of restoring a free market for agricultural products in America and the world.

Robert C. Liebenow

The fact is that our agricultural exports face a major threat today in the development of protectionist policies in the European Common Market.

But the further fact is that the European Common Market is only adopting for itself basic policies similar to those operating in this country for many years—high price supports combined with tariff and quota barriers to discourage imports of competing products.

If we would take the lead in restoring free markets in agriculture, we would be in a much better and more logical position to complain about the European Common Market's farm policies. We might even have more success than is the prospect under present conditions.

Obviously, the more farm products we can sell abroad for cash the better off we are. Our balance of trade will be more favorable, farm income higher, surpluses more manageable, and less money will be needed for Federal farm programs.

The figures tell the importance of agricultural exports. In fiscal 1962 they were valued at an all-time record of more than $5 billion. Of this total, $3½ billion were commercial sales for dollars; the other $1½ billion involved governmental foreign aid programs such as Food for Peace and long-term credit arrangements for nonconvertible soft currencies.

We have all heard much in recent years about the threat posed to us by the continuing unfavorable balances of international payments. These recently have been running arount $2 to $3 billion a year. This deficit is worrisome, but the headache would be much bigger were it not for the $3½ billion export figure. Clearly, every dollar we can add to this total will ease our balance of payments problems by a like amount.

We would like to think, of course, that our agricultural exports will continue to grow without further artificial aid. But the prospects are not bright. There are a number of factors against us.

One is that many countries are trying to produce, internally, greater proportions of their own food and fiber needs, and some are succeeding.

The so-called underdeveloped countries on the whole are not having any notable success in developing their own agriculture to a point of self-sufficiency. Neither are they on the whole stabilizing their economies to the point of being able to pay dollars for American farm products. They undoubtedly will continue to seek American aid for many years to come, but for free. Whether we continue giving such aid is a matter of policy which goes beyond the farm sector.

ECM Imitates Our Farm Policies

The really dark spot in the export outlook centers, as I have indicated, on the growth and development of the European Common Market. The countries involved are building a tariff wall against farm imports in order to protect the farmers inside the Market. The prospect is not pleasing; but if we look at it realistically, the Common Market countries are doing only what we have been doing in this country for a good many years.

There are six countries now in the European Common Market—France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. More than a billion dollars worth of American farm products went into those six countries last year, accounting for nearly a third of our agricultural export sales for dollars.

If the United Kingdom were eventually to become a member of the Common Market this export figure would rise to nearly half of our $3½ billion cash sales.

The Common Market countries are in the process of forming a single great free trade unit, of establishing what will amount to an economic United States of Western Europe. One of their steps is to develop an agricultural policy covering all member countries. Unless negotiations change the trend, the policy will be designed to expand production within the Market of several major agricultural commodities—wheat, feed grains, rice, poultry, dairy and many meat products.

The process by which the Common Market intends to bring about this expanded domestic production should sound familiar to us. Briefly, it involves high internal price supports, combined with tariffs high enough to discourage imports of competing commodities produced more efficiently and cheaper in other countries. In other words, tariffs high enough to cut seriously into the billion and a half dollars worth of farm products the Common Market countries have been buying from us each year.

The Common Market's protectionist wall involves both fixed tariffs and so-called variable tariffs. The latter derive their name from the fact that they may vary from day to day; they will represent the difference between the world market price and the internal price, which is fixed at a level sufficiently high to encourage domestic production. Thus, if we were to lower our export price of wheat by increasing our export subsidy, the Common Market could offset the price cut by increasing its variable tariff. The system will mean, of course, that Western European consumers will pay higher prices, that internal production will increase, and that many small, inefficient and uneconomic farm units will be in operation.

The effects of the new system already are being felt in some instances. For example, West Germany in recent years has become a major market for American broilers, taking almost $50 million worth of our poultry last year. But West Germany now has decided it wants to increase its own poultry production. It has persuaded the other Common Market countries to go along in nearly tripling the import levy on poultry, jumping it from about five cents a pound to nearly 13 cents. Our Government is seeking to persuade the West Germans and their colleagues to abandon this high rate. If the new rates stand, there may be almost no future exports of American poultry to the Common Market. West Germans will pay more for broilers, but the broilers they buy will be produced in their own country.

The wheat situation is not good either. West Germany's support price for wheat is $3.15 a bushel. The French support price is $2.30. The Common Market is presently deciding whether to adopt the German or French price as its own. If the $3.15 German price is adopted, as it may well be, the likelihood is that French farmers may put as many as 6 million additional acres into wheat. The French soon may be producing more than enough to supply the entire Common Market. That could put an end to all wheat exports to the Common Market countries. Last year, we sold them $185 million worth of wheat and flour.

Present Administration's Efforts

Some American farm commodities, of course, will continue to move into Common Market countries with the same freedom as heretofore, notably cotton, tobacco, fruits, vegetables, soybeans, lard, tallow, and some vegetable oils. The Common Market countries will not object to our farm products which do not compete with their own. But the new tariff barriers will stop an important segment of our shipments.

The Kennedy Administration is seeking to dissuade the Common Market from going to extremes in its agricultural protectionism. It is using the argument that industrial and agricultural trade must go hand-in-hand, and that if the Common Market wants us to take more of its industrial products, as it does, it must in return continue taking our agricultural products.

President Kennedy and Secretary of Agriculture Freeman sought to dramatize the problem presented by the Common Market, and bring it to public attention, in their Palm Beach conference early this month. There is no doubt that it is an important, if not the most important, issue involved in the negotiations now going on with the Common Market. Yet, if the Common Market officials wish to do so, they can tell the President and Secretary they are only following our own example.

Our policy has involved high price supports and tariff barriers—even quotas, in some cases—to hold down imports of competing foreign products.

The price support loans have helped maintain the over-all income of American farmers; but also they have kept prices of many American farm commodities well above the level of world prices. But we badly needed to maintain substantial exports. We turned to export subsidies to bring prices of our products down to world market levels. The subsidies have been used for wheat, cotton, corn, and some other commodities. For example, export subsidies last year amounted to 54 cents a bushel for wheat, 6 cents per bushel for corn, and 8½ cents per pound for cotton. Altogether, the government spent more than $350 million last year on export subsidies for farm products. Furthermore, in order to prevent other countries which produce wheat and cotton from selling in our market, we established export quotas for these products. The quotas are very restrictive.

American Taxpayer Pays Both Ways

The government uses price support loans to increase and stabilize farm income. Then, because those prices bar entry into normal world trade channels, the government steps in with a subsidy payment. Meanwhile, prices paid by American consumers are based on the high support levels. In his role of taxpayer, the consumer has to pay the cost of the support-price loan programs and of the export subsidies, too. He gets nicked coming and going.

The European Common Market then is following our example. It seeks to protect agricultural production through high supports, which is exactly what we have been doing. In arguing against the Common Market policy on agriculture, we are in effect attacking something we have been doing ourselves. We are at a disadvantage.

The Chicago Board of Trade is not an opponent of Federal farm programs as such. We recognize the efficiency and productivity of American agriculture. We think our farmers deserve a fair price for what they raise. But we have opposed high support prices for many reasons, one of them being that they raise domestic prices above world prices and necessitate export subsidies. Other nations do not like our high supports and our subsidies. Many feel that while we give lip service to free world trade, we practice protectionism. Now that the Common Market is following our lead and raising internal support prices, we do not like it at all.

Favors Lower Support Prices, Direct Payments to Farmers

The Board has advocated direct payments to farmers from the Treasury. We are convinced they would accomplish the goal of maintaining farm income but at substantially less total cost to the government and the taxpayers than the price support system. Our consumers would pay less for food and fiber under such a plan.

Direct payments would permit the free market price of American farm products to become competitive in world markets without the help of export subsidies. Reductions in support prices and the use of payments to supplement them would, of course, make our products more competitive and would lessen the over-all subsidy figure.

Last month, the Chicago Board of Trade sponsored a Forum on National Agricultural Policy. Seven of the nation's outstanding agricultural economists discussed the most important basic issues in the over-all farm problem. "Agricultural Export Policies" was the province of Dr. Lawrence W. Witt of Michigan State University, who is outstanding in this field. Dr. Witt concluded that for the foreseeable future, normal commercial trade will continue to constitute only a part of total international agricultural trade. The balance between straight commercial trade and subsidized export trade, he said, and I quote, "will depend primarily on the domestic farm price policies of the United States. More use of direct payments, or a lower price support level, will reduce or eliminate export subsidies."

Explains Direct Payments Plan

Let me digress to explain just what we mean by direct payments. In the first place, they would be applied only to the relatively few basic crops for which surpluses have created serious trouble. They would not be across the board, for all crops, as was proposed by former Secretary of Agriculture Charles F. Brannan in 1949. That is not our idea.

What we propose is that, on major crops now suffering from serious over-production, the government make direct payments to the farmer at a rate which, together with the price he receives in the free market place, would give him a reasonable return. We do not know precisely what the cost of such a program would be to the government; but our studies have convinced us it would be less than the government is spending now with its heavy storage costs, its losses on re-sale of CCC stocks, its export subsidies, and other items. Furthermore, because the farmer would sell his products directly into commercial channels without government interference, it would re-establish our free market system in which prices would reach their own levels.

We are arguing for a freer market system in fighting higher Common Market tariffs. But to have a really good case, we must change some of our own ways. We must practice what we preach. As a practical matter, the immediate abolition of support loans is unlikely. But every reduction in the amount of a loan brings us nearer to our objective.

Over the years, it has become more and more apparent that government attempts to control agricultural output on a farm-by-farm basis have failed and will continue to fail. These efforts are like dangerous drugs, whose cumula-

Digitized for FRASER
http://fraser.stlouisfed.org/

tive effects are devastating. Among the easily seen adverse by-products of farm-by-farm controls are tremendous costs for export subsidies. But controls have other evils. They prevent desirable shifts in production. They place an ever-growing Federal bureaucracy on the backs of our farmers.

Favors Expanded Soil Bank and Defense Stockpiling

The question can be asked and rightly so: In the face of huge surpluses, should all controls be abandoned? The answer must be "No!" But the government and the Congress should make the controls as indirect as is possible and should get rid of them as soon as possible. Toward these ends, a greatly expanded Soil Bank has encouraging possibilities.

The government has never decided the food and feed reserves we would need in the event of all-out war. Nor is there a program for efficient utilization of food, feed or fiber reserves. We have burdensome surpluses of feed grains and wheat. These surpluses did not look so burdensome during the Cuban crisis.

The government should establish adequate food and feed reserves to be used during an emergency. The costs should not be charged to agriculture, but to defense. These reserves should be at a place and in a form where they can be reached even after atomic attack. All of us hope that atomic war will be averted. While the threat remains, every practical step to protect the people against it should be taken. In the event of war, our allies would depend upon us for food and fiber, just as they did in World War II. Our capacity to furnish them what they will require must remain undiminished. Meanwhile, let us work with them to stimulate the free flow of farm products over national borders.

International Commodity Agreements Without High Support Prices

A standard complaint in the United States and elesewhere has been the low cost of farm commodities in relation to manufactured goods. This protest arises also in countries which depend on raw materials other than farm products. One suggested answer has been international commodity agreements such as are in effect for sugar, wheat, tin, and one which is now being formulated for coffee.

Personally, I feel that such agreements will be pressed eventually for almost every major farm export commodity and for other raw materials. The form the pacts take then is important to all of us. On the one hand, we have the producers who want profitable prices. On the other, we have the consumers who resent having to pay for such agreements, and we have the very difficult problem of adjusting prices to the varying conditions in the producing countries. Here again we must have flexibility. I see no practical way to make the necessary adjustments without direct payments to producers. Obviously, a support price for wheat which is comparatively low in the United States might be out of line with prices in Brazil. A support price for wheat might be out of line with prices in Australia and Canada. Many other examples could be given.

Here again, we will be called upon to practice what we preach. There is a world sugar agreement of a sort. We have our own sugar arrangement inside that pact. We establish quotas for our domestic producers and then assign import quotas to other countries. Before Castro, Cuba was the principal foreign supplier.

Our internal sugar price is higher than the world price. Naturally there is a continuing struggle by foreign producers to get a share of our highly profitable market. Friendly countries which cannot get into our market, or do not get what they consider a fair import quota, are resentful. Not all the ill will directed against us from Latin America is envy of our size and prosperity. Some of it comes from anger over the operation of our sugar laws. Our participation in international commodity agreements, if it is to mean anything constructive, must not simply be another high support arrangement, tailored to fit our internal situation.

The maintenance of our agricultural exports is vital. For some time to come, a part of our exports must be subsidized. Some of the countries which need our farm products now cannot pay for them, except in soft currencies whose value is limited. But the subsidization of export crops like wheat and cotton, simply because our internal price is fixed by a loan, is poor economics and poor politics, too. We bridle when the European countries propose to raise tariffs to protect their own producers. Other countries do not like it when we raise prices internally and shut out outside competition.

Prefers as Free a Market As Possible

For many years now quite a few countries have tried many devices to increase farm income. These efforts will continue, since in many instances farmers must be helped. The attempts to help farmers have varied and interesting histories. All the plans have had their ups and downs. Out of the whole, I think we can draw one conclusion. The fewer government controls, the better.

The Communist world is a case in point. There, almost every move of the farmer is dictated by the government; what he plants and when, how he cultivates his crops, where he sells them, even the time he goes to work and the time he quits. The biggest Communist failure is in agriculture. This flop has been a brake on Communist plans for world domination. Nor is there any real prospect that agriculture in the Communist countries will improve. Yet the Communists are bound by their system to go right ahead, regardless.

We are not bound to follow the all-out government control route. We are free to go any way we choose. This country, then, should take the lead nationally and internationally in restoring, insofar as is possible, the free market in agriculture. We should do this in our own interest and in the interest of all the Western world. We are learning, the hard way, that the free market is indispensable.

*An address by Mr. Liebenow before the Red River Valley Farm and Home Forum, Grand Forks, North Dakota.

G. H. Walker Branch

SPRINGFIELD, Mass. — **G. H. Walker & Co.,** 1341 Main Street.

The new facilities will be under the management of Edward G. Culverhill, in association with James Stoddard Williams.

J. A. Hogle Co. Admits Glass

LOS ANGELES, Calif. — Chester M. Glass, Jr., has been admitted as a general partner in J. A. Hogle & Co., Western States, New York, and Connecticut stock and bond brokerage firm.

Chester M. Glass, Jr.

His connection with J. A. Hogle & Co.—members of the New York Stock Exchange and other principal Exchanges — was announced by the firm's managing partner, James E. Hogle of Salt Lake City.

In a visit to the Los Angeles office, Mr. Hogle announced that Mr. Glass will be the resident partner of that office, 507 West Sixth Street, and will assist in the direction of investment banking activities for all of the firm's 24 offices serving nine western states, New York City and Stamford, Connecticut.

Until last September, Mr. Glass was the managing partner of William R. Staats & Co.—a firm he originally joined in 1928.

In 1935, Staats appointed Mr. Glass the manager of its San Francisco office. In 1937 he became investment department manager of Strassburger & Co., San Francisco, and two years later accepted a Vice-Presidency with Bankamerica Co. in the same city.

World War II took him into the Navy, where he served as a lieutenant commander aboard the carrier *Hornet* in the Pacific.

In 1947 he left Cruttenden & Co., Chicago and Los Angeles, for which he was syndicate manager, to rejoin Staats as a vice president and director. When the firm, a member of the New York Stock Exchange, was reorganized into a partnership, he became a general partner. He served as general sales manager, then syndicate manager, before he became its managing partner.

Childs Securities Appoints Hageman

Childs Securities Corporation has announced the appointment of Arthur G. Hageman as vice president and manager of its Municipal Bond Department which hereafter will be directed from One Liberty Street, New York. The company is a subsidiary of C. F. Childs and Company, whose main office also is in New York although the firm originated in and still regards Chicago as its home office.

This move specializes the activities of C. F. Childs and Company in Government and Federal Agency securities and centralizes such operations in the New York office. Childs Securities Corporation is a fully integrated investment firm dealing in corporate bonds, stocks, private placements, and now in municipal bonds.

The branch offices maintained by C. F. Childs and Company will shortly be transferred to the control of Childs Securities Corporation. A regional buying office for municipal bonds will be continued in Chicago under the direction of James Walsh.

Raymond Heiskell, vice president, C. F. Childs and Company, will now devote full time to trading in Federal Agency securities and certificates of deposit.

This advertisement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

NEW ISSUE

$30,000,000

Kingdom of Denmark

5¼% Fifteen Year External Loan Bonds of 1963

Dated March 1, 1963 **Due March 1, 1978**

OFFERING PRICE 98¾% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co. Incorporated
Smith, Barney & Co. Incorporated
Harriman Ripley & Co. Incorporated
Lazard Frères & Co.
The First Boston Corporation
Blyth & Co., Inc.
Dominick & Dominick
Eastman Dillon, Union Securities & Co.
Kidder, Peabody & Co. Incorporated
White, Weld & Co.
Paribas Corporation

February 27, 1963

gitized for FRASER
http://fraser.stlouisfed.org/

Canada Should Return to Floating Exchange Rate

By W. Earle McLaughlin,* *Chairman and President, The Royal Bank of Canada, Montreal, Canada*

Head of Canada's largest bank advocates his country's return to a floating exchange rate, and outlines the bases for his optimism about Canada's future growth. Mr. McLaughlin notes that the Royal Banking and Finance Commission is now nearing the end of its studies. He claims that certain rigidities in Canada's financial structure cause unnecessary hardships during tight money periods, upsets the balance of competition between financial institutions, and reduces monetary policy's effectiveness. In addition to returning to fluctuating exchange rates, the banker would: (1) reduce primary cash reserves and have them earn interest; (2) abolish the voluntary secondary reserve ratio as well as (3) the 6% interest rate ceiling on bank loans. Mr. McLaughlin reviews past tight money periods and castigates the recent one as the shortest and tightest one "not matched by even the severest of previous tight money periods."

My remarks will be confined for the most part to a single topic: the development of monetary policy in Canada, especially in the critical years of successive ease and restraint since the early 1950's. My purpose is simply to establish, so far as I can, the pattern that emerges, and then to draw certain inferences which may be useful in formulating future policy or in improving the mechanism of monetary control.

W. Earle McLaughlin

Development of Monetary Policy In Canada

In recent years, Canada, in common with many of her neighbors, has experienced successive periods of monetary tightness followed by periods of monetary ease. These periods in turn reflect the efforts of the monetary authorities either to resist a buildup of inflationary pressure, or, in slack times, to foster a higher rate of expansion and growth. In a regime of fixed exchange-rate parities, such as we have had since May 2, 1962, the monetary authorities may also be responding to excessive inflows or outflows of exchange reserves, and the policy forced upon them by these circumstances may or may not coincide with that best calculated to smooth out the domestic business cycle or to achieve a desirable rate of economic growth.

Nevertheless, the main purpose of central banking, in Canada as elsewhere, has become that of smoothing out the ups and downs of the business cycle by affecting the size and rate of growth of the banking system in a contra-cyclical way; that is, the bank-credit base is restricted in boom times and expanded in times of recession.

The Bank of Canada opened for business in 1935; but depression and slow recovery in the 1930's, followed by war and reconstruction in the 1940's, offered little scope for a flexible monetary policy in Canada. It was therefore something new in Canadian experience when, in the 1950's, the central bank adopted a positive monetary policy and took the initiative in inducing successive periods of tightness or relative ease over short periods of time.

The inevitable association that comes to mind is that of a yo-yo, with the central bank in control and the banking system bobbing up and down at the other end of the string. Indeed, the gyrations of the yo-yo seem to have speeded up over the period 1950 to 1962. In our reckoning at least, the periods of tightness have become progressively shorter and more severe; the periods of ease have also become shorter, progressively less "easy," progressively more cautious in the degree to which the central bank appears willing to reverse tight-money. Thus, beginning in the early 1950's, Canada moved towards a new, flexible, discretionary, monetary policy, subject to reversal without notice, and with, I believe, a tendency towards increasing average austerity.

The Yo-Yo Years

Tight Money in 1950-53

Measured by significant turning points in Bank Rate or the Treasury bill rate, the first tight-money phase ran from October, 1950, to October, 1953. Tight money in this period was the response of the monetary authorities to inflationary pressure generated by the Korean war and its aftermath. The seriousness of the inflationary threat persuaded the authorities that more was needed than a straightforward restriction of the money supply through operations on chartered-bank cash reserves. Accordingly, specific restrictions were placed on term lending by banks, and the banks agreed to place a ceiling on their total loans at the level attained in the base period: February, 1951. In addition, consumer credit controls specified minimum down-payments and maximum-terms for instalment purchases, and in general sought to discourage loans for the purchase of consumer goods.

In other words, moral suasion and direct controls were substituted in part for Bank of Canada operations in the money market, with the result that the banks were never really forced by a shortage of cash to reduce loans or sell securities on a large scale in order to achieve the restraint desired by the Bank of Canada. In fact, the banks disposed of only $375 millions in securities and, though loans were restricted by mutual agreement with the Bank of Canada, total Canadian deposits actually rose by $920 millions over the period.

The yo-yo was in action but, in our first tight-money period, the swing of the yo-yo was a fairly gentle one.

Tight Money in 1955-57

The second tight money phase ran from August, 1955, to September, 1957. Tight money in this period was the response of the monetary authorities to a classic example from business-cycle history: an investment boom in fixed capital in the form of public and private development projects and of direct production facilities in plant and equipment. The St. Lawrence Seaway, the great oil and gas pipelines, uranium and other mining and resource industries, all enjoyed a boom in capital investment based in part on the growing inflow of foreign capital which in turn was further stimulated by the very boom it helped to create. In short, there were more capital projects planned than there were men and materials to do the work. In spite of the import of goods, services, and equipment which necessarily accompanied the large-scale investment from abroad, the Bank of Canada still had, through tight money, to reduce what was done to the volume that could be handled by the men and materials available.

Greater reliance was placed this time on the forces of the market. Nevertheless, market forces set in motion by restricting bank cash were not relied on exclusively in the 1955-57 tight-money period. An element of rigidity was introduced in the form of an agreement reached in November, 1955, between the chartered banks and the Bank of Canada to the effect that, from June, 1956, the chartered banks would endeavor to maintain against their statutory deposit liabilities 15% or more in the form of primary and secondary reserves; that is, in the form of the legally established primary reserve of 8% in notes of and deposits with the Bank of Canada, plus a voluntary secondary reserve in the form of Treasury bills and day to day loans sufficient to make up the balance.

The combination of orthodox central-bank restriction of bank cash operating through the 8% primary ratio, plus the freezing of additional assets, made necessary by the new secondary requirement, forced the banks to reduce their security holdings by over a billion dollars, In fact, net sales of all securities understate the degree of stringency imposed at this time by the central bank: additional sales of longer term securities had to be made in order to increase Treasury bills and day-to-day loans sufficiently to meet the new secondary ratio. This increased secondary actually **reduced** the true liquidity of the banks: this additional reserve could not in fact be liquidated to provide resources for loans or other forms of investment; instead other forms of investment had to be liquidated to build up the new secondary ratio. As a result, and in spite of the investment boom, total deposits rose by only $344 millions from 1955 to 1957, or little more than a third of the rise during the 1950-53 tight money period.

The yo-yo had begun to swing a bit harder.

Tight Money in 1958-59

The third tight money phase ran from September, 1958, to August, 1959. During this period, in addition to the secondary-ratio agreement, tight money was imposed by severely orthodox methods operating through the money market. Nevertheless, this tight-money period is the least easy to explain. The uncertain recovery of 1958 did not appear to hold any great danger of immi-

Continued on page 36

Financing Our Deficit In a Noninflationary Way

By William McChesney Martin, Jr.,* *Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.*

Views of recently reappointed Chairman of the Federal Reserve differs from fellow Board member George W. Mitchell's that monetary policy was less stimulative than was appropriate for domestic expansion. In testifying the same day as Mr. Mitchell to the Joint Economic Committee, Mr. Martin points out: (1) monetary policy has been and remains "easy" to meet the economy's growing needs; (2) indivisibility of the problem of maintaining international dollar confidence and of providing financial basis for sound domestic growth; and (3) the Central Bank's position regarding the financing of the Federal deficit. Besides the problem of financing the deficit whether or not taxes are cut, Mr. Martin gives his views on meeting the persistent problems of unemployment and balance of payments. Says that any substantial progress in those areas in a year's time will indeed be most gratifying.

The focus of my remarks will be on the financial aspects of the economic situation and particularly on the role of monetary policy. Individuals, business concerns and governments—national, state and local—obtained financing in record volume in 1962. Altogether, through borrowing and the issuance of securities, they acquired additional funds in the net amount of $58 billion. That surpassed 1959's previous record by $5.5 billion. It exceeded 1961 by $12 billion.

William Mc C. Martin

Mortgage loans registered a record expansion of $24 billion. Consumer credit outstanding showed a marked rise of $5.5 billion, three times as much as in 1961. Corporations cut back the issuance of bonds and stocks but stepped up their short-term borrowing. New borrowing by the Federal Government equalled that of the previous year, while new borrowing by state and local governments continued in about the same record volume as in 1961.

A considerable part in supplying the financial needs of the nation was played by the banking system. Commercial banks increased their outstanding loans and investments by a record $19 billion. The increase in loans amounted to $14 billion; purchases of state and local securities accounted for the rest. The rate of expansion, 8½% for the year as a whole, was rising more rapidly as the last five months went by.

One particular display of enterprise by the banks seems worthy of special attention. The story behind it begins with the start of 1962 when, taking swift advantage of authorizations from the Federal Reserve and the Federal Deposit Insurance Corporation, banks in impressive numbers set out to gain deposits by raising the interest rates they pay for savings accounts and also for time deposits for six months or more.

The results were dramatic: the public responded to the higher rates by increasing its time and savings deposits some $15 billion, net, or 18%—at an annual rate—a development unequalled in postwar experience. Also dramatic was the aftermath: the banks responded to the mounting inflow of funds by lending on real estate in an amount unmatched since the war and by purchasing state and local securities in a volume unprecedented in history. Meanwhile, in further reflection of the effect produced by the rising supply of savings, interest rates on mortgages and interest yields on state and local securities moved generally lower despite rising borrower demands. Thus, the flow of funds that was given impetus by the offer of benefits for savers brought about benefits for borrowers as well, and, I might add, for the entire economy.

Fed Supports Extra Margin Of Reserves

To backstop and sustain that movement of funds—plus the still more massive process of total bank credit extensions—the Federal Reserve provided the reserves required to support the considerable expansion of deposits entailed. Indeed, it went beyond that, so that at all times in 1962, the banks had an extra margin of reserves that would have enabled them to meet an even greater loan demand than actually materialized. Over the course of 1962, the Federal Reserve provided a total of $1.9 billion of reserve funds, through its payments for Government securities purchased in the open market, to support bank credit and monetary expansion. For this purpose, it also released in late autumn another $750 million in bank reserves by reducing from 5 to 4% the reserves required against savings and time deposits.

Bearing in mind that the course of the economy is determined by a whole complex of individual, business and Government decisions in which monetary policy plays only a modest part, it seems to me that the Federal Reserve System did just about what could and should have been expected of it in 1962. Monetary policy most certainly did not provide — nor could it have provided—a solution to the major economic problems which confronted us during the year. But it did contribute to credit conditions that were, I think, conducive to that end.

The American economy progressed in many respects in 1962. For the year as a whole, gross national product in (constant dollars) rose 5%, industrial production nearly 8%, nonagricultural employment 2%, personal incomes 6%, and corporate profits 12%. Consumer prices rose 1.2% during the year, but wholesale prices remained virtually unchanged.

Persistent Unemployment

Yet we continue to be plagued by relatively high unemployment and by a substantial deficit in our international balance of payments.

The number of people having jobs rose 1.2 million in 1962—and at the seasonal peak of employment last summer there were al-

Digitized for FRASER
http://fraser.stlouisfed.org/

most 70 million people at work suggesting that we may indeed top the 70-million-job milestone this coming summer. Yet the average rate of unemployment declined only to 5.6% in 1962 from 6.7% in 1961. Furthermore, despite an increase in industrial production to a level 8% above the previous high in the first quarter of early 1960, the number of workers on the production lines of the nation's factories declined 500,000, or 4% in the same period.

And even though continuing efforts to reduce the deficit in our international payments registered some success, the gap between our payments abroad and our receipts from international transactions continued large for the fifth consecutive year. In 1962, that deficit is now estimated at somewhat more than $2 billion, even though it was held down, as it had been the year before, by large prepayments by foreign governments of long-term debt to the United States. Noteworthily, imports of merchandise, given impetus by expansion in the American economy, rose more than exports. In consequence, the trade surplus on which we count to help cover our military expenditures abroad, foreign aid programs, and our capital outflow narrowed to less than $4.5 billion in 1962, compared to nearly $5.5 billion in 1961.

Let me say here that providing a sound financial basis for healthy growth in the United States and maintaining international confidence in the dollar as a reserve currency are but two sides of one indivisible problem. There is no set of policies that is truly good for the domestic economy, but bad for the dollar; and there is no course of action that is really good for the dollar, as an international currency, which is not good for the American economy.

There is the tendency to speak of international *versus* domestic goals. This seems to me to be only the latest version of a series of problem-formulations in terms of unrealistic alternatives. Over the years, we have seen counterposed full employment *or* price stability, social objectives *or* financial objectives, and stagnation *or* inflation. In the last case there was even serious discussion of the number of percentage points of inflation we might trade off for a percentage point increase in our growth rate. The underlying fallacy in this approach is that it assumes that we can concentrate on one major goal without considering collateral, and perhaps deleterious, side effects on other objectives. But we cannot. If we were to neglect international financial equilibrium, or price stability, or financial soundness in our understandable zeal to promote faster domestic growth, full employment, or socially desirable programs, we would be confronted with general failure.

In the search for an appropriate policy in the monetary sphere, many factors must be weighed together to strike a balance. There is no ideal policy that will solve at one and the same time the balance of payments problem, the unemployment problem, and the growth problem, the wage-price problem, the profit squeeze problem, the housing problem, or any other problem—for none of these problems can be attacked in isolation through monetary policy.

As we enter 1963, the banking system continues to be in a favorable position to extend further credits. Taken altogether, the banks continue to have more reserves than they are required to carry, and only a very small fraction of these excess reserves are attributable to borrowing from the Federal Reserve System. In other words, the banks as a group have a considerable margin of "free reserves." They also have a sizable portfolio of near-term Government securities that they can use to raise further funds for loan expansion as opportunities to extend private credit arise.

Monetary Policy Remains Easy

In the language of the market place, the posture of monetary policy has been and remains "easy." At the same time, we have tried to avoid placing banks in a position which would impel them to reach beyond the bounds of prudence and good financial judgment in extending credit. We have tried to keep enough give in the credit structure to meet the growing needs of the economy, but not so much as to encourage speculative excesses. This program has served the dual purpose of maintaining the soundness of domestic credit developments, and at the same time lessening incentives to transfer short-term funds abroad.

Keeping day-to-day policy in consonance with these basic System objectives is a never-ending process of evaluating the continuously changing scene, on both the domestic and international economic and financial fronts. One of the great strengths of the Federal Reserve System is that it has a seven-man Board of Governors and 12 regional Reserve Banks from which a wide variety of views is brought to bear on all monetary decisions.

Quite naturally, and I believe quite helpfully, there have been some differences of view in the System over the precise course of current action most likely to achieve the objectives upon which we have been mutually agreed. On several occasions some members of the committee have felt that we would contribute more to the achievement of healthy expansion by increasing slightly the availability of reserves, while others have felt that the situation, particularly for balance of payments reasons, called for a modest move in the opposite direction. Yet the range of these differences was narrow and consequently the differences between the policies adopted and the alternatives proposed were, typically, quite small.

It is not my practice to attempt to forecast the future course of economic events or to comment on the monetary and credit policies that would be appropriate to them. Over the years I have found that viewing the economic prospects for the United States in the year ahead with cautious optimism is as good a working assumption as I have been able to discover. I agree with the statement in the President's Economic Message that the broad outlook is for continued moderate expansion.

Three Immediate Problems

Without in any way retreating from my position of cautious optimism, I would like to call attention to three things that concern me as I review our national situation and its prospects. First, the problem of financing the large Federal deficit that seems inevitable for fiscal 1964, whether or not the tax reductions recommended by the President are enacted. Second, the problem of finding an economically sound and workable program to reduce unemployment and to take care of those who, despite their efforts to find work, are caught in a maelstrom of economic forces that causes them prolonged joblessness. Third, and finally, the problem of achieving a satisfactory equilibrium in our balance of payments.

Let me take first the matter of deficit financing. As a widely read financial writer[1] put it—very well, I thought — in a recent column.

"The method of financing the deficit can (1) lay the base for another inflationary upsurge and weaken the dollar's value. Or it can (2) have some stimulating impact on the economy, just because the government is putting more money into our pockets than it is taking out in taxes. But it must not flood the business stream with extra money, set off another speculative spiral, or undermine the dollar's value here or abroad.

"This is the crucial point, but it is so much in the sphere of technical high finance. . . ."

and mind you I am still reading from the article—

"that very few people out of Washington grasp what it means.

"Consider what is happening to this year's budget deficit.

"We are running a budget deficit now estimated at $8.8 billion. Most of the money to cover this deficit already has been borrowed by the Treasury.

"How has it been borrowed? Almost entirely outside of the banking system—which is the heart of the whole matter.

"United States corporations have bought large amounts of the Treasury's short-term securities and have put their extra cash into Treasury I. O. U.s instead of spending it. Foreign investors and foreign central banks have bought big chunks of the Treasury's I. O. U.s and have been investing their extra cash instead of spending it. There is nothing inflationary about these operations at this time.

"Had the Treasury borrowed the money from the United States banking system, though, the picture could be drastically different. For when banks buy the Treasury's securities, they simply place a deposit in the Treasury's name on their books; they put up only a fraction of their own cash. When these deposits in the Treasury's name are on the books of the banks, the Treasury has the money to spend.

"As the Treasury spends the

Continued on page 38

[1] Sylvia Porter, *Washington Star*, Jan. 28, 1963.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY
9 Rockefeller Plaza, New York 20, N. Y.

On February 27, 1963, a quarterly dividend of 43¾ cents per share on the Preferred Stock, and a dividend of 40 cents per share on the Common Stock, were declared payable April 1, 1963, to stockholders of record at the close of business March 12, 1963.

WM. C. SIMONSON, Secretary

CSC

COMMERCIAL SOLVENTS
Corporation

DIVIDEND NO. 113

A dividend of twenty cents (20¢) per share has today been declared on the outstanding common stock of this Corporation, payable on March 29, 1963, to stockholders of record at the close of business on March 6, 1963.

H. B. DURBIN
February 25, 1963. *Secretary.*

ELECTRIC BOND AND SHARE COMPANY
New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) a share on the Common Stock, payable March 29, 1963, to shareowners of record at the close of business on March 8, 1963.

B. M. BETSCH,
Secretary and Treasurer
February 21, 1963.

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 195

A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable March 29, 1963, to stockholders of record at the close of business on March 11, 1963. The stock transfer books of the Company will not be closed.

WILLIAM L. BENGER
Vice Pres. & Treasurer.

UNITED GAS
CORPORATION
SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of forty cents (40¢) per share on the Common Stock of the Corporation, payable April 1, 1963, to stockholders of record at the close of business on March 11, 1963.

B. M. BYRD
February 26, 1963 *Secretary*

UNITED GAS
SERVING THE
Gulf South

DIVIDEND NOTICE

QUALITY

The American Tobacco Company

230TH COMMON DIVIDEND

A regular dividend of Thirty-seven and One-half Cents (37½¢) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on March 1, 1963, to stockholders of record at the close of business February 8, 1963. Checks will be mailed.

J. R. WATERHOUSE
Treasurer

January 29, 1963

© A. T. Co.

DIVIDEND NOTICE

CONTINENTAL BAKING COMPANY

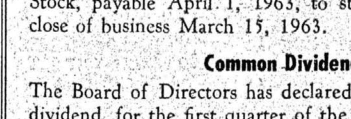
Preferred Dividend No. 97

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 Dividend Preferred Stock, payable April 1, 1963, to stockholders of record at the close of business March 15, 1963.

Common Dividend No. 72

The Board of Directors has declared this day a regular quarterly dividend, for the first quarter of the year 1963, of 55¢ per share on the outstanding Common Stock, payable April 1, 1963, to holders of record of such stock at the close of business March 15, 1963.

The stock transfer books will not be closed.



M. C. WOODWARD, JR.
TREASURER
February 26, 1963

gitized for FRASER

The State of TRADE and INDUSTRY

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

An appraisal of the performance of the U. S. economy during the past year and more is subject to somewhat different interpretations depending on the orientation of the analysis, according to the *Monthly Review* recently published by the Federal Reserve Bank of Kansas City. One approach would be concerned with the recessions and recoveries of the business cycle, while a second method would be to focus on the longer-term trend of developments in the economy.

The *Review* pointed out that economic activity began to recover nearly two years ago from the mild setback of 1960-61 and since then the annual rate of total output has advanced about $60 billion. Manpower needs have risen also and nonfarm employment during recent months exceeded the previous high by nearly a mililon persons. At the same time, however, unemployment has continued high also.

No Signs of Strong Upward Movement

This expansionary momentum was much more characteristic of 1961 than 1962, the *Review* noted. Gross National Product, for example, rose at an annual rate of 9.2% in the first three quarters of the recovery beginning in the second quarter of 1961, but during the first three quarters of 1962 the rate of increase was only 2.4%. In addition, nonfarm employment and industrial production have shown no gain since about midyear and the rise in personal income has tapered off. Moreover, the article added, it seems fair to say that at the turn of the year there are no signs of a strong upward movement anywhere in the private economy.

The loss of momentum during 1962 superimposed upon a longer period of less than full employment is an indication that the current problem has dimensions beyond those arising from a hesitation in the business cycle. Rather, the problem requires added attention to the measurement of productive capacity and the trend of output, to the implications of continued high unemployment and slow labor force growth, and to the meaning of low utilization of industrial capacity and deteriorating profit margins, the article noted.

The recent trend of output in relation to industrial capacity is illustrated in the fall survey of plant and equipment expenditures by the McGraw-Hill Publishing Company which indicated that manufacturers were operating at 83% of capacity. This was about the same rate as in December 1961. In fact, excess capacity developed in several industries during the 1956-57 peak in activity and, since 1959, the gap between manufacturing potential and output has held relatively steady. This continued overabundance of capacity has operated as a brake on capital investment during both the 1958-60 cyclical recovery and the expansion beginning in early 1961, the article adds.

The squeeze on corporate profits also is partly an outgrowth of the shortfall in plant and equipment utilizations. Idle facilities yield no returns but they do carry depreciation and maintenance costs. Furthermore, a prolonged period of disappointing profits weakens investment incentives further and slows the over-all growth of the economy, the article continued.

Also disturbing is the fact that the unemployment rate has held stubbornly at relatively high levels. In November 1962, the rate was 5.8% of the civilian labor force — the same rate as at the beginning of the year. While this is well under the 7% level of 1961, improvement has been neither spirited nor progressive, the article states.

The key to more rapid over-all growth, the article stated, is a greater volume of expansion-type investment. This, in turn, requires a strengthening of the incentives for expansion. The recent revisions in depreciation guidelines and the 7% investment tax credit will be helpful in this direction.

It does not seem likely, however, that a substantially higher investment rate will be achieved unless businessmen can foresee expanding markets, the article added. One of the most significant areas of the market is that for consumer investment-type goods —durables and housing. Consumers are spending freely of their after tax incomes and what seems to be needed, then, is a significant increase in income and purchasing power, the article concluded.

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 $26,574,841,861 against $25,772,367,701 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week Ended Feb. 23—	(000s omitted) 1963	1962	%
New York	$14,345,612	$13,352,469	+ 7.4
Chicago	1,200,430	1,139,145	+ 5.4
Philadelphia	1,018,000	1,079,000	— 5.7
Boston	751,272	734,947	+ 2.2
Kansas City	489,877	487,539	+ 0.5

1.6% Steel Rise Over Prior Week Marks Fourth Weekly Gain In a Row, but is 13.3% Below Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Feb. 23 was 2,086,000 tons (*112.0%), as against 2,054,000 tons (110.3%) in the week ending Feb. 16. The week to week output increased 1.6%.

This gain was the fourth weekly one in a row since 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. 23—the output of ingots and castings has totaled 15,558,000 net tons which comes to a 18.4% decline compared to Jan. 1-Feb. 24, 1962 production of 19,076,000 net tons (128.0%).

Data for the latest week ended Feb. 23 show a production decline of 13.3% compared to last year's week output of 2,405,000 net tons (129.1%).

District—	* Index of Ingot Production for Week Ending Feb. 23	Feb. 16
North East Coast	103	99
Buffalo	100	101
Pittsburgh	98	97
Youngstown	100	101
Cleveland	124	121
Detroit	165	163
Chicago	127	123
Cincinnati	115	114
St. Louis	109	109
Southern	106	104
Western	111	112
Total Industry	112.0	110.3

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

March Steel Shipments to Be Up; Inventories to Grow by 500,000 Tons

Chances are that March shipments of finished steel will total about 6.7 milion tons and that consumer inventories in March will increase by more than 500,000 tons, *Steel* magazine said.

Market analysts expect March shipments (largest since last April's 6.8 million tons) to be up about 15% over February because:

(1) Economic conditions are better than expected, and steel is being consumed at a surprisingly fast pace.

(2) Seasonally affected industries like canmaking and construction are stepping up steel purchases.

(3) Inventory liquidation is grinding to a halt.

(4) Some users are starting to hedge against the threat of a steel strike.

Steel Union Expected to Delay Contract Reopening

If the steel labor contract is reopened by the United Steelworkers of America on May 1 and negotiations continue until the Aug. 1 deadline, inventory building probably won't top 5 million tons.

The big question is: Will the union decide to reopen the contract? *Steel* doesn't expect the union to make a decision before late March or early April.

Automakers probably won't add much steel to their stockpiles in March, but they're getting set to accelerate their hedging during the second quarter.

Nonautomotive customers have not started hedging and have not firmed up inventory plans. They're buying for immediate consumption and counting on fast delivery.

When the auto companies start ordering bigger quantities of sheets and bars, the market will tighten and deliveries will lengthen. In Chicago, it's happening already: Sheet deliveries have been extended by a week. In the East, demand is rising gradually, but deliveries are unchanged.

Although steel service centers have seen a moderate sales pickup, they're not building inventories. Stocks total an estimated 3.2 million tons (vs. 3.4 million tons a year ago). Distributors figure they'll have plenty of time for strike hedging in the 90 day bargaining period that would follow reopening of the steel labor contract.

Steel Output Up for Fourth Straight Week

This week, steel ingot production will continue its upward climb for the fourth straight week. Output is expected to be higher than the 2.1 million tons that *Steel* estimated the industry poured last week. The operating rate was at 68.5% of estimated capacity.

Scrap is not responding to the steel output uptrend. Last week, *Steel's* price composite on No. 1 heavy melting grade held at $28.33 a gross ton for the third week.

In world steelmaking news, *Steel* reported the three biggest steelmakers in Japan have announced reductions in their 1963 capital spending programs totaling 26%. They'll spend $222 million. And Japanese steelmakers are asking their coal suppliers around the world—including those in the U. S. and Canada—to reduce prices.

Inventory and Auto Buying Strengthens Steel Output

The steel market continues to strengthen with inventory buying just beginning to become a factor, *Iron Age* magazine reported.

Automakers, their suppliers, and appliance manufacturers are now making themselves felt with their inventory planning. But, as yet there is no broad, explosive push that has characterized buildups in other steel labor years.

The move to stockpile in advance of steel labor negotiations will lift April shipments. Following General Motor's announcement last week of its plans to build up steel stocks, the auto industry made its intentions clear.

Ford will stockpile 60 days supply in addition to its normal inventory. This buildup should be completed by the end of July, and will assure completion of the 1963 model run. It has been suggested that suppliers take similar precautions.

Chrysler will have more than two months supply of steel by the end of June. American Motors will have 60 days inventory by the end of July. Studebaker started its buildup to be completed by the end of July.

Iron Age reported an unprecedented move by U. S. Steel Corp. to make stockpiling easier for one of its biggest customer industries —the canmakers. The company will offer delayed billing on tinplate, if the Steelworkers Union reopens steel wage talks on May 1 or later.

Tinplate bought in May, June, or July that is ordered for use in August, September or later will not have to be paid for until it is used. But this only applies to that product—and only if wage talks are reopened.

The magazine pointed out that the move could lead to demand from other customers for the same treatment. However, can companies have always been in a special class. Because of its seasonal nature, steel mills traditionally have assumed a portion of the inventory burden of the canmakers.

In another major marketing move, stainless steel prices fluctuated sharply for some grades. This is interpreted as the result of competitive battles between specific companies. It also is a reflection of the competitive automotive market for stainless, challenged by aluminum in some applications.

Outside of the automotive inventory developments, there is little decisive action in the market. There is some broad improvement as a reflection of an improving rate of general business. The amazing auto market, which may result in increased production schedules, continues to be the major factor, even without inventory building.

This is reflected in reports that some inventory building has already been nullified by higher auto production which chewed up steel that was originally destined for the stockpile.

Week's Auto Output 8.6% Above Last Year

Apparently confident of catching even stronger consumer fancy come spring, the U. S. auto industry last week maintained car assembly at an optimum rate of nearly 30,000 passenger cars a day, despite inventories now built up to nearly 1,000,000 new models.

Ward's Automotive Reports estimated production last week totalled 146,271 units, a 2.1% decline from 149,392 cars made last week but 8.6% ahead of 134,617 assemblies in the corresponding session of last year.

The statistical agency attributed the slight dip in output to planned adjustments in production—vs.—inventories by three auto makers. Ford, at Kansas City, was down all week and its Dearborn plant was closed Washington's birthday. Chrysler Corp. closed its Detroit Jefferson Ave. plant for the week and Studebaker Corp., at South Bend (Ind.), operated only three days in Lark-Hawk output.

Ward's also said overtime last Saturday was the least extensive of the '63 model run thus far except for the holiday respite in December. Four General Motors Corp plants, including three Chevrolet facilities and Buick division's main complex at Flint (Mich.) were slated for the industry's only overtime.

For entire February, auto output is expected to reach about 600,000 units, highest for the month except in record year 1955, and in 1960 after resumed steel supply. Following January output of a record-reaching 687,421 cars, 1963 output to date of 1,170,913 cars is running 8.2% ahead of last year and pacing all other years except for 1960, when output bulged abnormally in the first quarter.

Meanwhile, truck production in February, expected to total more than 117,000 units, will also be highest for the month except in 1960, even eclipsing the rate of output in war-time record years of 1950 and 1951.

Of passenger cars scheduled for this week, General Motors was expected to account for 58.4%; Ford Motor Co. 22.9%; Chrysler 10.6%; American Motors 7.2%, and Studebaker Corp 0.9%.

Rail Freight Loadings Drop 4.9% Below Year Ago

Loading of revenue freight in the week ended February 16, totaled 512,084 cars, the Association of American Railroads announced. This was a decrease of 16,678 cars or 3.1% below the preceding week.

The loadings represented a decrease of 26,289 cars or 4.9% below the corresponding week in 1962, but an increase of 9,750 cars or 1.9% above the corresponding week in 1961.

There were 14,960 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Feb. 9, 1963 (which were included in that week's over-all

Continued on page 39

Digitized for FRASER
http://fraser.stlouisfed.org/

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

The foreign aid policy of the United States and the Kennedy foreign aid program—estimated to cost $4.9 billion the next fiscal year—are due for a close scrutiny by Congress with the indications that it is in for a more critical reception than it has met in several years. A group of Senators, led by Majority Leader Mansfield, has just submitted a report calling on Mr. Kennedy to clamp down on aid to Southeast Asia and asking for a sharp reassessment of needs there. The committee is a bipartisan group.

The tangled situation of our foreign affairs is likely to cause the Administration more trouble this year than usual. There is a growing hostility even on the part of those members of Congress who have supported the aid programs in the past. Last year Congress cut almost a billion dollars of the sum requested by the President for foreign aid. It appropriated $3.9 billion. During the Truman, Eisenhower and Kennedy Administrations, the period since the close of World War II, it is estimated that $98 billion has been contributed by the taxpayers of this country to foreign countries for relief, for economic and military aid. Dr. D. A. Fitzgerald, Deputy Administrator until last August, in a copyrighted interview in *U. S. News and World Report*, said the grand total comprised $24 billion in loans and $74 billion in grants.

Some of the loans have been paid back, either in whole or in part, especially those made under the Marshall Plan which was designed to bring about European recovery.

Our foreign aid programs have been vastly extended until now they reach into 80 countries. Dr. Fitzgerald estimated that of the $98 billion total, $31 billion has been for military aid and $67 billion for economic aid of one sort or another. He said frankly he saw no end to our foreign aid, which is scarcely encouraging to Americans. He explained, however, that a foreign aid program is both wise and necessary; that from a military point of view and a political point of view such a program is of real value to the United States in view of the struggle between the West and the Communist bloc. In discussing his statement, "There is no end in sight," Dr. Fitzgerald commented: "I say we are in it for a long time because on the one hand, our foreign policy strategists will want to have foreign aid available to meet short-term political crises and on the other, bona fide economic growth is slow, slow, slow. You've got to start with training human resources gradually built up so that the country can absorb capital to the point where the country is able, with reasonable management, to go on its own." This, he said, means 25 years or more of aid for many countries. This development process is extremely essential in Latin America and particularly in the nations in Africa which have recently become independent.

Republican and Democratic leaders on Capitol Hill agree that the proposed foreign aid program will be materially slashed for the fiscal year 1964, probably to a figure less than last year's figure for 1963, and perhaps as low as $3.7 billion. The argument is that with the expected tax reduction and a possible Federal deficit of more than $10 billion, Congress will seek to prune Government appropriations and expenditures wherever they can. And with an election year coming up, members will prefer to cut foreign expenditures rather than Federal spending for their own districts. Indeed, it is becoming more and more difficult to make the American people understand why they should be taxed to spend money on people who live across the world from us and even for those closer by.

Shearson, Hammill To Admit Partner

On March 7, Proctor Winter will be admitted to partnership in Shearson, Hammill & Co., 14 Wall Street, New York City, members of the New York Stock Exchange.

Course on Investing

A free course in the fundamentals of investing will be offered to the general public at all 12 offices of the New York Stock Exchange member firm of Edwards and Hanly.

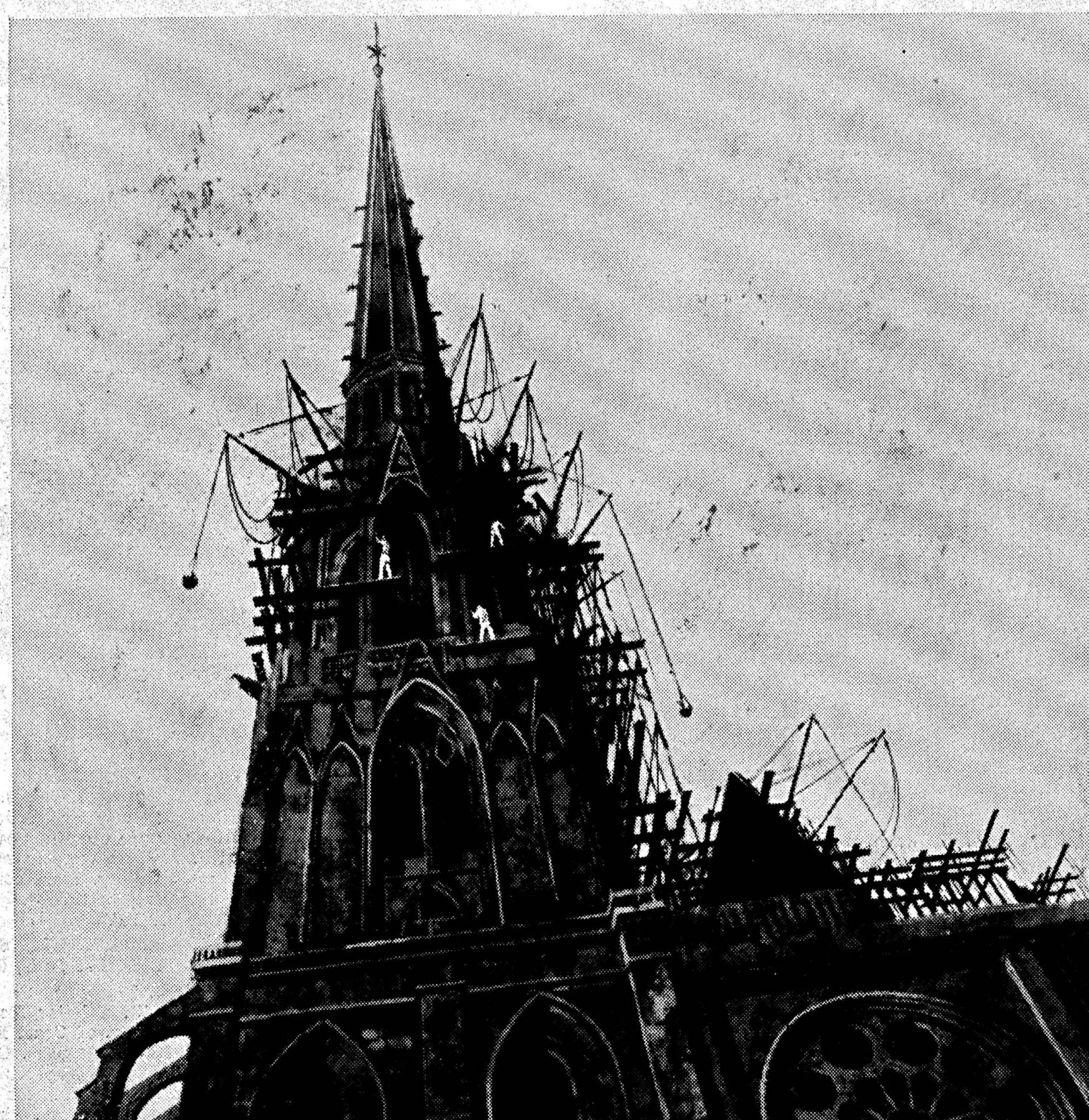
The course consists of four consecutive weekly sessions, starting the week of March 11. Participants have the option of attending sessions on any of several weekday evenings at all offices.

Subjects such as how to select income and growth stocks, how to manage investments, how to choose a broker and how to read and understand the financial pages will be covered. Accommodations are limited and interested persons may visit or phone any Edwards and Hanly office for reservations.

Edwards and Hanly, whose activities are centered principally in Long Island and New Jersey, periodically conducts investment lectures and business forums for investors.

The firm maintains its headquarters at 100 North Franklin St., Hempstead. Branches are located in Flushing, Glen Cove, Levittown, Jackson Heights, Huntington, Bay Shore, New York City and Hewlett; Newark, Clifton, Short Hills, N. J.

WHAT ARE YOU BUILDING? Three stone masons working on a church were asked what they were doing. Said the first: "I'm laying stone." The second: "I'm earning a living." But the third: "*I'm* building a great cathedral." Enthusiasm is the mortar that changes a life...or a job...from merely "laying stone" into a great undertaking. Without it the truly worthwhile is seldom accomplished. ■ *In steel and stone, our assets now exceed two billion dollars. But our greatest asset is not listed on our balance sheet. It is the enthusiasm and dedication of those who built our company and keep it growing.*



TENNESSEE GAS TRANSMISSION COMPANY

FROM NATURAL GAS AND OIL...HEAT, POWER, PETROCHEMICALS THAT MEAN EVER WIDER SERVICE TO MAN

HEADQUARTERS: HOUSTON, TEXAS • DIVISION: TENNESSEE GAS PIPELINE COMPANY • SUBSIDIARIES: MIDWESTERN GAS TRANSMISSION COMPANY • EAST TENNESSEE NATURAL GAS COMPANY TENNECO CORPORATION • TENNECO OIL COMPANY • TENNECO CHEMICAL COMPANY • TENNESSEE LIFE INSURANCE COMPANY • AFFILIATE: PETRO-TEX CHEMICAL CORPORATION

Digitized for FRASER
http://fraser.stlouisfed.org/

The Market . . . And You

BY WALLACE STREETE

Has the stock market reached the point of no return?

More than a few observers are beginning to think so. That sharp drop in this week's opening session of more than seven points in the Dow-Jones industrials was the biggest this year.

The one-day skid was also the largest since Oct. 23 when the market was gyrating amid the Cuban crisis.

Last week the market suffered three successive declines in four sessions. The one encouraging factor for technicians is the steadily declining volume pattern when the market is descending.

The odd-lot sales picture continues to confirm that this is still a market of professionals and that any prolonged retreat is likely to be orderly.

Divergence from the Average

But averages only tell part of the story of the market action of recent weeks. Although the highly-regarded Dow has bounded back to regain 75% of its loss from the low of 535 late last June, it is significant that nearly half the issues listed on the Big Board are still below their highs of last summer.

Also akin to the old argument that you can't tell your stocks by the averages is a recent study of what has happened to individual issues. This survey found that while the Dow industrial index has come within 8% of its 1961 high, only 123 of 1027 stocks have climbed to within 8% of their highs of the last five years.

Nearly a third of these were utilities in sharp contrast to many industrials that are still 20 to 40% below their previous highs.

Economic Uncertainties

Meanwhile the business news affecting the market is nearly as spotty as the market itself. Corporate profits as a whole are now known to have hit peacetime highs in the final quarter of 1962. Indications are also strong that this trend will continue for the current quarter.

But there is still a lot of uncertainty. Unemployment is creeping up toward the 6% level. The length of the factory work week fell last month for the second straight period.

Home construction starts, off 15% in January, were the lowest in nearly a year. Retail sales appear sluggish. Personal income would have slipped but for a temporary boost from GI life insurance dividends.

The Good News

Yet there is also good news around for the bulls. Steel operations continue to improve. Inventory building has pushed February orders 10% ahead of January's. March shipments are expected to climb another 15% to become the largest since last April's 6.8 million tons.

Some security analysts are even recommending the steels, more especially U. S. and Bethlehem, although neither seems to be making any headway in the current market. Outlook for the steel group as a whole continues gloomy but less so than in the last quarter when the combined net of 26 companies fell 42%.

"Beth" is now barely five points above its low for the year of 27⅛, while U. S. Steel is only 10 points above its low of 37%.

Booming Auto Business

Good news continues to bolster the auto stocks, but the repeated effects of record sales are wearing thin. Every auto maker has racked up sales gains for the middle third of February. The daily sales gain ranges from 59% for Chrysler to 1% for American Motors.

Pontiac, Chevrolet, and Cadillac have also set new sales records for mid-month. General Motors' share of the market is now higher than it was a month ago, but you wouldn't know it by the action of its stock.

Last week GM eased nearly a point while earlier this week it was unchanged.

Chrysler maintains much of its strength, although it has been subject to profit-taking. Its supporters can also throw a bit of the credit for this strength to the shorts.

Huge Short Interest

The huge short interest is also acting as a bullish force on the whole market, according to many experts. Several point to the fact that February's shorts rose 215,573 shares to top the 6 million mark. Although this is considerably under December's 6.4 million, it represents a fairly wide gain for a single month.

More importantly the large shorts should also spell higher stock prices in future months if the Wall Street seers are correct.

Tax Talk

Tax talk is still bullish for the board room adherents. Although the Administration's position is certainly no stronger and may even appear technically weaker, there is no organized opposition as yet to tax revision programs. Across-the-board corporate tax cuts will undoubtedly help the market as a whole, but the effects should vary widely.

If Congress decides to change the oil depletion allowance — and this seems to be an outside possibility at the moment—oil stocks will certainly feel the far-reaching effects.

A Bull Market on Utilities

Two industries currently performing well in the market place —rails and utilities—would seem to be well located for future gains, according to the number of recent recommendations. Both groups, as measured by their Dow indices, are performing much better than the industrials.

Southern Natural Gas, now close to its high for the year of 50, has been termed reasonably priced at 16 times last year's earnings and 15 times this year's estimated $3.25 a share.

Utilities, as measured by the combined earnings of 38 companies, lifted their profits 12% in the final 1962 quarter from the year-earlier period. Arkansas Louisiana Gas has also been cited for growth.

Revival of rail issues has aroused more interest in railway equipment makers.

Impact on Rail Equipment

The increased cash flow of many railroads has already had a sharply beneficial effect on orders of new equipment. Two companies particularly mentioned have been Pullman and ACF Industries. Pullman, now about midway between its low for the year of 20¼ and its high of 38½, earned 85 cents a share in the first nine months of 1962. Its yearly dividend is $1.40.

ACF broke through to a new high for the year of 88 this week. Its low was 52⅛. American Brake Shoe also hit a new high of 55 recently after trading as low as 41.

The combined earnings of eight rail equipment makers, according to a recent study, rose 9% in the fourth quarter over the '61 period.

Although the rails are generally making progress toward higher levels both in stock prices and earnings, there are exceptions.

Better liked among the rails by analysts are Seaboard, Southern, Union Pacific, Kansas City Southern, and the Santa Fe. Postponement of a strike on a major carrier this week should also help the temporary outlook. The prospects have been aided greatly by the fourth quarter showings. Combined earnings of 42 roads rose 25% over the 1961 period. Continued improvements are looked for this year.

Farm Equipment Favored

Another group coming into favor is farm equipment. The "theoretically dull farm implement business," as phrased by one analyst, is said to be headed for an even better year than 1962 which was a near record.

International Harvester, now close to its high for the year of 57½ (low was 43½), announced record earnings this week of 64 cents a share for its first fiscal quarter ended Jan. 31. A year ago it earned 41 cents. This sharp 45% rise in profit came on a mere 4% hike in sales. The second quarter, usually a high spot for most farm implement makers, should see further sales gains, says Harvester's President.

[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.]

Wm. R. Staats to Admit Partners

SAN FRANCISCO, Calif. — William R. Staats & Co., 111 Sutter Street, on March 1st will admit to partnership John R. Moore, Basil B. Gallagher, Charles W. Fay, Sherwood B. Marshall, Alfred M. Dau, Albert E. Kogler, and Edward C. Henshaw. Messrs. Fay, Marshall, Dau and Kogler are officers of Hooker & Fay, Inc.

William R. Staats & Co., whose main office is located at 640 South Spring Street, Los Angeles, is a member of the New York and Pacific Coast Stock Exchanges.

Marshall Barnes Co. in Chicago

CHICAGO, Ill. — Marshall Barnes & Company has been formed with offices at 120 South La Salle St., to engage in a securities business. Officers are R. Marshall Barnes, president and treasurer; M. H. Barnes, secretary; and Ellen Hillman, assistant secretary and assistant treasurer. Mr. Barnes was formerly with Eastman Dillon, Union Securities & Co. and White Weld & Co.

COMMENTARY...

BY M. R. LEFKOE

FROM THE MAILBAG:

"Dear Mr. Lefkoe:

"You ended your column in the February 7th issue with the suggestion that readers may contact you if they believe that the American businessman should do something to inform the public about capitalism. Therefore, I am writing at this time about some ideas which have occurred to me.

"First, I believe that an organization like The National Advertising Council which does such a fine job with 'Smokey The Bear,' 'Red Feather' and other promotion should undertake the promotion of the free enterprise system. I believe that the preservation of this system is more important than preserving forests, etc. And the advertising system certainly has a big stake in our present system.

"One idea would be a series of ads showing who a capitalist is. The ads could picture a doctor, a truck driver, an engineer, a retired couple, a carpenter, etc. Most of these people are capitalists because they own shares in American business either outright or through a mutual fund (my business). Others are capitalists if they own the tools of their trade (the carpenter, for example). . . .

"Another series of ads could emphasize the necessity of making a 'profit.' If a company fails to make a profit, wages and salaries are in jeopardy and the continued existence of the company may be in question.

"Capitalism should be promoted and explained in this country and abroad. We are able to *sell* almost anything and should be able to sell the American Way."

LARRY MOORMAN
Fort Lauderdale, Fla.

* * *

"Dear Mr. Lefkoe:

"Each company should encourage a conservative posture among the rising employees. This would consist of released time to work for conservative candidates, trained speakers to talk on the benefits of our capitalistic system, and a company news sheet to explain the evils of collectivism to the wage earners. . . .

"From my own efforts in my classes and as a speaker, I know this person - to - person approach will work. As an example, I am attaching a copy of a speech I have given, with variations, to half a dozen high school classes. It is encouraging how eagerly such truths are received when candidly stated. If there were more of us telling the story, I am confident the tide could be turned.

"Good luck."

JACK HAWKINS
Los Altos Hills, Calif.

* * *

Along with a letter from Joe Crail, President of Coast Federal Savings in Los Angeles, Calif., I received a copy of a speech he had given to the Los Angeles Junior Chamber of Commerce. Since the speech makes reference to the "Free Enterprise Program" which Mr. Crail has initiated at Coast Federal, I have taken the liberty of reprinting an excerpt from it below:

". . . I can tell you what Coast Federal does. You can use any part of our program and add your own ideas. If you do better than we do, we would like to copy you.

"Coast Federal has a basic list of Communist propaganda myths about America and the answering truths. We call this pamphlet the *Ideological War.* We develop inserts to include in our mailings —50,000 per month in regular correspondence and 225,000 quarterly to all present and past customers. We have 38 speakers making an average of three speeches each, every month. We schedule over 100 film showings per month—either *Operation Abolition* from the House Committee on Un-American Activities, or Pepperdine College's *Communist Accent on Youth.* We are looking for more films. We have a college and high school gifted student Saturday morning Seminar which studies and prepares study group programs for people who want to start study clubs.

"The first program: 'The Truth About Communism,' is now available and has been requested by about 400 study clubs. The second course, 'The American Way,' is being prepared by the Seminar. We have an executive Toastmasters Club in which topics are limited to educational material on Coast operations, free enterprise economics, how to make a speech and the techniques of thinking: logic, evidence, semantics, propaganda and analysis.

"The cost of our program is 4% of net income before taxes. We receive a batch of complaints, mostly anonymous, on each mailing insert, but lose little business. Our new business resulting from the program figuring the cost of the program as advertising cost, is approximately the same as advertising cost of other new business. Our program is not a gold mine like Rickfield Oil's was to Rickfield. But Rickfield was one shot and ours is continuous.

"A program of anti-Communism and pro-Americanism is not miracle advertising, but it pays its way and improves employee performance.

"Ninety some per cent of the people have not yet swallowed the Communist propaganda against all of the bases of American progress. More than ninety per cent of the people will support an anti-Communist, pro-American advertising, publicity and educational campaign. You will sell more customers and get better performance from your employees by exposing communist propaganda and re-educating on American truths. You will make money at it—profits in your pocket. . . ."

* * *

Of all the issues covered in the "Myths & Truths About Free Enterprise" folder which accompanied Mr. Crail's letter, one is particularly relevant in this context:

"Myth or Truth? — Educating the public on Free Enterprise is not a proper business activity and a company has no right to spend money for that purpose.

"Truth: 'The businessman is restrained from political participation for fear of public criticism or loss of a customer, not understanding that it is much better to lose a customer than to lose the climate which permits him to make a profit'."—**JOHN H. STAMBAUGH, Vice-Chancellor, Vanderbilt University.**

tized for FRASER
://fraser.stlouisfed.org/

NEWS ABOUT BANKS AND BANKERS

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

The **Chemical Bank New York Trust Company, New York,** has elected Robert S. Curtiss to its Lower Manhattan Advisory Board, according to announcement made Feb. 26 by Harold H. Helm, Chairman.

* * *

The **South Brooklyn Savings Bank, Brooklyn, N. Y.,** elected John H. Mathis, Trustee.

* * *

The Comptroller of the Currency James J. Saxon on Feb. 15 denied the application to consolidate the **Security National Bank of Long Island, Huntington, N. Y.** and **The First National Bank of Southampton, Southampton, N. Y.**

* * *

The Comptroller of the Currency James J. Saxon on Feb. 14 approved the application to merge the **Plymouth National Bank, Plymouth, Mass.,** into the **Home National Bank of Brockton, Brockton, Mass.,** effective on or after Feb. 19.

* * *

The Commercial Bank and Trust Company, Pittsburgh, Pa., has elected Harry Menzer to be its Secretary and Trust Officer.

The bank expects to be open for business in its new building at 8th Street and Penn Avenue about the middle of March.

* * *

The Comptroller of the Currency James J. Saxon on Feb. 15 approved the application to merge the **Second National Bank of Cumberland, Cumberland, Md.** into the **First National Bank and Trust Company of Cumberland, Cumberland, Md.,** effective on and after Feb. 21.

* * *

The Comptroller of the Currency James J. Saxon on Feb. 15 approved the application to merge the **First National Bank of Appalachia, Appalachia, Va.** and **The First National Bank of Big Stone Gap, Big Stone Gap, Va.,** effective on or after Feb. 15.

* * *

Pressley L. Stevenson, Vice-President of **The First National Bank of Chicago, Ill.,** has been designated head of the Trust Department succeeding the late Thomas H. Beacom.

* * *

Paul V. Sullivan, Veteran Trust Officer of **St. Louis Union Trust Company, St. Louis, Mo.,** has retired after more than 41 years of service.

Mr. Sullivan joined the accounting department of St. Louis Union Trust in 1921. He later became head of the department and subsequently transferred to the administrative section of the personal trust department. He was made Assistant Trust Officer in 1932 and was promoted to Trust Officer in 1953.

* * *

The Comptroller of the Currency James J. Saxon Feb. 20, announced that he has given preliminary approval to organize a National Bank in Lewisville, Texas.

Initial capitalization of the new bank will amount to $300,000, and it will be operated under the title **Lewisville National Bank.**

* * *

The Comptroller of the Currency James J. Saxon Feb. 15, announced that he has given preliminary approval to organize a National Bank in Kingsville, Texas.

Initial capitalization of the new bank will amount to $300,000 and it will be operated under the title **Mercantile National Bank of Kingsville.**

* * *

The **Bank of America, San Francisco, Calif.,** made Lloyd U. Mayland Vice-President and head of the officer placement department.

* * *

Directors of the **Citizens National Bank in Los Angeles, Calif.,** on Feb. 20 approved a proposed plan to merge with **Crocker-Anglo National Bank, San Francisco, Calif.**

The merger would be accomplished by an exchange of stock in the ratio of one and nine-tenths shares of Crocker-Anglo for each share of Citizens National stock.

Directors of Crocker-Anglo gave their approval to the plan at a special meeting in San Francisco on Feb. 8.

The proposed merger cannot take effect until a definitive merger agreement is executed and shareholders of both institutions meet and act upon the plan.

The proposed merger is also subject to the approval of the Comptroller of the Currency.

The proposed merger would create an institution with assets approximating $3,200,000,000.

The combined institution, which will be named **Crocker-Citizens National Bank,** would initially have in operation about 200 banking offices.

Sisson & Nair Forms on Coast

REDWOOD CITY, Calif.—Sisson & Nair Incorporated has been formed with offices at 829 Jefferson Avenue to engage in a securities business. Officers are Daniel W. Sisson, president; Richard S. Nair, vice president; and Raymond F. Bjorkquist, secretary and treasurer.

Mr. Sisson was formerly an officer of Hooker & Fay, Inc. Mr. Nair was with Granbery, Marache & Co. and Blyth & Co., Inc. Mr. Bjorkquist was an officer of First California Company and Birr, Wilson & Co.

educational television:

help for busy teachers
hope for crowded classrooms

Today, education in America faces a severe challenge. An accelerating world requires new and broader curriculums. An expanding population begs for more teachers, more classrooms.

Many communities have turned to Educational Television as an imaginative way to expand course subjects, to bring more effective teaching techniques into the classrooms without sacrificing personalized instruction from room teachers.

Because of our long experience in the research and development of telephone, television, and defense communications networks, it was natural that the Bell System was called on to develop facilities for one of the first ETV networks in the country, in Hagerstown, Maryland.

We have since helped pioneer the first statewide, closed circuit Educational Television system, in South Carolina.

In doing this, we have developed a transmission service that is low in cost and makes use of the service and maintenance facilities of local Bell Telephone Companies in communities of any size.

Helping communities like yours find the answer to better learning through ETV is just one more way of putting Bell System research and skills to work serving you and your family.

BELL TELEPHONE SYSTEM
Owned by more than two million Americans

gitized for FRASER

Will "Floating Pound" Advocates Be Successful?

By Paul Einzig

Well known foreign exchange expert does not mince any words in explaining why it would be disastrous for Britain to succumb to mounting pressures for a "floating pound" or fluctuating exchange rates — which he refers to as a respectable name for what should be termed a depreciating pound. True, in the 1930's it was possible to play the competitive out-rate exchange-rate war game but that, Dr. Einzig explains, was abetted by a stable wage level. Dr. Einzig points out that wages would continue to rise, and rise even faster with depreciation, and that other countries would not remain passive in the face of exchange dumping. The writer lists the grave damages caused by competitive devaluation of the 1930's culminating in political instability and the advent of Hitler, and warns that the experience has thoroughly discredited "beggar my neighbor" policy of trying to export unemployment, or to provide a "short cut" solution to balance of payments problem now facing Britain.

LONDON, England — There is a revival of agitation in favor of abandoning the fixed parities of sterling and adopting the system of "floating exchanges," or at any rate being prepared to change the parities frequently. This at any rate appears from the correspondence column of the London *Times*, which is a good sounding board indicating the trends in well-informed public opinion. The reason for this revival lies in the disappointing absence of any genuine improvement in export trade. The figures for January were highly unsatisfactory, and it was sheer self-deception to blame weather conditions and the American dock strike, since these adverse influences did not prevent a sharp rise in imports.

The latest production figures show that industrial output was static during the last quarter of 1962. Even though the effects of recent reflationary measures on production may not become evident for some time, the same should be true also concerning their effect on the balance of payments. While the output may increase during the next few months, the balance of payments is likely to worsen, or at any rate it is most unlikely to improve following on the release of hundreds of millions of pounds of purchasing power.

In the circumstances it is only natural that expert opinion should be inclined towards a "shot in the arm" solution. It is indeed very tempting to try to "export unemployment" by reverting to the device of exchange dumping through competitive currency depreciations, applied during the thirties.

Terms "Floating Pound" a Depreciating Pound

The "floating pound" is, needless to say, just a respectable name for what would be a depreciating pound. Those who agitate in favor of flexible exchanges must surely be aware that the device would operate one way only. Each time sterling is devalued or is allowed to depreciate there would be a corresponding rise in prices, wages and costs of production, so that in a very short time the depreciation would become fully perpetuated.

On the other hand, any depreciation or revaluation of sterling would not be accompanied by wage reductions, which in existing conditions are simply inconceivable. Indeed, the chances are that wages would continue to rise also during periods of appreciated sterling, even if the pace of their rise would be more moderate. This means that, in the absence of cuts in costs of production, any appreciation of sterling would make British exports less competitive. The resulting deterioration of the balance of payments would soon make it inevitable to depreciate sterling once more. After each temporary rise in sterling it would relapse below its previous low level and the trend of its fluctuations would be inevitably downward.

Why Fluctuating Depreciation of 1930's Would Not Work Now

Those in favor of flexible exchanges fail to realize that the conditions in which it was possible during the thirties to increase exports by depreciating sterling no longer exists. The reason why the device worked after 1931 was that British policy was one of deflation, so that depreciations of sterling were not followed by wage increases. Consequently, British exports became more competitive whenever sterling became cheaper in terms of foreign currencies. In present conditions however, the British policy is one of inflation, causing wages to rise.

The time lag between a depreciation of sterling and the resulting increase in wages would be very short. In fact, after repeated depreciations of sterling, wage increases would probably anticipate further depreciations. In order to be able to benefit by the stimulus of a temporarily under-valued sterling, it would have to be depreciated in increasingly frequent intervals and to an increasing extent. Creeping inflation would develop into runaway inflation.

In any case, the price that would have to be paid for such temporary relief to the balance of payments as could be achieved would be very heavy. In 1931 the depreciation of sterling triggered off chain reactions such as competitive devaluation race, the disorganization of international trade, aggravation of economic conditions in countries which tried to keep aloof from the depreciation race, etc. Political instability in France and the advent of Hitler in Germany were largely the consequences of the depreciation of sterling.

It would be short-sighted to the utmost if Britain attempted to obtain relief at the cost of aggravating the economic difficulties of other countries of the Free World. In any case, the governments of those countries would not remain passive in face of a British policy of exchange dumping. The experience of the thirties has shown that more than one country can play that game and that the initial advantages gained by the initiator of the policy would soon disappear. The experience of the thirties has thoroughly discredited the "beggar my neighbor" policy of competitive exchange depreciation.

The excessive increase of wages would become greatly accentuated if the policy of defending sterling at a fixed parity were to be abandoned. If it was impossible during recent years to prevent wages from rising well in excess of the rise in productivity even though the defense of sterling was generally looked upon as imperative, how much faster would unearned wages rise once the defense of sterling ceased to be considered a necessity?

It is to be hoped that the British Government will resist the temptation to take the line of least resistance by adopting a policy of sterling depreciation.

Central States IBA Annual Conference

CHICAGO, Ill. — The Central States Group of the Investment Bankers Association of America will hold its 27th annual conference at the Drake Hotel March 13th and 14th.

Scheduled for the conference are a municipal meeting on March 13th with Robert R. Brinker, John Nuveen & Co., presiding; John A. Howard, President of Rockford College, will speak on "Federal Aid to Education; Stampede to Disaster."

C. Virgil Martin, president of Carson Pirie Scott & Co., will be guest speaker at the group's luncheon, and will speak on "Distribution Reaches for the Seventies."

Graduation ceremonies for the 21st Class of the Group's Training School will be held at 2:15 p.m. March 13th. Amyas Ames, Kidder, Peabody & Co., New York, president of the I. B. A., will present diplomas.

A forum will be held in the afternoon, with James M. Dawson, National City Bank of Cleveland, speaking on "A Crystal Ball Look at Business."

At 7:30 p.m. a dinner in honor of Mr. Ames will be held at the Guildhall of the Ambassador West Hotel.

On March 14th, Wayne A. Johnston, Illinois Central Railroad, will speak on "Why I am an Optimist." An afternoon panel on "The Proper Mix for Big Production," will have as panelists William L. Liebman, Loewi & Co. Incorporated; Edward D. McGrew, Northern Trust Company; Paul Ogilvie, Hornblower & Weeks; and Frank E. Voysey, Kidder, Peabody & Co.

Members of the Central States Group Executive Committee are Francis R. Schanck, Jr., Bacon, Whipple & Co., chairman; James E. Snyder, A. C. Allyn & Co., vice chairman; Robert J. Kelley, Harriman Ripley & Co. Inc., secretary-treasurer; P. Alden Bergquist, First National Bank of Chicago; Robert M. Clark, Blunt Ellis & Simmons; Donald T. Fletcher, William Blair & Co.; T. Gordon Kelly, Collett & Co., Inc.; Richard L. Kennedy, Jr., Harris, Upham & Co.; Preston J. McNurlen, F. S. Moseley & Co.; William A. Noonan, Jr., Continental Illinois National Bank & Trust Co.; William J. Roberts, Glore, Forgan & Co.; Frank E. Voysey, Kidder, Peabody & Co.; and William M. Witter, Dean Witter & Co.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

South Jersey Gas Company

South Jersey Gas, with annual revenues of $22 million, serves natural gas to Atlantic City and the rapidly growing suburban areas adjacent to Camden and Philadelphia. The company was formed in 1947 as a merger of Atlantic City Gas and Peoples Gas, and in 1948 the stock was distributed to holders of Public Service Corp. of New Jersey in connection with the dissolution of that holding company.

The company distributes gas to a population of 583,000 in a 2,000 square mile area containing some 63 communities, and also sells gas at wholesale to New Jersey Natural Gas. The service area is somewhat similar to that of Atlantic City Electric and includes resort communities on the coast, rich farm areas in the interior and the rapidly growing industrial section along the Delaware River. Revenues are approximately 48% residential, 11% commercial, 36% firm industrial (including 17% interruptible), and 5% miscellaneous.

Principal industries include truck and poultry farming, processing of farm products, manufacture of glass products, asbestos, explosives and dye-works, plastics and other chemicals, paints, and garment-making. The glass industry accounts for some 48%, and chemicals 23%, of the industrial revenues. Many of the industrial companies use gas for heat processing applications used in making glass, soil pipe, chemicals, etc.

Southern New Jersey has enjoyed rapid growth. Population is increasing in the service area at a rate well above the state and national figures. During 1951-60, buying income in Southern New Jersey increased 101%, compared with 62% for the U. S.; retail sales 62% vs. 45%; and population 38% vs. 19%. During 1952-61, the company's sales increased 237% and revenues 214%; the gain in residential revenues was 177%, and in commercial and industrial revenues 275%. Much of the company's growth has been due to the influx of industry into southern New Jersey, which is continuing at a rapid pace. Shell Chemical Company began operations last April at its new plant, and Air Reduction Corp. has been constructing a new chemical plant in Salem County, each of these having substantial gas requirements; and negotiations are continuing with other potential industrial customers.

The sizable interruptible gas load, together with the large volume of summer sales in the resort area, help to maintain the year-round load factor at a high 98%. The minimum 75% take-or-pay provision of firm contract demand included in major industrial contracts is also important. To provide for load growth, the company has recently looped its main transmission line across the service area and has obtained more gas for the current winter.

Rapid growth was maintained in the area during 1962; in the first 8 months over 11,000 construction starts were recorded in the "six county" region, with a total investment of over $73 million. Home construction in the area is expected to continue at about the pace of recent years and the anticipated increase in family formations predicted by most economists for 1964-5 is expected to sustain this growth.

The company is active in promoting appliances. Newly designed gas air-conditioning and infra-red heating equipment are being studied, and increased promotional efforts are planned for these appliances. The gas companies now have their "Blue Star Homes" corresponding to the electric utilities "Gold Medallion Homes"; and the Star and Flame corresponds to "Reddy-Kilowatt." The slogan "Go Modern—Go Gas" is said to be the sign of "new homes with young ideas," and it is displayed in front of 8 out of 10 new homes along South Jersey Gas Company's lines.

The Company obtains its gas through Transcontinental Gas Pipe Line under a 20-year contract running to May 1978, calling for peak daily supplies of over 81 million cf for the 1962-3 heating season (an increase of nearly 10% over the previous year). The new transmission line from Lawnside to Atlantic City was expected to be in service by last November giving the company additional capacity. Transcontinental added substantially to its natural gas reserves during 1961, and is in good position to meet the additional requirements of its customers. South Jersey Gas also has gas manufacutring capacity of 18,460,000 cf daily, using high Btu oil and gas, and 8,460,000 cf of LP gas is maintained for standby and peak-shaving purposes.

Like other gas distributors, South Jersey has had to pay more for its gas when its supplier raised its rates to offset rising field prices of gas, but the company has been protected by automatic adjustment clauses in its rate schedules. However, some of the increases have been absorbed by the company because of its rapid increases in net earnings. In April 1961 Transcontinental raised its rates about 8% but in Dec. 1961 a settlement was proposed under which 30% of the increase would be cancelled, and this was approved last February by the FPC. Since that date there has been a general levelling off in the cost of gas and the company believes that ample supplies will be available at reasonable costs to take care of the continued increase in the company's requirements.

During the past decade the company's earned return on net plant increased from 4.9% in 1952 to 8.5% in 1961. The return has been over 8% since 1958. While the application of a fair value rate base (as permitted in New Jersey) automatically reduces this rate of return, nevertheless the New Jersey Commission has apparently felt that the return was on the high side. Following discussions with the Commission the company voluntarily reduced rates by $790,000 effective last July, mainly to improve the competitive position of gas heating. However, on the same date it adopted flow-through of tax savings resulting from the use of liberalized depreciation,

gitized for FRASER
http://fraser.stlouisfed.org/

which afforded a partial offset so far as earnings are concerned.

South Jersey Gas has had an excellent earnings and dividend record. Earnings per share have increased in each year of the past decade, rising from 45 cents in 1952 to $1.64 in 1962—an average annual compounded gain of nearly 14%; in the past five years it averaged over 10%. At the recent price of 39 on the New York Stock Exchange, the stock yields 3.1% based on the $1.20 dividend, and sells at about 24 times earnings. Had the company used flow-through for the new 11 cent investment credit, earnings would have been $1.75 and the P-E ratio would be 22.

Horwich V.-P. of Selected American

CHICAGO, Ill.—Herbert F. Horwich has been elected a Vice-President of Selected American Shares, 135 South La Salle St., oldest Chicago-managed mutual investment company. He is a partner and manager of the research department of Security Supervisors, investment counsel organization which manages the portfolio of Selected American Shares and other institutional and individual accounts.

Herbert F. Horwich

Mr. Horwich, after spending four years in investment banking and research, joined Security Supervisors in 1954. He became a partner of that firm in 1959.

IBA Statement on Education Act

The Investment Bankers Association of America, in a statement submitted to the House Committee on Education and Labor, opposed two parts of the proposed National Education Improvement Act of 1963: (1) A proposal for $1.5 billion in federal grants over the next four years for teachers' salaries or 50% of the cost of construction of elementary and secondary school facilities; and (2) A proposal for $1 billion in low interest rate federal loans over the next three fiscal years for academic facilities for colleges and universities.

The IBA pointed out that the proposed $1.5 billion in grants from the Federal Government for elementary and secondary schools would be divided among all of the states so that every state would receive some of the funds regardless of their actual needs. Thus, five of the large, wealthy states would receive over $113 million (over 28%) of the $400 million proposed for the first year. Such funds allocated to a state under the proposal could be used to finance construction of classrooms which would otherwise be financed by the local municipality if there were no federal assistance. Funds allocated to a state under the proposal could be used to increase teachers' salaries in wealthy states, regardless of the fact that the lowest teachers' salaries in that state were much higher than teachers' salaries in other states.

The statement further pointed out that the Department of Health, Education and Welfare reported that over 355,000 new elementary and secondary school classrooms were completed during the last five school years, and the Department estimated additional classrooms needed had been reduced, as of the fall of 1962, to the lowest number in recent years: 60,655 to accommodate excess enrollment, and 60,580 to replace unsatisfactory facilities. It is estimated that close to 70,000 additional classrooms will be completed in the school year 1962-63.

The IBA cited the record sales of new issues of school bonds in 1961 for public elementary and secondary schools aggregating over $2.5 billion and over $2.44 billion in 1962. Attention also focused to the striking gains in teachers' salaries. In general average teachers' salaries in 1960-61 were up 72% from 1950-51 as compared with an increase of only 57% for all workers.

With regard to the proposed federal loans for colleges and university academic facilities, it was shown that the interest rates for long-term loans to colleges and universities under the proposed act would be much lower than the interest rate which the Federal Government has to pay to borrow money for such maturities. The report further stated, despite the claim that college and university classrooms are filled to capacity, that surveys have shown that there are many colleges which have vacancies and can accommodate thousands of additional students.

The IBA suggested that the proposed program of federal loans would be directly contrary to the general recommendations in a Report of the Committee on Federal Credit Programs to the President of the United States, transmitted by the President on Feb. 11 to agencies with responsibilities for federal credit programs. Among the general recommendations in that report were that federal government credit programs should not be established or continued unless they are clearly needed and that, if borrowers can obtain adequate funds at reasonable rates from private lenders, they should not be given special incentives in the form of substantially lower cost to borrow from the Government agencies.

In conclusion, the IBA stated that the needed academic facilities for increased college enrollment in the coming decade can and should be provided without the proposed federal financial assistance by utilization of present vacancies, financing in private market, increased private donation, and more efficient utilization of existing classrooms and laboratory facilities.

YOUR KEYS DEMONSTRATE THE LOW COST OF COPPER

Most keys are made of copper metals—and for good reasons. These bright and colorful metals won't rust, they work easily in locks, have strength for hard use. A house key weighs about ¼ oz.—less than one cent's worth of metal at refinery prices. Fabricating, sales, distribution bring the cost considerably higher—but still, the price is so small that it's not really worthwhile to make keys of metals that rust or are weak enough to twist off in the lock. And notice that bead chain. It's made of copper metal, too—solid brass. Automatic machines knock chains out by the mile at a cost so low that a quantity user can buy them for less than a penny apiece. In the things you buy or make, take the clue from your keys. Copper metals are strong, lasting and easy to fabricate—and a little copper goes a long way.

62201B

ANACONDA®

Digitized for FRASER
http://fraser.stlouisfed.org/

How Administration Errs In Its Economic Correctives

Continued from page 1

critical question: Why has the present recovery failed to meet reasonable expectations? What is it that has gone wrong?

On a statistical level, the main answer to this question appears to be quite simple—namely, business investment in new capital goods has failed to rise with any vigor. Evidence on this point is plain and decisive.

In the last quarter of 1962, the gross national product, expressed as an annual rate, was $562 billion —or nearly $120 billion higher than in 1957. However, despite this rise in GNP, business expenditures on plant and equipment in the second quarter of last year were merely at the 1957 rate. At present, they are not much higher.

In the course of this recovery, between the second quarter of 1961 and the fourth quarter of 1962, plant and equipment expenditures increased about 14%. This rate of increase is about the same as occurred during the corresponding phase of the recovery of 1958-60, but it is much lower than the increase during comparable periods of the earlier economic recoveries of the post-war period.

As these facts indicate, business capital investment has recently been a weak link in the chain of economic recovery. This, more than anything else, explains what has gone wrong in our economy.

Moreover, there is as yet no satisfactory evidence that business investment will soon improve appreciably. Taken together, the various anticipatory series—such as orders for machinery and equipment, contracts for commercial and industrial construction, and estimates of planned outlays on plant and equipment—suggest sluggishness or, at best, only small improvement of business investment in the months immediately ahead.

This unsatisfactory record of investment calls for appraisal. It is important to inquire into the causes of the lag in business capital expenditures.

One factor often stressed is that American industry was burdened with a considerable volume of excess capacity when the recovery started and that this condition continues to exist.

Absolves Excess Capacity For Investment Lag

I do not think that this factor is of decisive significance. Excess capacity always develops in the course of a recession, but this fact has never prevented a rapid increase of capital investment when a resurgence of business confidence ushered in economic recovery.

The historical record indicates that, even after prolonged or severe depressions, when excess capacity was of course very much larger than in 1961, capital investment has typically rebounded sharply. For example, the depression of the 1870's reached bottom in 1878. The next year business capital investment rose 24%. The depression of the 1880's reached bottom in 1885. The next year business capital investment rose 34%.

Again, business investment in 1922 was 24% above the level of 1921, and business investment in 1934 was 31% above the level of 1933.

These are not isolated examples. On the contrary, they express what is a normal feature of the early stage of a business-cycle expansion. Despite the excess capacity that emerges in the course of a recession or depression, upon the return of confidence new firms are established and they undertake new investments, many of the older firms that had done well despite the slump proceed to enlarge their capacity, others build and equip new plants in anticipation of demand, still others undertake programs of modernization, and so on.

In short, the existence of overcapacity in many lines at present cannot be denied. We should not, however, assign causal primacy to this fact.

In order to understand why business investment has of late been sluggish, the essential point that needs to be clarified is why business expectations with regard to the future have been characterized by uncertainty and hesitation.

It is impossible to speak on this subject with the precision of science. I believe, however, that the following factors have been of some importance.

First, notwithstanding all the theorizing to the contrary, the consumer remains a fickle creature. Despite a sharp rise of incomes, there was very little increase in retail sales between February and September of 1961. Since then, and indeed up to the present, retail sales have risen quite briskly. However, the sluggishness of consumer buying in the early stages of the recovery was on obstacle to improvement of business sentiment.

Second, wholesale prices have failed to rise during the recent recovery. Many factors account for this—among them, the existence of ample industrial capacity, intensified foreign competition in our markets, the moderate pace of our domestic expansion, the recent slowdown in economic expansion abroad, also our government's vigilance and pressure. But whatever the causes may be, a stable or slightly sagging level of wholesale prices is very unusual for a business-cycle expansion. This factor, combined with the tendency of labor costs to rise, has undoubtedly served to chill business sentiment.

Third, the coming of a new administration raised questions in the minds of many businessmen about the future, and some deemed it prudent to postpone investment commitments until governmental policies clarified. Rightly or wrongly, not a few businessmen felt that the new administration was inclined to pursue inflationary policies which sooner or later might lead to price controls. The government's action last spring with regard to the price of steel was widely interpreted as confirmation of this fear. Later governmental pronouncements and constructive actions, especially the new depreciation guidelines by the Treasury, did a great deal to restore confidence. Nevertheless, some hesitation and uncertainty have continued to characterize the thinking of a large segment of the business community.

To summarize, the sluggishness of consumer buying before October, 1961, the failure of wholesale prices to rise in the course of economic recovery, and uncertainty with regard to the trend of governmental policy help to explain the lack of vigor in recent capital expenditures.

However, there are grounds for believing that the causes of the uncertainty that has gripped the business community go deeper, that they are connected not only with events and developments of the past year or two but also with developments of a more lasting character.

One of these disturbing developments is the deficit in our balance of international payments, which has persisted for about a dozen years now.

Although the balance-of-payments deficit has been reduced during the past two years, it has remained large. Gold has therefore continued to flow abroad, while short-term dollar liabilities to foreigners have continued to pile up. The failure to arrest these trends has made many businessmen and financiers uneasy about the future of the dollar.

Declining Profits

A second development that has caused uneasiness in the business community is the declining tendency of profit margins.

At the business-cycle peak of 1948, corporate profits — before taxes — accounted for 22.6c of every dollar of the net output by corporations. This figure fell to 20.5c at the peak of the next business cycle, in 1953, then to 18c at the business-cycle peak in 1957, to 17.5c at the peak in 1960, and to 17.4c in the first half of last year.

Actually, the deterioration of profits has been even larger than these figures suggest, since the tax rate on corporate profits is now substantially higher than it was in 1948.

American businessmen are habitually optimistic. They tend to shrug off disappointments and to hope against hope. But the persistence of an unsatisfactory trend of profits is eventually bound to have some influence on the behavior of investors. That is especially the case when they are otherwise troubled — as many seem to have been—by what they regard, whether justly or not, as an uncertain or somewhat unfavorable climate for business enterprise.

The decline in the share of profits in the dollar value of corporate output means, of course, that other income shares have risen. The principal claimants of whom this is true are labor and the government. This is the essence of the persistent cost-price squeeze.

The conclusion to which my diagnosis of the state of our economy leads me, therefore, is that besides the short-run developments on which I have already commented, two longer-range factors have served to restrain business and investor confidence in the future of our economy. They are the protracted erosion of profits and the persisting uncertainty about the dollar.

Attacks Obsolescent Tax System

Fiscal policy alone cannot solve these problems. A wise fiscal policy can help, however, to reduce the obstacles to investment. It is high time that we did something about our obsolete tax system.

The United States is still functioning under the system of taxation that grew up during the Great Depression and which became still more onerous under wartime conditions.

During the 1930's the main impulse of Federal tax policy was to redistribute income and stimulate consumption. We proceeded on the theory that opportunities for business investment were very limited and that they would remain so. In the light of this theory, corporate taxes were raised and the progressivity of the individual income tax was sharply increased.

During World War II still higher tax rates became unavoidable. The deliberate purpose of national economic policy then was to restrict both consumption and private investment, so as to release the vast resources needed to prosecute the war. Various revisions of tax rates occurred later, the major changes being moderate reductions in 1946 and 1948, a renewed rise during the Korean hostilities, and some reduction in 1954.

However, the general level of personal income taxes is now only a little lower than during World War II. The rate of progression still rises steeply, and for very high incomes the marginal tax rate is still virtually confiscatory. The basic tax rate on corporate profits is even higher than it was in 1945. It was 40% then and is 52% now.

Nor is this the entire story. State and local taxes have also risen sharply.

The consequence has been that taxes have grown steadily in relation to the nation's output. In 1929, the combined revenues of the Federal, state and local governments accounted for 10.8% of the dollar value of the gross national product. This figure rose to 16.9% in 1939, to 24.3% in 1946, to 26.1% in 1956, and to 28.6% in 1962.

When we allow for depreciation of private capital, as we should in order to approximate a true measure of output, we find that total governmental revenues were actually 31.3% of the nation's output in 1962. If we could make allowance for the depreciation of public capital, the revenue percentage would be still higher. In other words, tax payments at present are almost a third, if not fully a third, of the dollar value of the nation's total output.

Not only is our tax burden large, but the high rates of taxation on individual incomes, especially in the upper brackets, and on corporate profits serve to blunt economic incentives. A tax system that may have had merit under wartime conditions is poorly suited to present conditions when our nation's great economic need is to stimulate enterprise, innovation and investment.

The case for tax reduction therefore appears very strong to me. I entirely agree with the President that our income taxes are a drag on the economy. I agree also that a substantial reduction of income taxes is needed, that the reduction should apply both to individuals and to corporations, and that it would be wise to spread the reduction over several years.

These principles are sound and I endorse them. At the same time, and I say this with great regret, I have serious doubts about the specific fiscal recommendations that have been placed before the Congress.

Questions Proposed Tax Specifics

In the first place, the Administration seeks to reduce sharply the effective tax rate on individuals in the lower income brackets, while only modest reductions are recommended for the top brackets when account is taken of the proposed treatment of deductions. As far as corporations are concerned, if the Administration's proposals were adopted, several years will elapse before a corporation with a given income in excess of $25,000 would pay appreciably less than at present.

These proposals would be justified if our primary economic need now were to stimulate consumption. That, however, is not the case. The economy is not suffering from sluggishness in consumer expenditure or from any deficiency in consumer buying power. Consumer spending, as I indicated earlier, has been rising quite briskly. At the same time, the liquid assets of consumers have been rising at an extraordinary pace.

The weakness of our economy is in the sphere of capital investment. Given enough time, the expansion of consumer spending will no doubt serve to stimulate investment spending. This, however, is a slow and roundabout method of getting the larger investment that we need in order to enlarge employment and improve efficiency.

My second doubt with regard to the President's proposal centers on the financial implications of a tax reduction of $10 billion in the face of rising expenditures. It is important to grasp the financial magnitudes implied by the President's proposal. Whether one agrees or disagrees with the proposal, it is essential to have some understanding of the financial arithmetic that it involves.

The trend of government expenditure has been rising and rising rapidly. Federal budget expenditures alone, which omit outlays from trust funds, are scheduled to go up $6.5 billion this fiscal year. The increase last year was $6.3 billion. The average increase since 1957 has been a little over $4 billion per year. The increase projected for fiscal year 1964 is $4.5 billion. The new obligational authority requested for fiscal year 1964 exceeds the estimated expenditure by $9 billion. Clearly, there is no indication here that Federal expenditures will soon stop increasing or even that the rate of increase of expenditures will soon decline.

Let us assume, therefore, that Federal budget expenditures will continue rising and that the rise will be $5 billion per year. In saying this, I do not mean to assert that this will take place. My aim is to show what would be likely to happen to the budget if the President's tax program were adopted while expenditures continued along the recent trend.

It is necessary, of course, to make some assumption also with regard to the rate of growth of the gross national product. Let us say that the dollar value of the gross national product will rise at an annual rate of 6%, starting this calendar year. I doubt if many would want to argue that this is a niggardly or pessimistic assumption about economic growth.

Fiscal projections are notoriously uncertain, the more so as they are extended into a remote future. I may point out, however, that if the Federal budget is

tized for FRASER
://fraser.stlouisfed.org/

projected on the stated assumptions, it appears that the budget would not be in balance before 1972 and that the public debt meanwhile would rise about $75 billion above its level at the end of this fiscal year.

Estimates made on the assumption of lower growth rates become so staggering that I prefer not to present them.

Opposes Rising Government Debt

My purpose in going as far as I have is to emphasize the general conclusion to which the arithmetic inescapably points, namely, that unless the rising trend of Federal expenditures is halted or sharply curbed, the adoption of the recommended tax proposal is likely to involve our nation in budget deficits over many years and on a very substantial scale. We are not dealing here with a proposal for a temporary deficit.

If the Congress sanctions long-range budget deficits, it will be adopting a novel concept for our country. This concept marks a departure not only from the old-fashioned theory that the budget should be balanced every year, but also from the modern theory that the Federal budget should be balanced over a business cycle or over a few years.

It is possible that if the new theory were tried out that the result would work out well. I cannot be categorical on this point. In my judgment, however, the risk of failure is too large to justify acceptance of the theory.

Sees Inflation and Devaluation Problems Understated

I believe that the danger of inflation and the risk of devaluation of the dollar are being understated these days. Let me mention only the fact that liquid assets held by the public have recently risen sharply. The increase was $25 billion in 1961 and $34 billion in 1962, in contrast to an average annual increase from 1955 to 1960 of only $13 billion.

It takes time before an increase in the supply of money or of liquid assets has an effect on the price level, but if experience is any guide the effect will eventually be felt. I seriously doubt if we could have a protracted and substantial increase of the Federal debt without exposing our currency, and with it our economy and international political prestige, to a very grave risk.

Nor is inflation or its speculative anticipation the only danger of a policy of long-range deficits. A nation's mood can change suddenly. A series of large deficits in times when the economy is advancing may cause a revulsion of feeling and later paralyze the government's ability to deal with a recession.

In view of these dangers, I find it impossible to endorse the Administration's fiscal recommendations as they stand.

I do believe, however, that there is great merit in the President's plea to the Congress to reduce the heavy drag of Federal income taxes on private initiative and incentive. Also, a large consensus has emerged in our nation on the need to reduce both individual and corporate income tax rates. I hope, therefore, that this committee will seek ways of modifying the President's fiscal proposals so that they can better promote the purpose he seeks to achieve.

Four Recommendations

My advice to the committee consists of four points. First, I suggest acceptance of tax reduction of the order of magnitude recommended by the President. If the tax cut were much smaller, it would be unlikely to provide the stimulus that our economy needs.

Second, I suggest acceptance of the general principle of spreading the tax reduction over several years. This is the prudent course in present circumstances.

Third, I suggest modification of the President's specific tax proposals so that they may provide a stronger stimulus to investment.

Fourth, I suggest that Federal expenditures be kept for a time at, or preferably below, this fiscal year's level.

If the Congress followed this general plan, deficits would still be likely for several years. However, long-range deficits would be avoided.

I realize that many members of the Congress may find my suggestion with regard to Federal expenditure unacceptable. In that event, I would suggest that the Congress give serious consideration to raising new funds through a sales tax or some other form of indirect taxation.

These suggestions are based on my conviction that a healthy rate of growth of our economy requires substantial reduction in income taxes. We can and should carry out this reform without subjecting our nation to the risk of long-range deficits.

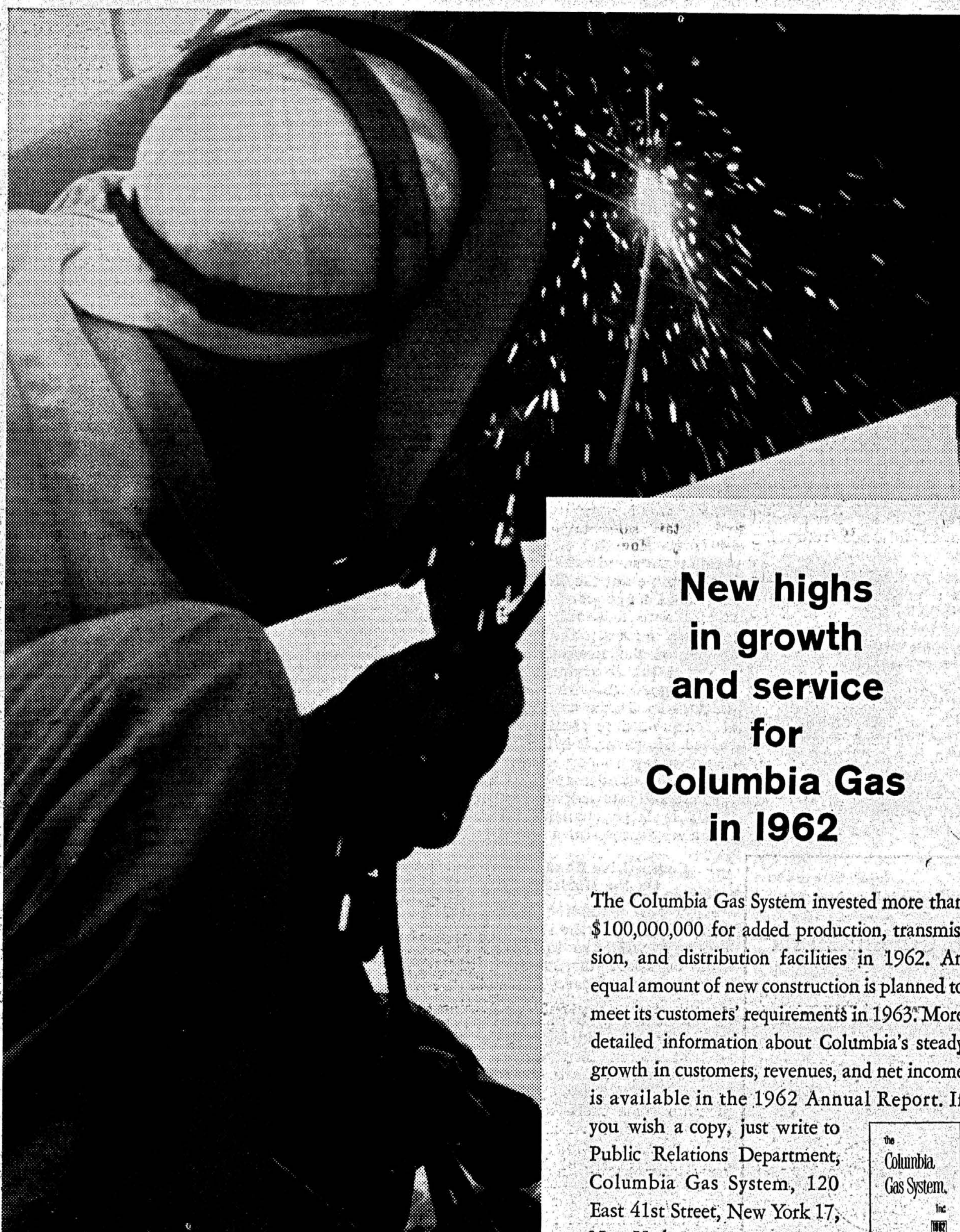
Other countries of the world—Japan and the nations of Western Europe — have kept redesigning their tax system throughout the postwar period in the interest of stimulating investment. It is high time that we did the same and on a substantial scale.

Whether we like it or not, financial incentives are a powerful force in economic life. Even countries like Sweden and Yugoslavia, which have social systems that differ from our own, have recently revised their tax laws so as to give greater recognition to this fact of human nature. I do not think the United States can afford to act otherwise.

*Statement by Dr. Burns before the Joint Economic Committee, U. S. Congress, Washington, D. C., Feb. 4, 1963.

Samson To Be V.-P. Of Granbery, Marache

Jay B. Samson will become a vice president of Granbery, Marache & Co. Incorporated, 67 Wall Street, New York City, members of the New York Stock Exchange, effective March 7th.



New highs in growth and service for Columbia Gas in 1962

The Columbia Gas System invested more than $100,000,000 for added production, transmission, and distribution facilities in 1962. An equal amount of new construction is planned to meet its customers' requirements in 1963. More detailed information about Columbia's steady growth in customers, revenues, and net income is available in the 1962 Annual Report. If you wish a copy, just write to Public Relations Department, Columbia Gas System, 120 East 41st Street, New York 17, New York.

the Columbia Gas System, Inc 1962

COLUMBIA GAS SYSTEM

COLUMBIA Gas SYSTEM COMPANIES

COLUMBIA GAS SYSTEM SERVICE CORPORATION • COLUMBIA HYDROCARBON CORPORATION • 120 EAST 41ST STREET, NEW YORK 17, N. Y.

CHARLESTON GROUP: United Fuel Gas Company, Amere Gas Utilities Company, Atlantic Seaboard Corporation, Columbia Gas of Kentucky, Inc., Virginia Gas Distribution Corporation, Kentucky Gas Transmission Corporation. COLUMBUS GROUP: The Ohio Fuel Gas Company, The Ohio Valley Gas Company. PITTSBURGH GROUP: The Manufacturers Light and Heat Company, Columbia Gas of Pennsylvania, Inc., Columbia Gas of New York, Inc., Columbia Gas of Maryland, Inc., Cumberland and Allegheny Gas Company, Home Gas Company/Columbia Gulf Transmission Company/The Preston Oil Company

gitized for FRASER

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The pre-refunding and junior advance refunding of the Treasury has given the Government an opportunity of clearing the decks so that the deficit for the new fiscal year which starts on July 1 will be financed mainly by short-term securities. It is very important to our balance of payments that rates on near-term obligations are high enough to keep the readily movable funds here. Thru offerings of short-term securities the Treasury should be able to keep yields on these issues at attractive levels.

When this sizeable refunding operation is out of the way, it is quite likely that there will be no important offerings of middle-term or long-term bonds the balance of the year, aside from the expected offering under competitive bidding some time this spring. The money and capital markets are taking this very large operation pretty much in stride.

Current Exchange Offer Totals About $29 Billion

The Treasury, in one of its largest debt lengthening operations so far, gave to holders of $29 billion of its obligations the opportunity of exchanging them for other issues which will mature at a later date than the one which they presently own. This venture, involving about 10% of the national debt, brought into operation a pre-refunding offer as well as a junior advance refunding offer.

The first part, which the Treasury calls a pre-refunding operation, pertains to $6.9 billion of the 3½% certificate maturing Aug. 15, 1963, more than $4.3 billion of the 2½% bond, also coming due Aug. 15, 1963, nearly $4.9 billion of the 3⅛% certificate maturing Nov. 15, 1963, and $2.7 billion of the 3% bond coming due on Feb. 15, 1964. In this pre-refunding venture, the owners of the aforementioned obligations are given the opportunity to exchange them for a three year eleven month 3⅝% note coming due on Feb. 15, 1967, an eight year eight month 3⅞% bond maturing on Nov. 15, 1971, along with a sixteen year eleven month 4% bond with a due date of Feb. 15, 1980.

The second part of the offering, which is called a junior advance refunding, is applicable to the following obligations: nearly $3.3 billion of the 3¼% note scheduled to mature Nov. 15, 1965, more than $3.1 billion of the 3⅝% note coming due on Feb. 15, 1966, about $1.5 billion of the 3% bond due to mature on Aug. 15, 1966 and the more than $2.4 billion of a 3⅜% bond with a due date of Nov. 15, 1966.

Holders of the securities have the choice of exchanging them for either an eleven year eight month 3⅞% bond with a due date of Nov. 15, 1974 or the 4% bond coming due on Feb. 15, 1980. This 1980 bond is also being offered to the owners of the securities that are in the pre-refunding group. The takers of the other three replacement securities must stay within their own classification.

Subscription books for the exchange of these obligations will close today (Feb. 28) as far as institutional investors are concerned, with individuals having until Friday, March 8, to take advantage of this debt lengthening offer. For all of these exchanges the effective exchange date is March 15, 1963.

The money and capital markets, in the opinion of the Treasury are in good enough condition to be receptive to a sizable operation like this one even though by no stretch of the imagination is it expected that exchanges for the refunding issues will reach proportions as sizable as the amount of exchangeable securities involved. However, it is the opinion of not a few money market followers that the demand for intermediate and selected, not too long, bonds is large enough to make this a very successful undertaking.

Competitive Bond Sale On the Horizon

After this refunding operation has been put into the records, the Treasury will have to borrow a total of about three billion of new money to carry thru the present fiscal year, with between $1 billion and $1.5 billion likely to be borrowed during the early part of March thru the use of short-term obligations. Sometime this spring the Treasury will also pick up some more new money thru the sale of a long-term obligation under competitive bidding. This will probably not be in excess of three hundred million of dollars, in the opinion of most money market specialists.

Specialists in

U. S. GOVERNMENT

and

FEDERAL AGENCY

SECURITIES

Certificates of Deposit

AUBREY G. LANSTON & CO. INC.

AUBREY G. LANSTON & Co.

INCORPORATED

20 BROAD STREET

NEW YORK

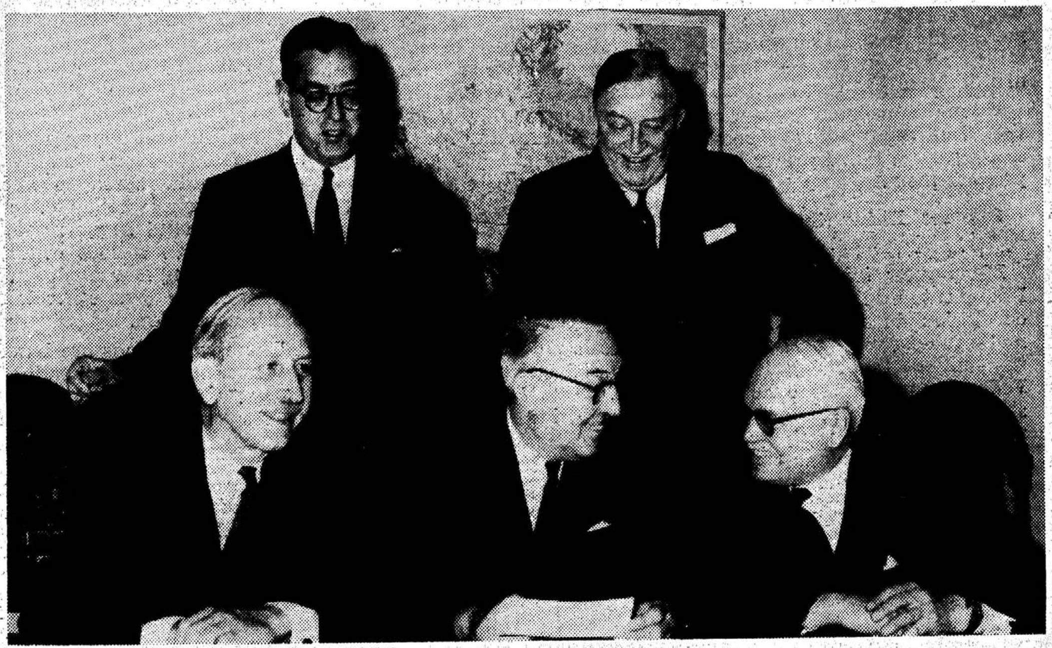
★ ★ ★

CHICAGO BOSTON

Chicago Analysts To Hear

CHICAGO, Ill.—Joseph C. Wilson, president of Xerox Corporation, will be guest speaker at a luncheon meeting of the Investment Analysts Society of Chicago to be held today (February 28th) at the La Salle Hotel.

Quebec Hydro-Electric Financing Completed



Quebec Hydro-Electric Commission places $300,000,000 of sinking fund debentures privately with a group of American and Canadian Institutional investors. The direct placement of these debentures, which are guaranteed by the Province and payable in U. S. dollars, was negotiated by The First Boston Corporation and A. E. Ames & Co., Incorporated and associates as agents of the Commission. Shown receiving the checks are: Hon. George C. Marler, P. C. (seated left), Leader of the Legislative Council of the Province of Quebec and Minister of State in the Quebec Government; Jean-Claude Lessard (seated center), President of the Quebec Hydro-Electric Commission; Jean H. Bieler (seated right), Deputy Minister of Finance of the Province of Quebec. Standing left is Edward Townsend, Vice-President The First Boston Corporation; and standing right is F. Douglas Chapman, Vice-Chairman A. E. Ames & Co. Limited.

On Thursday, Feb. 21, 1963, $100,000,000 principal amount of a total of $300,000,000 of 5% Sinking Fund Debentures due 1988 of the Quebec Hydro-Electric Commission were taken up by a group of American and Canadian institutional investors. The balance will be delivered in smaller amounts to the same group of purchasers at agreed upon future dates, out to May 1964. The direct placement of these debentures was negotiated by the First Boston Corporation and A. E. Ames & Co., Incorporated and associates as agents of the Commission.

This issue of $300,000,000 guaranteed by the Province and payable in United States dollars is the largest financing undertaken in the United States market for a foreign borrower since 1915, during World War I, when a $500,000,000 Anglo-French Loan was negotiated with American institutions.

The proceeds of this financing, after conversion to Canadian dollars, will be used, together with other funds of the Commission, to pay the cost of acquiring the shares of certain privately owned electric power companies operating in the Province of Quebec in accordance with firm offers that have been announced by the Honorable Jean Lesage, the Prime Minister of Quebec.

The companies to be acquired are The Shawinigan Water and Power Company, which controls St. Maurice Power Corporation; Southern Canada Power Company, Limited and Quebec Power Company; Gatineau Power Company Limited, Lower St. Lawrence Power Company, Northern Quebec Power Company, Limited, Saguenay Electric Company and three other relatively small companies. The estimated cost of these acquisitions is somewhat in excess of $350,000,000 in Canadian dollars and, after deducting the proceeds from the sale of Shawinigan Industries Limited shares under rights to common and Class A shareholders of Shawinigan Water and Power Company, the net outlay by the Commission is estimated at about $307,500,000, Canadian.

The Commission proposes to acquire properties, plants and equipment of the private companies, which have a net book value of about $520,000,000 and, when combined with the Commission's own properties, will result in net plant of some $1,765,000,000 against which the pro forma net debt of the Commission will approximate $1,375,000,000. For the year 1961, the latest for which complete financial statements are available for the eight larger companies to be acquired, the operating revenues of the power companies and Commission combined would have totaled $222,779,000. Such combined earnings would have produced cash available for debt service charges equivalent to 1.7 times annual interest charges and 1.6 times total debt service on a pro forma basis, giving effect to this financing.

The principal associates of The First Boston Corporation and A. E. Ames & Co., Incorporated in this placement were Wood, Gundy & Co., Inc., The Dominion Securities Corporation, Harriman Ripley & Co., Incorporated, Smith, Barney & Co., Incorporated and McLeod, Young, Weir, Incorporated.

Lieberbaum Partner

Morton Bohrer, has been admitted as a general partner of Lieberbaum & Co., members of the New York Stock Exchange and the American Stock Exchange, it has been announced by Irving E. Hertz and Louis Lieberbaum, senior partners of the firm.

Mr. Bohrer will have his headquarters at the Newark office (25 Academy Street) of the brokerage and securities underwriting firm. Lieberbaum's main office is at 50 Broadway, New York City.

Prior to Mr. Bohrer's association with Lieberbaum & Co., he was an Account Executive with L. F. Rothschild & Co. and Bregman, Cummings & Co.

Denmark (Kingdom of) Bonds Offered

Public offering of $30,000,000 Kingdom of Denmark 5¼% external loan bonds due Mar. 1, 1978 is being made by an underwriting group managed by Kuhn, Loeb & Co., Inc., Smith, Barney & Co., Inc., Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York. The bonds are being offered to investors in the United States and abroad. They are priced at 98¾% plus accrued interest, to yield 5.37%

Net proceeds from the sale will be added initially to Denmark's foreign exchange reserves and subsequently applied to the acquisition of capital equipment required for the development of the Danish economy.

The bonds are direct, unconditional and general obligations of the Kingdom.

They are not redeemable prior to March 1, 1973 except through operation of the sinking fund. Beginning on March 1, 1973 they are subject to optional redemption at prices ranging from 101% if redeemed prior to March 1, 1974 to 100% on or after March 1, 1977.

Annual sinking fund payments of $2,500,000 commencing in 1967, together with a payment of $2,500,000 in 1978, will retire 100% of the issue by maturity.

Application will be made to list the bonds on the New York Stock Exchange.

To Form Rodi & Co.

Rodi & Co., member of the New York Stock Exchange, will be formed as of March 7th with offices at 45 Wall Street, New York City. Partners will be Stanley J. Rodi, member of the Exchange, and Solomon Storch. Mr. Rodi has been active as an individual floor broker.

Digitized for FRASER
http://fraser.stlouisfed.org/

MUTUAL FUNDS

BY JOSEPH C. POTTER

A Year to Remember

As we grow older, it becomes more difficult to link events to their precise time. In the process of aging, of course, the accounting system is enlarged. Many of the bygone years are undistinguished and only a few conjure up sharp memories.

But for millions of Americans, well along in middle age or in the senior-citizen class, there is no difficulty in recalling 1933. The Great Crash had befallen us, devastating corporations, stocks, banks, farms. And, America being what it is, there never was a better time to invest.

San Francisco-based Commonwealth Investment Co. ($154.6 million net assets) is out with its 30th annual report, a vivid reminder that not everybody was gripped by panic in those terrible days of early 1933. Commonwealth was created "to provide an investment approach that would stand the test of time." As the Commonwealth people recall it:

"The stock market lessons of the 1920's were still fresh in memory then, and Commonwealth was created, as one of the early mutual funds, to provide a convenient way for large numbers of investors to obtain not only management and diversification, but ready marketability of their investments as well."

It followed a concept of "balanced investing" in use by large universities, foundations and other institutions with considerable capital which had to be invested prudently. Over the years, dividends have been paid unfailingly: 12 cents disbursed in 1961 and again from 8 cents in bleak 1938 to 31 cents, disbursed in 1961 and again in 1962. Aside from that beginning year and the war years 1941-42, capital gains have been paid annually, ranging from 2 cents in 1940 and 1943 to 52 cents in 1936. Last year this amounted to 20 cents.

This is the Commonwealth approach to balanced investing: "To be complete, a long-range investment program must reflect the fact that no one type of security can completely protect against, or take advantage of, all the changes that may occur as the future unfolds. A balance between fixed-income and variable-income securities is therefore necessary."

A look at the latest summary of its investments discloses that 61.5% is in common stocks while bonds and notes account for 30.3%. Balance is accounted for by 7.8% in preferred stocks and 0.4% in cash and receivables.

And nearly one of every $5 in common stocks is invested in electric utilities while the second-favored category is oil.

Not that 1962 was an entirely painless experience for Commonwealth. At the close of the year net asset value per share was off to $9.30, compared with $10.48 a year earlier. Still, balanced funds of the Commonwealth Investment Co. type had few wounds to lick—and even those were superficial.

Commonwealth also operates the Commonwealth Stock Fund (long-range growth), the Commonwealth Income Fund (current income) and Commonwealth International & General Fund (international investing). There are over 50,000 shareholders in the four funds. Investors are permitted, of course, to transfer their holdings from one fund to another without charge.

As for Commonwealth Investment Co., its Chairman, S. Waldo Coleman, and President, Robert L. Cody, have this to say:

"The company is not intended to produce spectacular (or speculative) results, either in capital appreciation or unusually high income, because of the correspondingly greater risks which would be involved. Instead, it is a conservative investment medium intended to provide the relative peace of mind which can result from pursuing a balanced investment objective."

The Funds Report

Total net assets of **Eurofund, Inc.** at the end of 1962 amounted to $29,545,809, or $18 per share. A year earlier the closed-end investment company specializing in European growth securities reported assets of $35,199,307, equal to $21.28 a share.

* * *

Fidelity Fund announces that at the end of last year net assets amounted to $408.3 million, or $14.70 a share, compared with $486.7 million and $18.60 per share a year earlier.

* * *

Fundamental Investors, Inc. reports that at Dec. 31 net assets were $642,738,285, or $8 a share, compared with $732,501,824, equal to $10.68 per share, at the close of the preceding year.

* * *

International Investors Inc. report that at the end of 1962 total net assets amounted to $1,313,402, or $13.79 a share, against assets of $1,418,043 and value per share of $15.38 at the close of 1961.

* * *

Investors Inter-Continental Fund, Ltd. reports that at Dec. 31 total net assets amounted to $71,191,099, or $5.61 a share, compared with assets of $101,276,687 and $6.40 per share a year earlier. Assets are stated in Canadian dollars and value per share in U. S. dollars.

* * *

Mutual Investment Fund, Inc., reports that it wound up 1962 with net assets of $34,020,018, or $8.80 per share. This compares with assets of $37,562,470, equal to $10.72 per share, a year earlier.

* * *

Research Investing Corp. announces net assets at the end of 1962 totaled $3,791,071, equal to $9.84 a share, against assets of $2,143,285, or $11.54 a share, one year earlier.

* * *

Scudder, Stevens & Clark Balanced Fund, Inc. will be the new name of the open-end investment company which has been known until now as **Scudder, Stevens & Clark Fund, Inc.**, if shareholders approve the recommendation of directors at the annual meeting, to be held March 6.

* * *

Selected American Shares announces election of Herbert F. Horwich as a Vice-President. He is a partner of Security Supervisors, investment adviser to the fund.

* * *

The George Putnam Fund of Boston reports that it ended 1962 with total net assets of $286,060,000, or $14.44 per share. This compares with assets of $295,727,000, equal to $17.05 a share, at the end of 1961.

D. J. Singer Names Rosenblum, Krasnow

The New York Stock Exchange firm of D. J. Singer & Company, 50 Broad Street, New York City, has appointed two men to key executive posts in the company.

Named were: William Rosenblum as general sales manager and Hershel Krasnow as director of the underwriting and syndicate investment department.

Both men are veterans of the investment securities field. Mr. Rosenblum was formerly director of sales for Hardy & Co. and a branch manager for Van Alstyne, Noel & Co. He will direct the brokerage and institutional investment departments for D. J. Singer and participate in the firm's industrial and underwriting activities.

Mr. Krasnow is a well known figure in banking and real estate investment circles and was formerly associated with several New York Stock Exchange member firms as syndicate manager. He has played a prominent role in the underwriting of a number of industrial and real estate issues. At D. J. Singer Mr. Krasnow will complement the investment banking department and participate in a full range of corporate finance matters including mergers, consolidations, underwritings and private placements.

Maryland Ctfs. Publicly Offered

A group managed by The Chase Manhattan Bank, Bankers Trust and First National City Bank on Feb. 26 purchased $30,485,000 State of Maryland 2⅝% Certificates of Indebtedness, due April 1, 1966 through 1978, on a bid of 100.36699999%.

On reoffering the securities are scaled from 1.80% in 1966 out to 2.75% in 1978.

Among the firms associated in the offering are: Halsey, Stuart & Co. Inc.; Lehman Brothers; Smith, Barney & Co.; Blyth & Co., Inc.; Chemical Bank New York Trust Company; Alex. Brown & Sons; Glore, Forgan & Co.; Salomon Brothers & Hutzler.

Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Blair & Co. Incorporated; Equitable Securities Corporation; Shields & Company; Hornblower & Weeks; L. F. Rothschild & Co.

T. L. Watson Co. To Admit to Firm

On Mar. 14th Donald W. Veit will be admitted to partnership in T. L. Watson & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

What Your Customer Should Know

In this complicated and unpredictable world it would appear obvious that any investment advisor, no matter how skilled or experienced, could not be 100% accurate in his selection of a security, or the best time to buy it or sell it. But such fantasy, as self-evident as it appears, is often completely disregarded by many investors. They expect their security advisor, salesman, or registered representative, to be right most of the time, and some people (seem to) think he should be right all the time. In order to establish the proper relationship with clients, a security salesman must once and for all eliminate such an unrealistic attitude.

Unless investors realize that they are engaged in placing their capital "at risk" they are only fooling themselves. Also, they must understand that it is their responsibility to review the status of each individual investment with a competent advisor at regular intervals, who will call a "spade a spade," if they are going to achieve optimum results from their invested capital.

Clients Should Understand Their Responsibility

The first thing an investor should admit is that if he invests he is going to be wrong a certain percentage of times. Many people know this but they refuse to admit it. They are only reacting in a normal human way. They think they should be different. No security salesman can avoid the responsibility of chasing this cat out of the closet when he opens a new account. One of my friends who has been selling securities successfully for over three decades puts it this way, "It takes a good customer as well as a good broker to achieve profitable investment results."

Then he puts the record straight at the very beginning of his relationship with a new client something like this: "Mr. Investor, if you and I are going to achieve maximum profits in your account, produce a good income return, and at all times remember that the protection of your caiptal is of first importance, there is one consideration we must keep in mind. We will have to make decisions. They involve only three steps. They are, what to buy; when to buy; when to sell. Obviously, we are not going to be right all the time. No one can do that. But we can try to be right more times than we are wrong. It is my job to help you do this. Unless we accomplish this together you don't need me.

"But you must help me do this. I am spending many hours every week gathering information from the best sources available. I am talking with informed clients and gathering news from the most alert research facilities I can find. I have a complete record of all your holdings. I am ready to consult with you at any time during business hours, and if it is an emergency, at any other time, day or night. In addition, I realize that unless I do this for you and the rest of my clients, you don't need me.

"BUT YOU TOO MUST HELP ME. You must be willing to admit before we start that we will make some mistakes. I cannot be right 100% of the time. But our mistakes will be cut to a minimum if you will work with me. Let us cut losses quickly if we think we are wrong. Let us sell a security if we think it is no longer attractive. Let us not be afraid to act, and to make decisions based upon facts as we see them, and not our emotions. If you hesitate, if you do not hear me out, if you 'second guess me,' if I have to fight you as well as the market, then we are in for trouble. Let us consult. Let us discuss. By all means, ask me questions. But help me to help you by cooperating with me."

"This is a big challenge to both of us. I have clients who have been with me for many years. The long-term, over-all results must have been satisfactory, else they would not have continued doing business with me. I'll do my best to always put your interest first —will you help me do this? If so, we can look forward with confidence to a profitable business relationship. What do you say?"

Supporting Evidence

Involved technical data is usually ineffective in helping a client to understand a fundamental of this sort. However, a few line charts of some outstanding, well known, and highly rated common stock, that has had an exceptionally erratic market career can be used as an illustration of the importance of "timing." Take a case such as Brunswick, or Georgia Pacific (an excellent company by the way) and notice how the latter stock fluctuated up and down from a point around 57 in February, 1961, to a high above 75 in May, and by November of the same year was once again back to 55. Or, how about the Dow Jones Industrial index, or the Standard & Poor's 500 stock index which portrays the drop of the market from its 1961 high to the low of 1962 and the subsequent recovery to date?

This evidence, however, should be used sparingly. Most investors know that there are only three decisions they must make. Nevertheless, it is the salesman's responsibility to clear the air so that he can work with his customers in an atmosphere of reality and not of make-believe.

The three decisions every investor must make:

WHAT TO BUY
WHEN TO BUY
WHEN TO SELL

It is his responsibility to *help you* to help him make them as intelligently, and as unemotionally as is possible for the two of you (working together) to do so.

Andresen To Admit

Andresen & Co., 30 Broad St., New York City, members of the New York Stock Exchange, on March 7th will admit Walter P. Lantz to limited partnership in the firm.

gitized for FRASER

Why Progress Lies Ahead for The American Economy

Continued from page 3

portant first step toward real progress. In particular, it came to be recognized during the year that we have a very real problem of inadequate performance of the American economy. The problem has not been, as frequently stated, inadequate recovery from the recession in early 1961. Actually, the percentage increase in final real demand from early 1961, the low of the recession, to late 1962 was as good or better than in the corresponding record in the three previous periods of recovery in the postwar period. Rather the problem of inadequate performance has been a situation that has emerged over several recent years. The overall growth rate since 1957 has been very low as compared with the previous postwar record or, more significantly, our long-term average over many decades. The pattern of growth was stunted and distorted by a failure to achieve any real increase overall in the private durable sector of the economy. Profits were unsatisfactory and unemployment persisted.

The gradual emergence of the problem of inadequate performance in the American economy can be seen very clearly in the unemployment figures. In 1953, a high year in business, the ratio of unemployment to civilian labor force was 2.9%. The unemployment ratio rose to 5.6% in 1954, a recession year. With recovery and expansion the unemployment ratio was 4.4% in 1955, 4.2% in 1956, and 4.3% in 1957. This was a better situation than in the previous recession but not as good as in the previous high year 1953. Recession in 1958 caused the ratio to rise to 6.8% and recovery in 1959 and 1960 caused the ratio to drop to 5.5% and 5.6%, respectively. Again, this was better than in the previous recession year but not as good as in the previous high years from 1955 through 1957, to say nothing of 1953. In the recession year 1961 the average unemployment ratio was 6.7%, about the same as in the previous recession year 1958. With recovery in 1962 the unemployment ratio averaged 5.6%, about the same as in 1959 and 1960. Thus the emergence of unemployment occurred over several years in the late 1950's and it is the persistence of that situation which constitutes the present problem of unemployment. We must face up to the basic problems in the American economy which have been impeding our progress.

Business Moving Up

Looking ahead, however, I find some very favorable factors which can be the basis for real hope as to what lies ahead in the American economy. In the first place, current measures of business activity clearly indicate good progress and point to further expansion ahead. Business expenditures on plant and equipment have moved up from the recession low to a record in current dollars, although not yet in real terms. In my judgment business capital outlays ahead are going to show surprising strength. Excessive capacity, in any case a problem primarily of the heavy industries where capacity can be measured, has been reduced by obsolescence of plant and equipment and by the requirements of a greater level of activity. Technological progress in terms of new products and new processes, modernization and cost-cutting, is the very watchword of contemporary business policy. Markets ahead will be expanding and businessmen are starting to look ahead once more to the Golden Sixties, but now on a realistic and meaningful basis. The profit situation is much more favorable than it has been and cash flow is substantial. All these developments together will bring, in my opinion, a surprising resurgence of business plant and equipment expenditures.

Business inventories present a different picture. There has been a drop in the rate of inventory accumulation from a fairly high rate early in 1962 to very little in the third quarter of 1962. This drop from the high level reached in anticipation of labor difficulties was a marked drag on the economy during 1962. Businessmen these days are making great efforts to keep inventories under control. We probably do not face too much accumulation ahead, although surprise developments in this area are likely to be on the positive side. Sometimes during the next year, there will be a much greater rate of inventory accumulation than what we have had in recent months.

The really strong part in the economy clearly has been in the consumer area. Consumers have experienced substantial increases in personal income, aggregating almost $50 billion, from the low recession in 1961, to now. Likewise, disposable personal income in real terms on a per capita basis has moved up quite significantly during the last two years. Not only has personal income risen, but consumer buying attitudes have greatly improved, and substantial expansion in consumer credit has occurred. During the last year or two consumer buying attitudes were dimmed by recession and unemployment, by international crisis, and by the drop in the stock market. Many of these uncertainties have now disappeared and consumers at long last have started to buy what their income levels and credit availability will permit them. Retail sales in November and December have been at new record highs, by wide margins. A strong showing in automobiles and in appliances is now being matched by that in nondurable goods. The expansion is continuing as evidenced by the fact that probably retail sales have set a new record, with adjustment for seasonal variation, in January.

Residential construction is by no means as strong as some other parts of the economy. Nevertheless even here some favorable developments have come along. The average annual rate of private housing starts, seasonally adjusted, in the last three months of 1962 was about 1,550,000, well above the annual total of 1,454,000 in 1962 and 1,313,000 in 1961. The drop in starts of one-family units has seemingly been halted and apartment activity, perhaps being overdone, continues at a high pace.

Putting all these matters together, with probable increases in Federal and state government expenditures, points to the economy moving up definitely during the year ahead. A GNP level of at least $575 billion in calendar year 1963, up from $554 billion in 1962, is a reasonable expectation in my judgment. We are moving up, but beyond this, the surprises are really likely to be on the plus side during 1963.

Fundamental Problems

Beyond current developments, some progress has started to be made at long last on the fundamental problems which have beset the American economy during recent years. For instance, the private durable sector of the economy in real terms made no significant upward progress whatsoever from 1955, a high year to be sure, through 1961. The sideways movement in the total of business expenditures on plant and equipment, residential construction and consumer expenditures on durable goods, expressed in constant prices, was without precedence in the history of our economy and has been extremely important in its impact on profits and employment. Now, however, the private durable area is starting to move up again. We are seeing before us the amazing resurgence of the automobile industry which is going to experience two terrific years, one after another. My judgment as to the favorable prospects ahead for business expenditures on plant and equipment points to revival once again in the private durable area. Developments in particular industries such as aluminum are also consistent with this incipient development. In any case time is now on our side in connection with the private durable sector of the economy. From 1953 through 1957 we substantially overdid it, in this area of the economy, in terms of any sustainable level of activity, partly due to excessive plant expansion engendered by the Korean War and by overly favorable long-term growth projections, partly due to a rate of housing activity far in excess of basic market needs and and an automobile industry which overproduced and oversold. Overdoing it in the private durable area necessitates waiting, but the passage of time has now been substantial. Given technological progress and expanding markets it is a certainty that we shall be seeing a resurge in the private durable sector of the American economy.

Something favorable is happening in profits. The current annual and quarterly reports are supporting overall estimates of a rise in total corporate profits after taxes from a new record high in 1962 to a somewhat higher level in 1963. Furthermore, we are probably in the midst of the longest sustained period of maintenance of good profits in the entire postwar period. The record before has been so often that of a major increase in profits during the first year of recovery only to be followed by a decline in the second and third years of good business. Something else is happening this time, however. We had a strong rise in profits with the first push of recovery in 1961. The 1962 figures have held at that level, however, and the current year 1963 will likely see some further advance. While rate of return and profit margin figures are not yet where they could well be, at least the dollar amount of profits has moved up to a record level and is being maintained at that level. A greater level of business activity in 1963 and beyond will further is being maintained at that level. A greater level of business activity in 1963 and beyond will further support and enhance the vital matter of corporate profitability. There is nothing wrong with corporate profits that cannot be taken care of most satisfactorily by some moderate degree of restraint in pressures from labor and by a really good level of business activity.

For Proving Profits

As a matter of fact, the historical analysis of profits discussed so often during the last year, has greatly exaggerated the actual profit squeeze which has occurred in the American economy. It is true that, for instance, the rate of return on equity of leading manufacturing corporations has fallen from an average of about 16% in 1947-1951, the first five years of the postwar period, to an average of 13% in 1952-1956 the middle five years, to an average of 11% in the most recent years 1957 through 1961. The high rates of return in the early postwar period, however, were basically due to understatement of costs and overstatement of reported profits. After inflation, cost of plant consumed was seriously understated by use of book depreciation charges. Similarly, sharp price increases brought tremendous inventory profits. It was recognized by everyone in the early postwar period that the profit levels during that time were substantially overstated and by the same token they offer no reasonable or fair basis of comparison now.

The decline in rate of return and profit margins from the mid-fifties to the last few years has largely been caused by inadequate growth in the American economy with inadequate levels of utilization of capacity and no increase in real output overall in the private durable sector of the economy. The excessive push of labor costs has been effectively offset by cost-cutting through new plant and equipment spending so that employee compensation has not increased in ratio to corporate sales and labor cost per unit of output in manufacturing corporations has not increased in recent years. This has been accomplished, however, by added investment of capital and has resulted in higher depreciation charges. Such additional capital invested in business assets, however, will make its full contribution to profits with a higher level of business activity. While true profits can only be reckoned after counting all costs including the full costs of plant consumed, nevertheless it is worth noting that higher depreciation charges have raised cash earnings to new record levels in dollar amount, in relation to sales, and in relation to capital outlays.

While cash earnings are not true profits, nevertheless the surge upward in cash flow has substantially improved the quality of reported profits and has materially increased the ability of business enterprise to finance expansion in business assets. Finally, we should note that the rate of return on net worth during recent years, an average of 11.0% from 1957 through 1961, has been exactly the same as the average 11.0% in the years 1925-1929, the last previous peacetime period of great prosperity. Much of what has happened in the field of profit margins and rate of return has reflected a return from extremely abnormal circumstances in the early postwar years of urgent demands, sharp price increases, and

Award to Philadelphia Inquirer

Left: Royal Plenty receiving award from right: Earl Hagensieker.

PHILADELPHIA, Pa.—The Philadelphia "Inquirer" and Financial Editor Royal H. Plenty, were recipients of the National Security Traders Association annual newspaper award at the recent dinner of the Investment Traders Association of Philadelphia at the Bellevue-Stratford Hotel. The President of the local association, William Radetsky, of New York Hanseatic Corporation, presided at the meeting.

A plaque commemorating the award was presented to Mr. Plenty by the President of the National Security Traders Association, Earl L. Hagensieker, of Rineholdt & Gardner, St. Louis.

Digitized for FRASER
http://fraser.stlouisfed.org/

immediate aftermath of war, and from the middle fifties, years of record and unsustainable activity in the private durable sector of the economy.

Businessmen have been working strenuously with the dynamism and enterprise of which they are capable to get costs under control and these efforts will clearly result in a better profit performance. Similarly plant and equipment expenditures programs and new product developments increasingly are now paying off in corporate profitability. Government circles have emphasized the essential role of profits in the private enterprise economy and in achieving adequate levels of economic activity. Substantial measures for improvement of corporate profitability and cash flow have been undertaken and have been suggested by the Kennedy administration and Congress, including liberalized depreciation, the investment tax credit, and the proposed reduction in corporate income tax rates. All these developments point clearly to the fact that something favorable and perhaps of surprising magnitude is occurring in the field of corporate profits.

Inflation's End

Finally the dying and ending of inflation has come to be recognized more and more. On this it is necessary to remember that in the dangerous world in which we live and in an economy operating at a high level of activity, further inflation may always be a cloud on the horizon, but that does not necessarily mean a cloud at noon to say nothing of a tornado. The prospects for future inflation have been grotesquely exaggerated all out of proportion during recent years. The adjustment to the ending of inflation, however, has presented many real problems over a substantial period of time. In the housing field, for instance, millions of families need and want a bigger and better house. To get that new house, however, means first getting rid of the old one. With the ending of inflation, house prices have fallen and many families have had to adjust their sights downward. Unlike the earlier postwar years when home equities were rising from inflation, more recently there has been a very real cost of housing involved in home ownership. This lowering of sights and recognition of the realities in today's market has represented a major adjustment. Similarly in the stock market, as previously noted, the inflation and growth psychology in the market simply did not match the facts about inflation and growth in the economy.

Again, many labor union leaders have continued to push for higher and higher wages and fringe benefits. The changing strength of markets has meant little to some union leaders. What did result in these circumstances was pressure on profit margins, directly and indirectly, and more unemployment than what would have existed otherwise. But more recently, labor demands have moderated, with notable exceptions, and management resistance has mounted. We need to remember that such a strong and powerful force as two decades of major inflation does not end quickly or easily. We have cause for optimism, however, in the fact that by now many of these needed adjustments have been made or are now in the process of being achieved.

New ideas and realistic appraisals have been occurring in the field of money. Throughout most of the postwar period our situation in the American economy was one of excessive money supply, excessive liquidity, inflationary pressures, and the need for holding down the lid on the monetary situation which could blow us up. This situation has changed. We have inflated and grown up to our money supply and basically even to the supply of liquidity. Instead of restraining excessive money spending we now need a push to money spending. This calls for appropriate action in fields of monetary and fiscal policy.

Tax Program

A third major reason for a favorable outlook for the economy is the push towards a more adequate level of economic activity which can be given by the situation in the Federal budget and the related tax reduction and revision program. We have a favorable situation with regard to other key features such as underlying real demand, cost-price relationships brought to a focal point in profit performance, and expectations of the public. In these circumstances, the push to the economy given by budget deficits and tax revision can be useful and significant.

The proposals made by the President for tax reduction and reform merit careful consideration. The tax program embodies many detailed provisions, all of which must be considered carefully and many of which are surely most controversial. Some question may well be raised, too, about the overall balance in the tax program between cuts for individuals as against cuts for corporations, and between tax reduction and tax reform. The program as a whole, however, embodies the main considerations which I think are necessary and desirable in such a program. This includes some ultimate reduction in tax rates for all major groups in the economy. A combination of both tax reduction and tax reforms is needed. The net amount of tax reduction enacted is large enough to accomplish something worthwhile but not so large as to involve Federal deficits and debt increases which are unmanageable. A significant impact of the tax reduction and revision program will come, of course, from its effects on incentive. Beyond this, however, the push to economic expansion arises from the direct effects of increasing purchasing power which come from tax reductions without corresponding reductions in expenditures. It should be frankly recognized that the stimulative effects really come from the cash deficit in present circumstances of the economy. These words "present circumstances" must receive repetition and emphasis. Circumstances of the economy currently are those of unused capacity and unemployment, activity at a level far below our potential, and no significant inflationary pressures. In these circumstances a budget deficit can definitely be helpful. In other circumstances, however, a budget deficit could be most harmful and even tragic. That would be the case, for instance, if we were operating towards full capacity, with little unemployment, with price and wage pressures developing from bottleneck situations or more generally from inflationary pressures.

The Federal deficit can stimulate private expenditures by increasing the flow of funds available to the private economy, that is, individuals and business enterprises, available for private expenditures. When the Federal government has a deficit, total Federal payments to the public are in excess of total Federal receipts from the public. Turning this around, a Federal deficit therefore means that total receipts by the public from the Federal government are in excess of total payments by the public to the government. A Federal cash deficit therefore, as a matter of arithmetic, means a cash surplus for the public. When the public is thus gaining cash by virtue of a Federal deficit there will be some stimulative effect upon spending by private individuals and business enterprises.

Federal Deficits' Size

The size of the contemplated Federal deficits can easily be exaggerated. To start with, there has been, I think, ridiculous emphasis on Federal deficits in the postwar period as a cause of inflation or as a significant element in the economy. This is not to say, of course, that deficits have not at times been extremely significant, for the wartime increases in money supply and liquidity to record levels, both absolutely and relatively, was without question the driving force which brought about postwar inflation. In the postwar period, however, from calendar 1947 through calendar 1962 inclusive, the increase in the net Federal debt totalled $25.1 billion as compared with the increase in the net debt of others—consumers, homeowners, business firms, and state and local governments—of $576.2 billion. The cumulative total cash deficit in the Federal budget from fiscal year 1947 through fiscal year 1962 was $1.6 billion. When to this amount is added the $18.6 billion deficit contemplated for fiscal years 1963 and 1964 we obtain a total cash deficit for the fiscal years 1947 through 1964 of $20.2 billion.

Furthermore, the current deficits are not high in relation to the size of the economy. The current and projected deficits and tax program may in fact, be inadequate. For instance, the cash deficit estimated for fiscal year 1963, $8.3 billion, is 1.4% of the projected gross national product of $578 billion in calendar year 1963. This compares with the corresponding ratio of 2.7%, almost double, in fiscal year 1959 when we experienced a $13.1 billion cash deficit in relation to a gross national product figure of $483 billion. Again, during the decade of the thirties, the average ratio of the deficits experienced to gross national product was 3.7%. While ratios to gross national product are never an adequate criterion, they are useful in formulating the size of the problem.

The current deficits in the tax program raise some significant policy questions which the nation must face up to. The first of these is that of fiscal responsibility. This is a phrase more easily talked about than accurately defined. It cannot be defined arbitrarily in terms of merely balancing the budget or in terms of cutting expenditures. Sometimes fiscal responsibility calls for a deficit in the budget and at other times a balanced budget and at other times a surplus. Furthermore, the levels of Federal expenditures must be considered in relation to the needs of the nation met by those expenditures. But there is also the question of the balance between public spending and private spending. A very real question involved in fiscal responsibility is the extent to which we wish our money to be spent for us by the government on public programs as against the extent to which we wish to spend our incomes ourselves for all the other good things of life. But while fiscal responsibility cannot arbitrarily be defined, we must not forget that there is such a thing as fiscal responsibility and again such a thing as fiscal irresponsibility. Discipline, what we can afford, what we must do are not outmoded concepts. The current deficits and tax program raise in sharp focus our needs as a nation for new, realistic, and meaningful criteria of fiscal responsibility.

Wage and Price Policy

Similarly wage and price policies will receive more attention during the next year or two. The deficits and tax program are expansionary and it is to be hoped that they definitely will have the effect of bringing about a significant rise in aggregate demand. That increase in money spending should be met to the fullest extent by increases in production, in employment, in profits, and in real incomes, and not be merely dissipated by higher wages and prices. Even without general inflationary pressures, problems of undue wage and price increases can readily emerge from excessive demands of unions and from bottleneck situations. Labor in particular has a major responsibility for restraint on demands for higher wages and benefits and shorter hours. This is vital if costs and prices are to be kept at competitive levels at which goods can be sold in high volume both at home and abroad. We are a long way as yet from having considered adequately the relationships of wage and price policy to an expansionary fiscal and monetary policy. Here again the matter is complex and is not adequately defined by simply crying inflation. Similarly, the hard work by businessmen on cost-cutting, on selling, on new products, on new processes, are real steps on the road to expansion. Just as important, however, is the need for flexible price structures and for understanding the undoubted public interest in private price decisions. For adequate performance of the economy, considered either in terms of employment and real income or profits there is no substitute for the offering of good and better values by both labor and business.

Finally there is the matter of Federal Reserve policy and debt management. Fiscal policy, of course, is not something removed from monetary policy and debt management. The type of financing of the debt increase and the corresponding monetary policy could at the one extreme offset entirely any favorable effects of the budget deficit and tax reduction. On the other hand, public debt management and monetary policy could be such as to add to the expansionary forces engendered by a tax program and budget deficits. We need to make our minds up as to whether the American economy needs an expansionary policy or not. If we need an expansionary policy to stimulate our lagging economy, we must be just as certain that debt policy and monetary policy are helpful towards expansion as we are concerned that fiscal policy is helpful.

We must recognize realistically, however, the complex and exceedingly difficult nature of the problems which face the makers of monetary policy and the managers of the national debt. Increases in liquidity useful for stimulating economic activity at the present time must not be carried so far as to create unduly difficult problems of restraint which might arise in other circumstances at some time in the future. The matter of liquidity is itself a many-sided concept, in which dividing lines cannot be drawn sharply between money supply and money substitutes, between bank credit and non-bank sources, and between the effects of varying combinations of circumstances upon private spending. The worry about inflation and the bias towards fighting inflation in some quarters are facts which must be recognized, even though it is a fact that inflation for now is dead.

Coping With International Imbalance

The deficit in our balance of international payments continues and recent progress towards its improvement has been disappointing. But while these are complex problems, they can be met. The recent record of monetary policy and debt management is reassuring. We can be confident that the Treasury Department and the Federal Reserve System will see to it that the deficits are financed in a manner most consistent with needed stimulus to the economy and with no unmanageable build-up of inflationary potential or damage to the strength of the dollar.

The Federal Reserve policy which has been pursued during the last couple of years has been helpful to the cause of recovery and expansion in the economy and in a situation where a delicate balance has been called for between the requirements of our own domestic situation and those stemming from our balance of international payments. Ahead of us we may reasonably expect to see some lessened degree of ease in the money market.

A major rise in business activity such as I expect will increase private demands for funds. Savings of the public, particularly those left in savings deposits and savings accounts, will likely be somewhat less in the year ahead than in the phenomenal year just passed. Budget deficits such as are projected ahead will involve some major demands for funds by the Treasury. We may likewise expect to experience some additional outflow of gold and renewed attention to our balance of payments problem.

In Conclusion

The American economy has many problems but its fundamental problem these days is that we are operating at a level far below our potential. We can enjoy a much higher level of real production, of employment and real income, and of profits if we set our minds to it. I think we are working towards real achievement and progress. Business is clearly moving up. Fundamental problems which the economy has faced for some time are starting to be resolved. The tax program and current deficits can be useful in getting us moving towards the level of achievement where we should be. What lies ahead for the American economy is an exciting picture of challenge and opportunity.

*An address by Mr. Langum before the National Credit Conference, American Bankers Assn., Chicago, Ill.

igitized for FRASER
ttp://fraser.stlouisfed.org/

As We See It

Continued from page 1

nearly $4.5 billion, largest by a substantial margin of any after World War I and its immediate aftermath were out of the way.

In its issue of Jan. 12, 1935, the *Chronicle* had this to say about the situation then existing:

"President Roosevelt a year ago said that the country should definitely plan to have a balanced budget for the fiscal year, 1936. Even at the time it was made thoughtful observers took the President's statement with several grains of salt and for many months past no one has expected anything in the nature of a balanced budget for the coming fiscal year.

* * *

"But whether expected or not, the budget figures serve, or ought to serve, to bring us all to a realizing sense of whither, financially speaking, we are being taken by all these fine phrases of the President. Nor does the apparent change in the President's attitude from almost boasting of huge deficits last year to one this year in which there an almost apologetic note relieve the seriousness of the situation presented by his figures. What we need, of course, is a balanced budget at the earliest possible date, not explanations as to why we have a deficit, or a system of bookkeeping that makes the deficit solely a matter of caring for the unemployed.

* * *

"The continuation of a budget of this size and the further accumulation of a huge excess of expenditures over receipts cannot, of course, be viewed as other than a matter of utmost seriousness. This is the more so since the Treasury will without question continue to obtain its funds as it has in the past by having the banks create them for the purposes in hand."

Budget Never Balanced

Of course, there never was any balanced budget, or anything near one, through all those prewar years when the New Deal was engaged in ushering in a new heaven and new earth. Even in the last fiscal year before the outbreak of war in Europe, the period ending June 30, 1939, a deficit not very far from as large as that of 1936 was recorded. As a matter of fact, the fillip given our economy by the war in Europe did not succeed in lowering the deficit in the year ending June 30, 1940 although revenues were appreciably increased.

By early 1938 when budget estimates for the year ending June 30, 1939 were presented to the public, President Roosevelt was still under the necessity; or so he supposed, of saying in his annual message that "Events of recent months are new proof that we can not conduct a national government after the practices of 1787, of 1837, or 1887 for the obvious reason that human needs and human desires are infinitely greater, infinitely more difficult to meet than in any previous period in the life of our republic. Hitherto it has been the acknowledged duty of government to meet these desires and needs; nothing has occurred of late to absolve the Congress, the courts or the President from that task. It faces us—as squarely as insistently, as in March, 1933."

It is, of course, true that "human desires" and possibly "human needs" are now greater and more difficult to meet—although we should be inclined not to use such words and "infinitely" in describing them. The question, though, was in 1938 and is now whether and in what sense government is responsible for meeting these needs and these desires. It used to be thought that the people themselves were, first of all, responsible for meeting their own needs and desires. We submit that nothing that has occurred either in recent months or in recent years to alter the essential soundness of this basic American concept of the proper function of government and of the obligations of the individual to himself. The current notion to the contrary is a basic misconception upon which rest most of the recent socialistic nonsense and the expansion of government into areas in which it has no business.

Can Government Do It

There is a second question as vital as the first. That question is as pertinent today as it was in the early New Deal days. It is whether and how government can, no matter what it wishes to do, accomplish the things that the New Deal and now the New Frontier demand of it. Apparently in addition to a long list of paternalistic measures to help this, that, and the other element in one way or another President Kennedy and his advisers are of the view that the best way to meet obligations, or supposed obligations to the public, is to throw away all former notions of prudence and even of commonsense in managing the financial affairs of the national government. The notion of balancing the economy by first unbalancing the budget is hardly new. It lies implicit in much of the preachments of the New Deal, as does also the idea that if and only if the economy is "balanced" is it likely that a balanced budget can be brought into existence. Such notions have become somewhat more explicit through the years, but they are as fanciful now as they were in the early days of the New Deal.

If there is any one who is inclined to have much faith in the talk of a balanced budget in 1967, let him study the experience of the New Deal years.

Italy-America Chamber Elects

The Italy-America Chamber of Commerce has announced the election of Emilio Mayer, U. S. Representative of the Banca Commerciale Italiana of Milan, Italy, as President for 1963.


Emilio Mayer

Other officers elected include Fabrizio Serena di Lapigio, General Manager of Alitalia, Vice-President; Charles A. Tosi, Jr., Secretary-Treasurer of Pastene & Co., Inc., Treasurer; and Adolfo Matteini, U. S. Representative of Italcable, Secretary.

The Chamber, which in December observed the Seventy-fifth Anniversary of its founding, is one of the oldest trade associations in the United States engaged in promoting commerce between the United States and a European country.

Mr. Mayer, a Director of the Italy-America Chamber, has been engaged in International banking in Europe, South America and the United States, for more than 30 years.

Tessel, Paturick In Cincinnati

CINCINNATI, Ohio—Tessel, Paturick & Company, member of the New York Stock Exchange, is being formed as of March 1st. Main office of the firm will be at 45 East 4th Street. A branch office will be located at 1 Wall St., New York City.

Partners will be Edwin C. Tessel and Arthur Paturick, member of the New York Stock Exchange, general partners, and Robert Litwin limited partner. Mr. Paturick will make his headquarters at the firm's New York office.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

THE RELATIVE ATTRACTIVENESS OF BANK STOCKS

Bank stocks are generally regarded as defensive investments as there are seldom serious fluctuations in earnings. Over the post World War II period, the growth in bank stocks earnings has been favorable. In most instances, bank earnings have appreciated in the vicinity of 10-20% a year. On a per share basis the increase has not been as favorable—due to the need for capital. The following tabulation shows, for representative banks, the annual increase in earnings, both on a gross and a per share basis over the past decade.

	Annual Increase in— Net Operating Earnings	Net Oper. Earns. Per Share
Bankers Trust Company	13.9%	8.4%
Morgan Guaranty Trust Co.	9.1	9.1
First National Bank of Chicago	10.9	8.6
National Bank of Detroit	7.1	6.1
Citizens and Southern National Bank	18.9	4.5
Wachovia Bank & Trust Co.	20.5	8.0
Republic National Bank	13.3	6.5
Crocker-Anglo National Bank	14.2	9.0
Security First National Bank	10.4	4.0

The two principal reasons for the rise in earnings of these equities is the substantial rise in interest rates in this period and the change in the percentage of deposits loaned versus invested. The return on loans is greater. It is interesting to note that in this same period there has not been the same increase in the earnings on industrial shares or utility shares. There are several averages to determine the trend of industrial earnings. Whether the index is Moody's, Standard and Poor's, or the Dow-Jones Index of 30 Industrials the increases have been modest. Actually, over the past five years the earnings on the Dow-Jones Industrial Index shows a slight decline. The 10-year period shows an increase of slightly over 20%, or 2% per annum.

There are an equal number of indices for public utility stocks. Probably one of the most meaningful is the one used by the Public Utilities Fortnightly which includes over 100 utility companies. The last five years show only a 5% increase in earnings per share of the utility companies. The longer-term is naturally more favorable for these companies and the figures compare more favorably to the increase in earnings for bank shares.

In addition to past earnings, future earnings for banks appear favorable, based on factors mentioned previously in these articles. These include the trend of our gold supply, the large prospective deficit, and the rising demand for money. These various influences mean a greater money supply and a higher level of money rates. There has recently been some discussion of a rise in the level of the prime rate. Although a change is difficult to forecast, certainly there is more sentiment for a rise in the rate than a decrease.

The other principal indicator of relative price attractiveness is the level of the price/earnings multiple and the trend of this ratio. At present New York City bank shares are selling in the vicinity of 17 times 1962 earnings and a lower multiple of estimated (1963) earnings. West Coast bank shares are selling at somewhat less than 20 times estimated earnings. The trend of these multiples is interesting—particularly in view of the trend in multiples of other types of equities whose current prices are not as well justified by earnings trends.

Price/Earnings Ratios

	New York City	Outside N.Y.C.*	Dow-Jones 30 Industrials	Dow-Jones Utilities
1952	13.1x	11.9x	11.1x	14.0x
1953	12.9	11.8	10.0	13.6
1954	13.4	13.3	12.0	14.8
1955	14.9	13.9	12.3	14.8
1956	13.1	12.9	14.8	14.1
1957	12.0	11.4	13.1	14.8
1958	13.3	12.3	18.3	15.8
1959	14.3	13.6	18.3	16.9
1960	12.4	12.5	19.4	16.3
1961	16.8	16.0	21.7	20.0
1962	17.0	16.0	18.0	21.0

*Including West Coast, Chicago and Southwest banks.

10 N. Y. CITY BANK STOCKS

Comparison & Analysis for 1962

Bulletin on Request

LAIRD, BISSELL & MEEDS
Members New York Stock Exchange
Members American Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype 212 571-1170
Specialists in Bank Stocks

NATIONAL AND GRINDLAYS BANK LIMITED

Head Office
26 BISHOPSGATE, LONDON, E.C.2

Telegraphic Address
MINERVA LONDON
Telex Nos. 22368-9

Bankers to the Government in
ADEN · KENYA · UGANDA · ZANZIBAR

Branches in
INDIA · PAKISTAN · CEYLON · BURMA
ADEN · SOMALIA · EAST AFRICA
AND THE RHODESIAS

gitized for FRASER
p://fraser.stlouisfed.org/

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. 23	2,086,000	2,054,000	1,863,000	2,454,000
Index of production based on average weekly production for 1957-1959	Feb. 23	112.0	110.3	100.0	131.7
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 15	7,440,510	7,370,260	7,299,210	7,315,710
Crude runs to stills—daily average (bbls.)	Feb. 15	8,884,000	8,788,000	8,611,000	8,582,000
Gasoline output (bbls.)	Feb. 15	30,812,000	*29,518,000	30,256,000	30,313,000
Kerosene output (bbls.)	Feb. 15	3,890,000	3,689,000	3,568,000	3,811,000
Distillate fuel oil output (bbls.)	Feb. 15	16,120,000	15,625,000	15,503,000	14,800,000
Residual fuel oil output (bbls.)	Feb. 15	6,469,000	6,267,000	6,293,000	6,488,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Feb. 15	204,942,000	*202,115,000	194,418,000	200,543,000
Kerosene (bbls.) at	Feb. 15	24,243,000	25,847,000	28,843,000	26,036,000
Distillate fuel oil (bbls.) at	Feb. 15	99,826,000	104,621,000	*129,744,000	106,484,000
Residual fuel oil (bbls.) at	Feb. 15	45,770,000	46,830,000	49,349,000	40,539,000
Unfinished oils (bbls.) at	Feb. 15	81,256,000	81,506,000	82,048,000	80,188,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 16	512,084	528,762	501,957	538,373
Revenue freight received from connections (no. of cars)	Feb. 16	501,062	510,032	478,361	510,959
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 16	7,970,000	8,505,000	8,505,000	8,230,000
Pennsylvania anthracite (tons)	Feb. 16	333,000	358,000	399,000	335,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS - RECORD—NEW SERIES:					
Total advance planning by ownership	Feb. 21	$527,300,000	$546,800,000	$601,900,000	$285,800,000
Private	Feb. 21	332,000,000	205,300,000	239,000,000	169,500,000
Public	Feb. 21	195,300,000	341,500,000	362,900,000	116,300,000
State and Municipal	Feb. 21	171,200,000	319,700,000	302,300,000	97,200,000
Federal	Feb. 21	24,100,000	21,800,000	60,600,000	19,100,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Feb. 16	89	90	94	88
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 23	17,489,000	17,672,000	18,321,000	16,110,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 21	310	311	321	309
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 18	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 18	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Feb. 18	$27.83	$28.17	$27.17	$34.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 22	30.600c	30.600c	30.600c	30.600c
Export refinery at	Feb. 22	28.425c	28.475c	28.450c	28.500c
Lead (New York) at	Feb. 22	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	Feb. 22	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	Feb. 22	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Feb. 22	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Feb. 22	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Feb. 22	108.125c	108.750c	111.250c	121.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 26	90.09	90.19	90.29	87.62
Average corporate	Feb. 26	89.23	89.23	88.95	86.24
Aaa	Feb. 26	93.23	93.23	92.93	89.92
Aa	Feb. 26	90.77	90.91	90.77	88.27
A	Feb. 26	89.37	89.37	89.37	85.72
Baa	Feb. 26	83.79	83.79	83.40	81.66
Railroad Group	Feb. 26	86.38	86.38	85.98	83.79
Public Utilities Group	Feb. 26	90.63	90.63	90.63	87.18
Industrials Group	Feb. 26	90.63	90.63	90.63	87.99
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 26	3.74	3.72	3.71	3.94
Average corporate	Feb. 26	4.47	4.47	4.49	4.69
Aaa	Feb. 26	4.19	4.19	4.21	4.42
Aa	Feb. 26	4.36	4.35	4.36	4.54
A	Feb. 26	4.46	4.46	4.46	4.73
Baa	Feb. 26	4.88	4.88	4.91	5.05
Railroad Group	Feb. 26	4.68	4.68	4.71	4.88
Public Utilities Group	Feb. 26	4.37	4.37	4.37	4.62
Industrials Group	Feb. 26	4.37	4.37	4.37	4.56
MOODY'S COMMODITY INDEX	Feb. 26	368.5	369.3	374.5	368.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 16	327,632	365,319	341,351	331,537
Production (tons)	Feb. 16	350,760	355,574	350,964	345,363
Percentage of activity	Feb. 16	95	96	94	95
Unfilled orders (tons) at end of period	Feb. 16	445,771	464,550	446,459	464,077
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Feb. 21	113.85	*113.98	124.06	110.51
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 1	2,846,980	2,925,930	2,178,010	2,580,870
Short sales	Feb. 1	651,620	709,980	405,920	515,460
Other sales	Feb. 1	2,164,110	2,166,920	2,209,620	2,306,840
Total sales	Feb. 1	2,815,730	2,876,900	2,615,540	2,822,300
Other transactions initiated off the floor—					
Total purchases	Feb. 1	556,310	662,100	433,540	281,460
Short sales	Feb. 1	40,200	80,100	39,700	31,300
Other sales	Feb. 1	480,250	595,960	397,800	264,610
Total sales	Feb. 1	520,450	676,060	437,500	295,910
Other transactions initiated on the floor—					
Total purchases	Feb. 1	1,154,027	1,132,863	917,919	943,986
Short sales	Feb. 1	122,770	178,900	130,420	131,450
Other sales	Feb. 1	993,409	132,776	950,036	969,882
Total sales	Feb. 1	1,116,179	1,311,676	1,080,456	1,101,332
Total round-lot transactions for account of members—					
Total purchases	Feb. 1	4,557,317	4,720,893	3,529,469	3,806,316
Short sales	Feb. 1	814,590	968,980	576,040	678,210
Other sales	Feb. 1	3,637,769	3,895,656	3,557,456	3,541,332
Total sales	Feb. 1	4,452,359	4,864,636	4,133,496	4,219,542
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	Feb. 1	1,596,474	1,704,871	1,327,453	2,041,422
Dollar value	Feb. 1	$77,624,577	$79,925,442	$62,026,252	$116,188,056
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Feb. 1	1,838,835	1,972,960	1,620,489	1,905,241
Customers' short sales	Feb. 1	12,444	14,893	9,315	21,169
Customers' other sales	Feb. 1	1,826,391	1,958,067	1,611,174	1,884,072
Dollar value	Feb. 1	$87,613,091	$92,857,310	$71,040,982	$100,606,739
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 1	672,370	711,530	730,720	550,238
Short sales	Feb. 1	------	------	------	------
Other sales	Feb. 1	672,370	711,530	730,720	550,238
Round-lot purchases by dealers—Number of shares	Feb. 1	417,010	464,190	312,830	696,650
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	Feb. 1	1,026,370	1,246,600	726,010	902,480
Other sales	Feb. 1	20,989,530	22,956,540	17,569,720	18,459,020
Total sales	Feb. 1	22,015,900	24,203,140	18,295,730	19,361,500
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Feb. 19	100.2	*100.1	100.5	Not avail.
Farm products	Feb. 19	97.0	*96.2	98.8	Not avail.
Processed foods	Feb. 19	100.2	100.3	100.5	Not avail.
Meats	Feb. 19	92.1	92.9	96.6	Not avail.
All commodities other than farm and foods	Feb. 19	100.6	100.6	100.6	Not avail.

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. a Not available.

	Latest Month	Previous Month	Year Ago
AMERICAN RAILWAY CAR INSTITUTE—			
Month of January:			
Orders of new freight cars	4,098	4,524	5,336
New freight cars delivered	2,445	1,899	2,128
Backlog of cars on order and undelivered (end of month)	17,565	16,122	19,010
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of January (000's omitted)	$325,900,000	$320,900,000	$294,600,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of December:			
New England	$22,106,744	$35,303,748	$43,827,842
Middle Atlantic	55,580,918	66,299,041	528,657,340
South Atlantic	41,131,708	51,247,942	62,371,171
East Central	72,282,927	82,531,024	77,309,908
South Central	97,984,689	107,402,222	72,976,592
West Central	29,779,979	41,121,903	28,168,205
Mountain	39,271,381	26,644,574	19,484,062
Pacific	135,959,942	133,403,557	113,914,911
Total United States	$494,098,288	$543,954,011	$946,710,431
New York City	26,116,715	22,268,776	472,787,852
Total outside New York City	$467,981,573	$521,685,235	$473,922,579
BUSINESS FAILURES—DUN & BRADSTREET INC.—Month of January:			
Manufacturing number	244	181	213
Wholesale number	136	104	140
Retail number	582	497	749
Construction number	183	219	231
Commercial service number	113	100	114
Total number	1,258	1,101	1,447
Manufacturing liabilities	$56,054,000	$20,671,000	$39,071,000
Wholesale liabilities	36,506,000	10,331,000	10,777,000
Retail liabilities	29,552,000	22,744,000	28,886,000
Construction liabilities	31,113,000	18,744,000	19,017,000
Commercial service liabilities	7,738,000	8,785,000	8,858,000
Total liabilities	$160,963,000	$81,275,000	$106,609,000
CONSUMER PRICE INDEX — 1957-59 = 100—			
Month of December:			
All items	105.8	106.0	104.5
Food	103.5	104.1	102.0
Food at home	101.9	102.6	100.6
Cereal and bakery products	108.2	108.4	106.3
Meats, poultry and fish	102.5	103.5	98.5
Dairy products	103.9	104.2	105.6
Fruits and vegetables	100.2	102.1	99.8
Other food at home	97.2	97.2	97.1
Food away from home (Jan., 1958=100)	112.2	111.9	109.1
Housing	105.2	105.1	104.4
Rent	106.2	106.2	105.0
Gas and electricity	108.1	108.1	107.8
Solid fuels and fuel oil	104.8	103.6	102.8
Housefurnishings	98.6	98.7	99.2
Household operation	108.1	107.8	106.4
Apparel	103.9	104.3	103.5
Men's and boys'	104.3	104.3	103.1
Women's and girls'	101.5	102.5	102.0
Footwear	109.9	109.7	108.8
Other apparel	101.3	101.1	101.1
Transportation	108.0	108.3	106.9
Private	106.8	107.2	104.9
Public	115.7	115.4	113.3
Medical care	115.3	115.0	112.5
Personal care	107.6	107.1	105.2
Reading and recreation	110.0	110.1	108.2
Other goods and services	105.6	105.6	104.9
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of January:			
Weekly earnings—			
All manufacturing	$97.44	$98.42	$94.88
Durable goods	105.82	107.27	103.17
Nondurable goods	86.24	86.94	84.24
Hours—			
All manufacturing	40.1	40.5	39.7
Durable goods	40.7	41.1	40.3
Nondurable goods	39.2	39.7	39.0
Hourly earnings—			
All manufacturing	$2.43	$2.43	$2.39
Durable goods	2.60	2.61	2.56
Nondurable goods	2.20	2.19	2.16
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of January (1957-59 = 100)	74.0	80.6	78.0
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—			
Third Quarter:			
Net railway operating income	$164,894,343	$152,871,394	$170,552,209
Other income	79,351,139	68,485,972	69,346,299
Total income	244,245,482	221,357,366	239,898,508
Miscellaneous deductions from income	16,609,226	13,936,564	13,803,866
Income available for fixed charges	227,636,256	207,420,802	226,094,642
Total fixed charges	91,547,396	91,989,556	91,890,652
Income after fixed charges	136,088,860	115,431,246	134,203,990
Other deductions	10,751,882	10,299,575	11,525,329
Net income	125,336,978	105,131,671	122,678,661
Depreciation (way & structure & equipment)	162,670,764	160,430,426	160,523,038
Federal income taxes	46,475,594	81,014,370	63,961,323
Dividend appropriations:			
On Common stock	63,491,235	86,446,665	64,119,723
On preferred stock	3,026,904	4,459,683	3,118,206
Ratio of income to fixed charges	2.49	2.25	2.46

igitized for FRASER
ttp://fraser.stlouisfed.org/

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

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.

FIRM TRADING MARKETS
in
over-the-counter securities
.... specializing in
all NEW ISSUES
BOUGHT - SOLD - QUOTED
for Banks, Brokers, Institutions

Sidney A. SIEGEL & Co., Inc.
ESTABLISHED 1942
Members of New York Security Dealers Association
39 Broadway, New York 6, N. Y.
Digby 4-2370 TWX: 212-571-0320
Direct Wires to
R. J. HENDERSON & CO., INC., Los Angeles
WOODCOCK, MOYER, FRICKE & FRENCH, INC., Philadelphia

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).

● **AMP Inc. (3/12)**
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.

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. (3/11-15)**
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.

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.

● **Atlanta Gas Light Co. (3/20)**
Feb. 1, 1963 filed $27,000,000 of first mortgage bonds due Mar. 1, 1988. **Proceeds**—To redeem outstanding 5⅛% bonds due 1982 and 1985; retire outstanding 3% bonds maturing Sept. 1, 1963; and for construction and other corporate purposes. **Office**—243 Peachtree St., N. E., Atlanta. **Underwriters** — (Competitive). Probable bidders: Stone & Webster Securities Corp.-First Boston Corp. (jointly); Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; White, Weld & Co.-Kidder, Peabody & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Shields & Co. **Bids**—March 20 (12 noon EST).

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.

● **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. **Offering**—Indefinite.

● **Automatic Retailers of America, Inc. (3/6)**
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.**
Nov. 26, 1962 filed 86,000 common. **Price**—$3.50. **Business**—Operation of five retail toy, stationery and variety stores, and the servicing of franchised dealers. **Proceeds**—For expansion, additional inventory, and working capital. **Office**—832 Scarsdale Ave., Scarsdale, N. Y. **Underwriter**—P. J. Gruber & Co., Inc., N. Y. **Offering**—Expected in April.

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.

● **Canaveral Hills Enterprises, Inc. (3/11)**
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

Castle Hospitality Services, Inc.
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

Cedar Lake Public Service Corp.
March 20, 1962 filed 9,964 common. **Price**—$100. **Business** — Company plans to qualify as a public utility and furnish water and sewage disposal services in and around Cedar Lake, Ind. **Proceeds** — To construct a sewage disposal system. **Address** — R.R. N. 3, Box 28, Cedar Lake, Ind. **Underwriter**—None.

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.

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 improve-

gitized for FRASER
p://fraser.stlouisfed.org/

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

Consolidated Leasing Corp. of America
April 27, 1962 filed $1,000,000 of 6½% subord. debentures due 1977 (with warrants), and 99,000 common. **Price**—For debentures, at par; for stock, by amendment (max. $9). **Business**—Renting of cars, trucks and equipment. **Proceeds**—For debt repayment, an acquisition and other corporate purposes. **Office** — 1012 Baltimore Ave., Kansas City, Mo. **Underwriter**—Blair & Co., N. Y. **Offering**—Indefinite.

Consolidated Vending Corp.
April 2, 1962 filed 70,000 common. **Price**—$5.75. **Business**—Operation of vending machines. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—129 S. State St., Dover, Del. **Underwriter**—Dana Securities Co., Inc., N. Y. **Note**—This registration will be withdrawn.

● **Consultant's Mutual Investments, Inc.**
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia. **Offering**—Late March.

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.

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.

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.

● **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. **Note**—This registration will be withdrawn.

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.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Diamond Mills Corp.
Jan. 23, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of women's nylon hosiery. **Proceeds**—For debt repayment and working capital. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Indefinitely postponed.

Diversified Collateral Corp.
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—Karen Securities Corp., N. Y.

● **Diversified Real Estate Trust**
March 8, 1962 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 Fifth Ave., N. Y. **Underwriter**—Bacon, Johnson Realty Management Co., Inc. (same address). **Note**—This registration was withdrawn.

Diversified Resources, Inc.
Jan. 16, 1963 ("Reg. A") 67,000 common. **Price** — $3. **Business**—Manufacture of a lightweight structural board and sheet insulating material (wallboard). **Proceeds**—For equipment, leasing of working space, advertising, and working capital. **Office**—42 Broadway, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York.

Dixie Lime & Stone Co.
Sept. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $6.75). **Business**—Mining and processing of crushed granite, lime rock, and agricultural limestone. **Proceeds**—For loan repayment, and working capital. **Office**—11 N. Main St., Ocala, Fla. **Underwriter**—Courts & Co., Atlanta, Ga. **Offering**—Indefinite.

Continued on page 30

NEW ISSUE CALENDAR

March 4 (Monday)

Emtec Inc. ---------- **Debentures**
(Fulton, Reid & Co., Inc.) $300,000

Instr-O-Matics, Inc. ---------- **Common**
(R. A. Holman & Co., Inc.) 32,000 shares

Milwaukee Braves, Inc. ---------- **Common**
(Robert W. Baird & Co., Inc.) 115,000 shares

March 5 (Tuesday)

Northwestern Bell Telephone Co. ---------- **Debentures**
(Bids 11 a.m. EST) $40,000,000

March 6 (Wednesday)

Atlantic City Electric Co. ---------- **Bonds**
(Bids 11 a.m. EST) $15,000,000

Automatic Retailers of America, Inc. ---------- **Debentures**
(White, Weld & Co., Inc. and Goldman, Sachs & Co.) $10,000,000

Gateway Chemicals, Inc. ---------- **Common**
(A. C. Allyn & Co.) 100,000 shares

Wallace (William) Co. ---------- **Units**
(Reynolds & Co., Inc. and P. W. Brooks & Co., Inc.) 2,500 units

March 7 (Thursday)

Great Northern Ry. ---------- **Equip. Trust Ctfs.**
(Bids 12 noon EST) $5,250,000

March 11 (Monday)

Anadite, Inc. ---------- **Debentures**
(Dean Witter & Co.) $800,000

Anadite, Inc. ---------- **Capital Shares**
(Dean Witter & Co.) 15,000 shares

Canaveral Hills Enterprises, Inc. ---------- **Common**
(Willis E. Burnside & Co., Inc.) $500,000

Central Illinois Light Co. ---------- **Bonds**
(Bids 11 a.m. EST) $9,375,000

Finland (Republic of) ---------- **Bonds**
(Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co., Inc.; Lazard Freres & Co. and Smith, Barney & Co. Inc.) $10,000,000

North American Life & Casualty Co. ---------- **Common**
(Paine, Webber, Jackson & Curtis) 1,000,000 shares

Pacific Savings & Loan Association ---------- **Stock**
(Kidder, Peabody & Co.) $2,522,036

Selmer (H. & A.), Inc. ---------- **Common**
(Clark, Dodge & Co.) 120,000 shares

March 12 (Tuesday)

AMP Inc. ---------- **Common**
(Kidder, Peabody & Co., Inc. and Blyth & Co., Inc.) 225,000 shs.

Oklahoma Gas & Electric Co. ---------- **Bonds**
(Bids 11 a.m. EST) $15,000,000

March 13 (Wednesday)

Kansai Electric Power Co., Inc. ---------- **ADR's**
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and The Nomura Securities Co., Ltd.) 1,300,000 ADR's

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)

Consolidated Edison Co. of New York, Inc. ---------- **Com.**
(Offering to stockholders underwritten by Morgan Stanley & Co. and First Boston Corp.) 1,441,482 shares

Gotham Educational Equipment Co. Inc. ---------- **Common**
(Federman, Stonehill & Co.) 75,000 shares

Natural Gas & Oil Producing Co. ---------- **Common**
(Peter Morgan & Co.) $900,000

Pak-Well Paper Industries, Inc. ---------- **Common**
(Francis I. du Pont & Co.) 150,000 shares

March 19 (Tuesday)

Chicago & North Western Ry. ---------- **Equip. Trust Ctfs.**
(Bids 12 noon CST) $2,100,000

Michigan Consolidated Gas Co. ---------- **Bonds**
(Bids 11 a.m. EST) $30,000,000

March 20 (Wednesday)

Atlanta Gas Light Co. ---------- **Bonds**
(Bids 12 noon EST) $27,000,000

Puerto Rican Cement Co., Inc. ---------- **Common**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 600,000 shares

March 25 (Monday)

General Real Estate Fund ---------- **Shares**
(Baker, Simonds & Co., Inc. and Alex. Brown & Sons) $1,320,000

Heck's Discount Centers, Inc. ---------- **Common**
(Willard Securities, Inc.) 125,000 shares

Lunar Films, Inc. ---------- **Common**
(Ingram, Lambert & Stephen, Inc.) $718,750

Manchester Insurance Management & Investment Corp. ---------- **Common**
(Troster, Singer & Co.) $955,293

Norfolk & Western Ry. ---------- **Equip. Trust Ctfs.**
(Bids to be received) $5,475,000

United Camera Exchange, Inc. ---------- **Common**
(Ingram, Lambert & Stephen, Inc.) $300,000

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 1 (Monday)

Western Light & Telephone Co., Inc. ---------- **Common**
(Offering to stockholders underwritten by Dean Witter & Co.) $3,000,000

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. EST) $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 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

May 21 (Tuesday)

Central Illinois Public Service Co. ---------- **Bonds**
(Bids to be received) $10,000,000

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

itized for FRASER
://fraser.stlouisfed.org/

Continued from page 29

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.

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. (3/4-8)**
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. **Offering**—Indefinite.

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.

● **Gateway Chemicals, Inc. (3/6)**
Feb. 13, 1963 filed 100,000 common. **Price**—By amendment (max. $14). **Besiness**—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.

● **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**—Indefinite.

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.

● **General Real Estate Fund (3/25-29)**
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.

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. (3/18-22)**
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.

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.**
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. **Offering**—Postponed.

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

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.

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 early April.

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 purposes. **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. (3/4-8)**
Sept. 28, 1962 filed 32,000 class A common. **Price**—By amendment (max. $10). **Business** — Company develops, manufactures and sells electronic equipment for use in the marine field, principally in pleasure boating. **Proceeds**—For debt repayment, advertising, inventories, new products and working capital. **Office**—3181 N. Elston Ave., Chicago. **Underwriter** — R. A. Holman & Co., Inc., N. Y.

Intelectron Corp.
Dec. 10, 1962 filed 100,000 common. **Price**—$3. **Business**—Company plans to engage in the research and development of devices for the hard of hearing and equipment applicable to certain specialized and affiliated areas of communication. **Proceeds**—For general corporate purposes. **Office**—171 E. 77th St., New York. **Underwriter**—None.

International Systems Research Corp.
March 30, 1962 filed 110,000 class A common and 9-month warrants to purchase 110,000 class A shares at $4 per share, to be offered in units, each consisting of one share and one warrant. **Price**—$4 per unit. **Business**—Design, development and manufacture of mechanical, electromechanical and electronic equipment for government agencies and the military. **Proceeds**—For equipment, debt repayment and working capital. **Office**—Engineer's Hill, Plainview, L. I., N. Y. **Underwriter**—Leib, Skloot & Co., Inc., Clifton, N. J. **Offering**—Indefinite.

gitized for FRASER
p://fraser.stlouisfed.org/

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.

● **Kansai Electric Power Co., Inc. (3/13)**
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.

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 April.

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. (3/25-29)**
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.

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.

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. (3/25-29)**
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., N. Y.

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary St., Brooklyn, N. Y. **Underwriter**—Dana Securities Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

● **McGrath (John W.) Corp.**
June 28, 1962 filed 253,875 common. **Price**—By amendment (max. $15). **Business**—Contract stevedoring and related operations. **Proceeds**—For selling stockholders. **Office**—39 Broadway, N. Y. **Underwriter**—Bear, Stearns & Co., New York. **Note**—This registration was withdrawn.

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.

● **Michigan Consolidated Gas Co. (3/19)**
Feb. 18, 1963 filed $30,000,000 of first mortgage bonds due Mar. 15, 1988. **Proceeds**—To redeem outstanding 6¼% bonds due 1982; repay bank loans and finance construction. **Office**—One Woodward Ave., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly). **Bids**—Mar. 19 (11 a.m. EST) at One Woodward Ave. (24th floor), Detroit.

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.

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.

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. (3/4-8)**
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") 35,000 common. **Price** — $5. **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, 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-partici-

Continued on page 32

gitized for FRASER

Continued from page 31

pating 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. (3/18-22)**
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City. **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50c. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. MacPherson & Co., Toronto.

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. (3/11-15)**
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. (3/18)**
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.

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 May.

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.**
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. **Offering**—Imminent.

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.

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.

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

Digitized for FRASER
http://fraser.stlouisfed.org/

products. **Proceeds**—For working capital and debt repayment. **Office** — 444 First National Bank Building, Phoenix. **Underwriter**—None.

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.

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.**
March 20, 1962 filed 500,000 common. **Price**—$20. **Business**—A new mutual fund which plans to offer investors the opportunity of exchanging their individual securities for shares of the Fund without incurring Federal income tax liability. **Office**—15 William St., New York. **Dealer-Manager**—J. R. Williston & Beane, N. Y. **Note**—This company formerly was named Stratton Realty & Construction Fund, Inc. **Offering**—Imminent. **Note**—This registration has become effective.

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.

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. (3/25-29)**
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.

● **United Data Processing, Inc.**
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. **Offering**—Imminent.

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.

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. (3/6)**
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. **Note**—This registration was withdrawn.

Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y.

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans. **Underwriter** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans. **Note**—This registration will be withdrawn.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York. **Note**—This registration will be withdrawn.

● **Workman Electronic Products, Inc.**
Oct. 25, 1962 filed 140,000 common. **Price**—$3. **Business**—Manufacture, development and assembling of precise electronic replacement components for radio, TV and industrial use. **Proceeds**—For debt repayment, inventory, research, and other corporate purposes. **Office**—Packinghouse Rd., Sarasota, Fla. **Underwriter**—Hensberry & Co., St. Petersburg, Fla. **Offering**—Imminent.

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

★ **Arcum Pharmaceutical Corp.**
Feb. 15, 1963 ("Reg. A") 500 series A preferred. **Price**—$100. **Business**—Packaging and distribution of pharmaceuticals. **Proceeds**—For land acquisition and erection of a building. **Office**—1204 Wisconsin Ave., N. W., Washington, D. C. **Underwriter**—None.

★ **Consolidated Edison Co. of New York, Inc. (3/18)**
Feb. 26, 1963, filed 1,441,482 common to be offered for subscription by stockholders on the basis of one new share for each 12 common held of record March 15, with rights to expire April 5. **Price**—By amendment (max. $90). **Proceeds**—To repay bank loans, and for construction. **Office**—4 Irving Place, New York. **Underwriters**—Morgan Stanley & Co., and First Boston Corp., New York.

★ **Crown Cork & Seal Co., Inc.**
Feb. 27, 1963, filed $30,000,000 of sinking fund debentures due March 15, 1988; also 400,000 common shares. **Price**—By amendment. **Business**—Manufacture of bottle caps, bottling machinery and cans. **Proceeds**—For debt repayment. **Office**—10 Columbus Circle, New York. **Underwriter**—Francis I. du Pont & Co., New York. **Offering**—Expected about mid-March.

★ **Enzyme Corp. of America**
Feb. 21, 1963, filed 120,000 common. **Price**—$2. **Business**—Company plans to market a new drug known as "Clinizyne" to be used for treatment of a variety of tumor related diseases. **Proceeds**—For equipment, sales promotion, research and development, and working capital. **Office**—727 Land Title Bldg., Philadelphia. **Underwriter**—Bristol Securities Inc., New York.

★ **Finland (Republic of) (3/11-15)**
Feb. 21, 1963, filed $10,000,000 of external loan bonds due March 15, 1973. **Price**—By amendment. **Proceeds**—To be added to capital revenues of the Republic, and used to cover capital expenditures during 1963. **Underwriters**—Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. Inc.; Lazard Freres & Co.; Smith, Barney & Co., Inc., New York.

★ **Greater Miami Industrial Park, Inc.**
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds** — For general corporate purposes. **Office**—811 duPont Plaza Center, Miami, Fla. **Underwriter**—None.

★ **Greater Nebraska Corp.**
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

★ **Laboratory Procedures Inc.**
Feb. 26, 1963, filed 225,000 common. **Price**—$1. **Business**—Operation of six medical testing laboratories. **Proceeds**—For general corporate purposes. **Office**—3701 Stocker St., Los Angeles. **Underwriters** — Charles Plohn & Co., and B. W. Pizzini & Co., New York.

Continued on page 34

Digitized for FRASER
http://fraser.stlouisfed.org/

Continued from page 33

★ **Liberty Real Estate Trust**
Feb. 25, 1963 filed 500,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—432 Commerce Exchange Bldg., Oklahoma City. **Underwriter**—None.

★ **Mitsui & Co., Ltd.**
Feb. 20, 1963, filed $10,000,000 of convertible sinking fund debentures due 1978, and 125,000 American Depositary Shares. **Price**—By amendment (max. for shares $20). **Business**—A general trading company dealing in a variety of industrial, agricultural and consumer goods and commodities. **Proceeds**—For general corporate purposes. **Address**—Tokyo, Japan. **Underwriters** — Smith, Barney & Co., Inc., and Nomura Securities Co., Ltd., New York. **Offering**—Expected in late March.

★ **New Industry Capital Corp.**
Feb. 25, 1963, filed 30,500 common. **Price**—$10. **Business**—A small business investment company. **Proceeds**—For investment, and working capital. **Office**—1228 Wantagh Ave., Wantagh, New York. **Underwriter**—None.

★ **New World Fund, Inc.**
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

★ **Pacific Northwest Kaolin Co.**
Feb. 11, 1963 ("Reg. A") 10,000 common. **Price**—35 cents. **Business** — Mining of kaolin clay, silica, feldspar, etc. **Proceeds**—For general corporate purposes. **Office**—233—8th St., St. Maries, Idaho. **Underwriter**—None.

★ **Polystructures, Inc.**
Feb. 18, 1963 ("Reg. A") 25,000 common. **Price** — $5. **Business**—Manufacture of custom molded plastic products. **Proceeds**—For equipment, sales promotion, debt repayment and working capital. **Office**—41 Montvale Ave., Stoneham, Mass. **Underwriter**—None.

★ **Puerto Rican Cement Co., Inc. (3/20)**
Feb. 21, 1963, filed 600,000 common, of which 400,000 will be sold by company and 200,000 by stockholders. **Price**—By amendment (max. $21). **Business**—Manufacture of Portland cement, and multiwall paper bags. **Proceeds** — For debt repayment, and expansion. **Office**—Calle Real No. 16, Playa de Ponce, Ponce, Puerto Rico. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ **Texas Electric Service Co. (3/26)**
Feb. 25, 1963, filed $22,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Office**—7th and Lamar St., 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**—March 26 (11:30 a.m. EST) at Ebasco Services, 2 Rector St., New York. **Information Meeting**—March 22 (11 a.m. EST) at some address.

★ **Underwriters National Assurance Co.**
Feb. 21, 1963, filed 50,000 common, of which 31,176 shares are to be offered by company and 19,824 by a selling stockholder. **Price**—$7.50. **Business** — Writing of health insurance. **Proceeds**—To increase capital and surplus and for expansion. **Office** — 1939 N. Meridian St., Indianapolis. **Underwriter** — K. J. Brown & Co., Inc., Muncie, Ind.

★ **United Saran & Plastic Corp. Ltd.**
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York.

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."

Brooklyn Union Gas Co.
$12,000,000 of 4⅜% first mortgage bonds due March 1, 1988, offered at 100.835% and accrued interest, to yield 4.32%, by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Denmark (Kingdom of)
$30,000,000 of 5¼% external loan bonds due March 1, 1978, offered at 98¾% and accrued interest, to yield 5.37%, by Kuhn, Loeb & Co. Inc.; Smith, Barney & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York.

Green Shoe Manufacturing Co.
170,500 common offered at $28.50 per share by Paine, Webber, Jackson & Curtis, Boston.

John's Bargain Stores Corp.
50,000 common offered at $10.25 per share by Hayden, Stone & Co., Inc., New York.

ATTENTION UNDERWRITERS!

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you'll find hereunder.

Would you telephone us at REctor 2-9570 or write us at 25 Park Place, New York 7, N. Y.

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.**
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. 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 until at least 1964. **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. (5/21)**
Feb. 25, 1963 it was reported that this company plans to issue $10,000,000 of first mortgage bonds due May 1, 1993. **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). **Bids**—Expected May 21 at 20 No. Wacker St., Chicago.

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. 27, 1963 the company stated that although final plans have not been made, it now expects to sell about $25,000,000 of 25-year debentures 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 Edison Co. of New York, Inc.**
Feb. 26, 1963 the company stated that upon completion of its proposed rights offering, just filed with SEC, it will have to raise approximately $690,000,000 through the sale of securities, to finance its five year construction program. In addition it will be required to refinance $27,561,000 of 3½% bonds maturing July 1, 1963, and $24,331,000 due July 1, 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

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.

★ **First National Bank of Memphis**
Feb. 25, 1963 it was reported that stockholders are to vote March 4 on increasing the authorized stock to provide for the offering of 100,000 additional shares to stockholders on the basis of one new share for each nine held. **Price** — $40. **Proceeds** — To increase capital funds. **Office**—127 Madison Ave., Memphis 1, Tenn. **Underwriters**—To be named. The last rights offering in Aug. 1961, was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York and Equitable Securities Corp., Nashville.

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.

Digitized for FRASER
http://fraser.stlouisfed.org/

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).

• **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 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 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).

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.

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).

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.

Continued on page 36

Digitized for FRASER
http://fraser.stlouisfed.org/

Continued from page 35

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.

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. (5/14)
Jan. 16, 1963 the company announced plans to sell $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—7th and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler. **Bids**—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. (4/1)
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.

Wisconsin Public Service Corp.
Jan. 16, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year or in 1964. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Canada Should Return to Floating Exchange Rate

Continued from page 12

nent inflation, and all relevant indicators reflected a continued and general slack in the economy. During the first half of 1959, the recovery gathered some momentum as indicated by an increase in the general loans of the chartered banks. The combination of increased loan demand and a stonewall policy by the central bank, holding the money supply virtually fixed, led to higher interest rates as the banks unloaded securities in an effort to gain cash. Finally, on Aug. 13, 1959, the average rate on 91 day Treasury bills reached 6.16% which automatically made the floating Bank Rate 6.41%—still a record high for Bank Rate in Canada.

In a period about half as long as the 1955-57 tight money period, the banks liquidated over a billion dollars in Government securities and day to day loans. Total loans rose by over a billion dollars, but total deposits rose only slightly over the period.

This time, the yo-yo was snapped back even more briskly and the banking system brought up even more sharply, thus continuing the trend towards shorter and increasingly severe tight-money periods.

Tight Money in 1962

The fourth tight money phase started in May, 1962, with a crisis peak in June, extreme tightness over the summer and with some relaxation but no real ease during the early fall.

After putting heavy downward pressure on the Canadian dollar during the last half of 1961, the authorities in early 1962 tried to arrest its further fall by an informal peg at 95 cents U. S. However, the market, which had strongly supported the dollar at 97 cents U. S. in October, had become so bearish that, to check losses of reserves, the rate was finally pegged by formal arrangement with the International Monetary Fund at 92½ cents U. S. This, too, proved a viable rate only after a further heavy loss in reserves resulted in an acute exchange crisis and forced the authorities to adopt the austerity program announced on Sunday, June 24, 1962. A most important aspect of the overall austerity program consisted of a return to a fixed Bank Rate, set initially at 6% and thus a clear indication, borne out by events, that the country was in for an unprecedentedly severe period of tight money.

Fixed Exchange Rate Dictated Tight Money

Tight money in 1962 was imposed on a domestic economy during a modest and uncertain expansion which, even in the absence of official discouragement, was not at that time expected to last very long. In other words, it was dictated, not by domestic requirements as seen by the monetary authorities, but by the necessities imposed by balance-of-payments adjustment under a fixed exchange rate.

There is no doubt that, under the circumstances existing in June, 1962, tight money was absolutely necessary to protect the nation's dwindling reserves of foreign exchange. The other austerity measures, while no doubt significant and helpful as an indication of policy, were bound to take time to have their full effect. The dramatic rise in Bank Rate also had an announcement effect, but in addition it acted immediately to attract funds through its effect on market rates generally. In other words, its main purpose was to reverse the policy of discouraging capital inflow and instead to provide active encouragement to foreign capital so that the 92½ cent U. S. parity on Canadian funds could be maintained.

The timing of the tight money cycle with the exchange crisis meant that subsequent reductions in Bank Rate, from 6 to 5½ to 5 to 4% over the period to Nov. 13, 1962, had to be interpreted carefully in the light of both domestic and external pressures. However, the last reduction of Bank Rate, to 4%, was accompanied by the explanation that a greatly improved exchange position permitted the monetary authorities to take into account "other factors". It appeared therefore that, at least for the time being, the requirements of the domestic economy need no longer be sacrificed in order to maintain external balance, and that some relaxation could be expected.

Shortest and Most Severe Tight Money Period

In spite of a popular impression that there has been a significant relaxation of the tight money policy imposed in June of last year, I do not believe this to be a fact. Bank Rate has come down but the banks are still in a very heavily loaned position. However, assuming that the maintenance of our fixed rate of exchange will permit a true easy-money policy in the near future, the 1962 tight money period will be the shortest and most severe ever experienced in this country.

In the three months ended Sept. 12, 1962, chartered bank deposits fell by $677 millions, reflecting in part the forced sale by the banks of $820 millions in Government of Canada securities to raise cash. The money supply, which includes both chartered-bank deposits and currency in the hands of the public, dropped by $627 millions over the same period: an unprecedented phenomenon not matched by even the severest of previous tight-money periods.

Tight money in 1962 therefore continued the trend established in the 1950's: the gyrations of the yo-yo continued to increase in speed. But this was our first experience with what might be called a "yo-yo exercise for two hands". The banking system must now respond not only to central-bank operations designed to attack inflation or deflation at home, but to even more abrupt and severe measures required to correct the periodic and disrupting inflows or outflows of reserves which are inevitable, in our wide-open economy, so long as we adhere to a fixed exchange rate for the Canadian dollar.

Creating Proper Environment For Effective Monetary Policy

As tight-money periods become shorter and more severe, the problems faced by the chartered banks become increasingly difficult. This would not be cause for complaint if monetary policy were in fact achieving its purpose with a minimum of disruption in the financial system. There are, however, a number of rigidities in our financial structure that cause unnecessary hardship during tight-money periods, upset the balance of competition among financial institutions, and ultimately reduce the effectiveness of monetary policy. The skill of our monetary authorities, built up over the years and ably demonstrated in the last 6 months or so, would be much more effective if their hands were not tied by the various rigidities that now impede the smooth working of the banking system and the money market.

Rigidities in Domestic Money Market

At the domestic level, for example, the stipulation that banks, alone among lenders, must keep frozen a comparatively high proportion of their resources in cash or low-yield assets reduces their ability to allocate their assets in the most effective and profitable way. This means that near-banks, not subject to these limitations, are artificially stimulated to achieve a greater rate of growth than they could achieve under normal competitive conditions.

The 8% primary cash ratio obliges the banks to keep on deposit with the Bank of Canada an amount considerably above the working balances required for clearing purposes. Moreover, no interest is paid on these deposits and when it is realized that chartered bank deposits with the Bank of Canada averaged almost three-quarters of a billion dollars in 1962 it is apparent that the interest-free feature represents either a substantial subsidy to the Federal Government paid by the depositors, borrowers and shareholders of the chartered banks or a substantial indirect tax borne by the same group—a cost not borne by the depositors, borrowers and shareholders of the near-banks because these institutions do not have comparable legal requirements imposed on them. Moreover, the chartered banks pay interest on deposits placed with them by the Federal Government and it seems only equitable, therefore, that interest should be paid on the deposits which the chartered banks maintain with the Bank of Canada.

The monetary authorities control the size of the banking system through open market operations affecting the deposits of the chartered banks with the central bank; but so long as the banks work to **some** cash ratio these open market operations can be carried on regardless of the size of the deposits. In fact, a smaller reserve base would give the central bank more leverage in that a smaller operation in the bond market would be required to achieve a given increase or decrease in the size of the banking system. Thus a smaller cash ratio requirement, by reducing central bank intervention in the bond market, would contribute to the independence and strength of our financial markets at the same time that it would increase the efficiency of monetary policy.

Voluntary Secondary Ratio Hindrance

The voluntary secondary ratio agreement also distorts the nature of bank and near-bank competition, and this distortion will persist as long as the agreement to maintain a voluntary secondary ratio remains in effect. Moreover, high and rigid liquidity requirements—whether in the form of primary cash or secondary ratios make for abruptness in the necessary adjustment by the banks to

Digitized for FRASER
http://fraser.stlouisfed.org/

changes in monetary policy. Smoothness of adjustment requires that the banking system have the greatest possible flexibility and room for manoeuvre, both in allocating its assets and in adjusting its loan and deposit rates of interest. Even in the necessarily abrupt shift to extremely tight money following the exchange crisis, the same or better results could have been achieved had the banks been able to run down secondary reserves for a temporary period, instead of confining their sales largely to long-term bonds. The result would have been higher short-term rates (e.g. on Treasury bills) and less upward pressure on long rates; in other words, the ideal combination to attract funds from abroad to shore up exchange reserves without discouraging domestic expansion because of high long-term rates of interest.

Another example of the discriminatory effect of tight money was clearly in evidence for the first time in 1959. The rise in rates, which culminated in the record set by Bank Rate in August, 1959, is part of a pattern of generally rising rates since 1950. But the August, 1959, crisis served also to demonstrate not only the increasing severity of successive tight-money contractions, but more important still, the essential absurdity of the 6% ceiling imposed on chartered bank lending rates under Section 91 of the Bank Act.

The ceiling produced only a mildly hampering effect during periods of generally low market rates of interest. But when market rates, even the Treasury bill rate, rose above the ceiling (and even before this peak was reached), banks were unable to use the price of their credit as an automatic rationing device to allocate the scarce supply most effectively and to moderate the demand for loans. At the same time this ceiling prevented the banks from raising to an appropriate level the price they could offer for depositors' funds. As a result the implementation of monetary policy was inhibited, at the same time that its effects were made even more severe and disrupting than they otherwise would be for a given amount of monetary restraint.

A more severe threat to the efficiency of monetary policy also appeared at this time: the interest-rate ceiling combined with high market rates of interest made it impossible for the banks to transmit monetary tightness to the near banks. As a result, the near-banks, uninhibited by rate ceilings of any sort, were able to increase their resources by offering attractive deposit rates and to re-lend these resources at lending rates geared to market conditions. This meant that monetary policy failed effectively to reach the near-banks, and the bite on the banks had to be that much more severe. Here again, the banking system suffered a greater degree of restriction than it otherwise would have for a given amount of overall restraint, and at the same time the relative shrinkage of the chartered-bank sector meant that future tight money periods would have to be correspondingly more severe in order to reach the growing pool of credit resources outside the banking system.

Three Recommendations

To remove these rigidities in the domestic money market and thus to increase the effectiveness of monetary policy, I would recommend:

(1) Review of the legal primary cash-ratio requirement with the dual objective of reducing it to a lower level and of having interest paid on that portion which is held in the form of deposits with the Bank of Canada.

(2) Abolition of the voluntary secondary reserve ratio.

(3) Abolition of the statutory 6% ceiling on bank loan rates of interest; i.e. restoration of competitive balance by allowing the banks freedom of action not only to move loan rates in line with the market but also to make correspondingly appropriate movements in the rate on savings deposits.

Rigidities in Foreign Exchange Market

At the international level, other, and even more serious, difficulties face our monetary authorities. Indeed, there is an unfortunate irony in the return last June to a fixed Bank Rate as a signal of monetary policy. This had long been advocated by the banks, and its meaning would have been unequivocal with the freedom of action provided by the floating exchange rate. But, with a fixed exchange rate, every change in Bank Rate must be assessed not only in terms of its implications for domestic policy but also in terms of the country's external balance. In other words, when at last a signal of central-bank intentions was adopted, its usefulness was immediately impaired by the exigencies, in Canada's open economy, of a fixed rate of foreign exchange.

Whatever one's general views regarding a fixed vs. a floating exchange rate for Canada, it must surely be granted that on three important counts the difficulties of approaching an ideal monetary policy are greatly increased with a fixed exchange rate: timing is now further complicated by the need to moderate inflows and outflows of exchange, regardless of domestic requirements; transition from ease to restraint may have to be as abrupt as the swings in hot money, and Bank Rate may be a signal, not of ease or restraint in the domestic economy but of the need, through the manipulation of interest rates, to attract or repel foreign funds in order to keep the exchange rate within its prescribed limits.

This leads me to my final recommendation.

Last year at this time I argued that the only exchange-rate policy suitable to the special conditions that exist in Canada is a true floating rate with no intervention in the exchange market except for small self-cancelling smoothing operations by the Exchange Fund Account. Nothing that has happened in the year just past has altered my conviction on this matter: on the contrary the exchange crisis of last May and June has served only to reaffirm that conviction. Of course, given the crsiis, there was probably no immediate alternative to a pegged rate with massive support. But short memories may blind us to the necessities of our long-run position. We must go back to 1960 when in effect we abandoned our floating exchange rate by discouraging foreign capital and to 1961 when we took further steps designed to put downward pressure on the Canadian dollar, just when the easier money policy adopted in June of that year would have brought the exchange rate smoothly and automatically to an appropriate discount without direct government intervention. For various reasons, of which we are painfully aware, the direction of official intervention had to be reversed with shocking suddenness, the dollar supported, and foreign capital welcomed once more.

Now that our net official exchange reserves are above their pre-crisis high, what should our next move be?

In my opinion we should first make sure that the capital flow is on a firm basis, perhaps allowing our exchange reserves to rise still higher. Then when we are satisfied that we are in a **position of permanent strength,** having repaid our official borrowings in full, we should once more adopt the floating exchange rate, telling the world and the International Monetary Fund that this will be Canada's policy henceforth.

A floating rate is not necessarily a "premium" rate: it will adapt itself and act as an ally of a monetary and fiscal policy designed to maintain a stable and prosperous economy. Nor is a floating rate necessarily a widely fluctuating rate, or an invitation to monetary excess. Indeed, as I pointed out at this time last year, a true floating rate can be the clearest advertisement of a sound monetary policy. I am not arguing that a floating exchange rate will solve all our problems; in no sense does it eliminate the sacrifices involved in working, saving, or paying our debts: but it does make these necessary sacrifices easier to bear.

Canada's Future: Bases for Optimism

Simultaneously with a move towards the kind of institutional environment in which monetary and fiscal policy can achieve the highest degree of efficiency, we must move on a far broader front to achieve effficiency in the economy as a whole.

What are our chances of achieving stability and growth at home along with the competitive vigor needed to meet the challenge of our international environment? I think there is good cause for optimism.

In the narrower field of monetary policy, which has been the major theme of my remarks, the Royal Commission on Banking and Finance is now nearing the end of its exhaustive inquiry into the operation of our whole financial structure. This inquiry, which has been welcomed by the banks and the investment community, will undoubtedly do much directly and indirectly to improve the efficiency of monetary policy and of the whole financial sector of the economy.

I believe we should be similarly encouraged by the recent appointment of a Royal Commission on Taxation. As I pointed out last year, in suggesting such a commission, this is a move on a broader front to re-examine our taxing habits and eventually to establish a tax system more in keeping with our need to achieve and maintain a competitive position in the world economy. Along these lines, too, we should welcome the efforts of our Trade and Commerce Department, and of many co-operating business firms, to explore new export opportunities; recent tax legislation should give added incentive to production for export as well as for the domestic market; and, finally, the new National Economic Development Board (Canada's NEDDY) will undoubtedly be charged with mapping our course in a world of economic blocs and increasingly severe competition.

There is much here to support an optimistic view of the future. We **can** improve the efficiency of our financial machinery. We can, and **must,** improve our long-run competitive position in world markets, and we are at least **beginning** to direct the not inconsiderable talents of our experts and our experienced men of affairs to the major problems of taxation, incentive, productivity, and long-range policy thinking.

It is within this context, and on the assumption that we learn from past mistakes, and intensify our efforts to make up for time lost and opportunities foregone, that I find support for an optimistic and firm belief in Canada's future. Such a response to our present problems is the catalyst we need to speed up the economic process and transform our dormant wealth into dynamic economic progress. We can, **if we will,** surpass even our best performance in the 1950's and insure for Canada an era of unprecedented prosperity and economic growth.

*An address by Mr. McLaughlin at the 94th Annual Meeting of the Bank's Shareholders, Montreal, Canada, January 10, 1963.

New York State Dormitory Agency Bonds Marketed

A group managed jointly by Phelps, Fenn & Co. and Lehman Bros., on Feb. 26 purchased $5,500,000 Dormitory Authority, State of New York Revenue Bonds, Ithaca College issue, Series A, due July 1, 1965 through 1994.

The group was awarded this issue on a bid of 100.0127% for 6%, 5%, 3¼%, 3.30%, 3.40% and 1/10% coupons, setting an annual net interest cost of 3.3179%.

The second best bid, for an interest cost of 3.320%, came from a group headed by Wertheim & Co.

On reoffering the securities were priced to yield from 1.85% in 1965 out to 3.50% in 1993. Bonds bearing the 1/10% coupon were listed at 4.25%.

Associated with Phelps, Fenn & Co. in this offering are:

C. J. Devine & Co.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce Fenner & Smith Inc.; Salomon Bros. & Hutzler; Blair & Co., Inc.; W. H. Morton & Co., Inc.; Paine, Webber, Jackson & Curtis; Francis I. duPont & Co.; First of Michigan Corp.; Adams, McEntee & Co., Inc.

Barr Bros & Co.; Coffin & Burr; Eldredge & Co., Inc.; Kean, Taylor & Co.; Roosevelt & Cross, Inc.; Wood, Struthers & Co.; Shelby Cullom Davis & Co.; Tilney & Co.; Doolittle & Co.; Sage, Rutty & Co., Inc.; H. V. Sattley & Co., Inc.

Hemphill, Noyes Co. Appoints Two

Hemphill, Noyes & Co., 8 Hanover St., New York City, have announced the appointment of William Kurtz as director and Alex Fedoroff as assistant director of the institutional research department. Mr. Kurtz was formerly with Paine, Webber, Jackson & Curtis.

The Most Accurate and Complete

NEW SECURITY OFFERINGS IN REGISTRATION

See "SECURITIES NOW IN REGISTRATION" in the CHRONICLE for the most comprehensive concentration of news on new security offerings—published weekly in

The COMMERCIAL and FINANCIAL CHRONICLE

25 Park Place, New York 7, N. Y.

gitized for FRASER
http://fraser.stlouisfed.org/

Financing Our Deficit In a Noninflationary Way

Continued from page 13

money for goods and services, the extra cash goes into the hands of the public in the form of profits and paychecks. This means the nation has more buying power—and unless the supply of goods and services also rises, the base for potentially inflationary price increases is established.

"Today, there are no shortages of goods and services. Today, the supply of money and credit is ample, but it is not flooding the business stream. The Treasury has managed its borrowing in a primarily non-inflationary way. The Federal Reserve System has kept its control over the money supply. The result is that price inflation is hardly a problem now.

* * *

"This year's $8.8 billion deficit is not causing inflation. Next year's deficit need not do so either. It all depends on how the deficit is financed."

Would Not Solely Finance Deficit

As a comment of my own, let me add that, in my judgment, the Open Market Committee of the Federal Reserve System would be derelict in its responsibilities were it—in the light of a large deficit—to add to bank reserves and to bring about substantial credit expansion solely to facilitate the financing of the deficit. It would be improper to risk unsettling the balance of payments or to tempt banks to make imprudent investments through a sudden expansion of liquidity. Above all, it would be ill-advised to generate the danger of inflation, either long-run or short, by creating redundant dollars, in order to make easier the financing of a deficit.

In our system of government, it is the duty and responsibility of the Congress and of the President to make the decisions on government expenditure and tax policies by which the size of federal deficits is determined. Determination of those policies is not the responsibility of the Federal Reserve, but the System does have a responsibility in helping to finance any deficits. It is the manner in which help is provided that is critical.

So, seeing to it that the Treasury is able to carry out its borrowing operation in an orderly manner is an obligation binding upon the Federal Reserve. On the other hand, there is a reciprocal obligation on the part of the Treasury to conduct its operations with recognition of the Federal Reserve's responsibility for healthy credit and economic conditions, and for stability of the dollar. 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. So, with complementary responsibilities, the Federal Reserve and the Treasury must work together in complementary fashion. Neither can ignore the forces of supply and demand that are reflected in the market place. Instead, both must assess market forces and determine their policies accordingly.

Accommodating the Treasury

The accommodation of the Treasury's financing needs, without disrupting the money and capital markets, is always one important objective of Federal Reserve policy. But this does not mean that bank credit should be expanded automatically by the amount of each Treasury issue that goes to market. Our objective at all times must be, as it has been in the past, to foster growth and employment, a stable value for the dollar, and equilibrium in the balance of payments.

This question of financing deficits has raised, and will doubtless continue to raise, troublesome semantic problems. The word "saving" has many meanings. As I pointed out to the Joint Economic Committee last summer, the total expansion of bank credit in our financial structure reflects both savings placed with banks as intermediaries and the creation of money through the expansion of demand deposits. After the fact of creation, these deposits become incorporated in our accounting of financial savings.

Once the semantic difficulties have been cut through, the difference of view among thoughtful people seems to me to be very small. I have never said that there should be no monetary expansion in a year in which the Federal Government is incurring a deficit, and, as the Council of Economic Advisers points out in its *Report*, no one seriously contemplates that the Federal Reserve should increase bank reserves in an amount equal to the deficit. What we should do, and will try to do, is to maintain conditions of reserve availability in the banking system, which will help to match the rate of total bank credit and monetary growth to the needs of the total economy. This is not financing deficits with bank created money. Nor is it offsetting or stifling any constructive impulse to economic expansion that may flow from tax reduction.

Let me turn now to the second of the problems I have singled out for special mention. Unemployment is a complex problem that has no simple solution. Many workers have gone through the cyclical ups and downs of the postwar period with little direct experience with unemployment, while some groups of workers have suffered severe hardship from it. Large clusters of unemployment have plagued certain communities, occupations, age brackets and racial groups.

The continuing high levels of persistent unemployment reflects a combination of demand and structural forces. We need a higher rate of sustainable growth to absorb, the unemployed and provide jobs for a rapidly growing labor force, and fiscal and monetary policies can help to bring that about. But other measures are needed to deal with structural problems.

Unemployment is not merely a count of interchangeable units of labor. The unemployed are people whose characteristics and abilities vary greatly. The existence of high and growing levels of long-term unemployment among certain groups in our population in good times and bad indicates some very serious imbalances between the developing demand for labor and the existing supply.

Demands for labor must be sufficient in total terms. But the characteristics and location of workers who are seeking employment must also be suited to those demands. Actions taken to upgrade the work force, to increase its mobility and productivity, will make it much easier for unemployed workers and new workers to meet the requirements of rapidly changing technology and job demands.

In the recession - recovery periods since 1953 the same underlying employment patterns have recurred. Although total employment and industrial production rebounded in 1962 to new record levels, as after each of the preceding recessions, the number of factory and related industrial workers required to produce an increased volume of goods declined. In contrast, in service occupations, both private and public, employment has continued to expand and new employment records are set month after month.

Changed Problem of Unemployment

As we look toward the future, two features of special importance may complicate efforts to achieve low unemployment. First, technological changes in the economy have had an important influence in sharply altering the character and content of job opportunities. These changes are bound to continue, perhaps at an accelerated pace. They foreshadow a further rapid upgrading in the demand for labor which will outpace the upgrading of the labor supply. The transition to new jobs will be slow and difficult for the displaced worker. Action will be needed to ease the burdens of those who become unemployed lest restrictive work practices reduce productive efficiency.

Second, we also face the inescapable challenge of a faster growing population of working age. Many more jobs will have to be found each year. About a million and a quarter persons are expected to be added to the labor force in each of the next five years compared to only about 800,000 in the past five years. By 1965, the burgeoning population of 18-24 years of age will account for more than half of the annual growth in the labor force. Unemployment rates are now very high among these young people, especially those with insufficient education. The long anticipated expansion in demand for homes, cars and all sorts of goods and services will hardly materialize if we fail to find job opportunities for our growing population.

The likely characteristics of unemployment caused by structural change in the coming years also indicate the need for a wide range of approaches by state and local governments, the educational system, the parties to collective bargaining and other private organizations. Foremost is the need for continued increases in the productivity and quality of our work force to meet the rapidly changing content of jobs. For our youth we must provide better vocational guidance and greater opportunities to get training for skilled and professional work.

Experimental programs for training and retraining unemployed workers have had some success in increasing skills and occupational mobility. Such programs should be given to more of the unemployed. More intensive efforts are required to get unemployed workers in depressed areas to areas where jobs are available.

The reduction in unemployment which we are able to achieve will continue to depend importantly on the success we have in shifting the composition of the labor supply to meet the changing needs of our economy. At the same time, of course, I recognize that we need also to pursue fiscal and monetary policies that will help to encourage growth in the total demand for our labor force. The important thing, as I stated to this Committee two years ago, is to proceed simultaneously, on the one hand, to invigorate the economy and, on the other, to alleviate unemployment resulting from structural changes.

Balance of Payment Problem

Finally, let me comment briefly on our balance-of-payments problem. At the beginning of my remarks, I pointed out that balance in international payments is not a goal that monetary policy can pursue apart from its domestic goals. Indeed, the objective of payments equilibrium must be achieved at the same time we are achieving orderly and vigorous economic growth domestically or we will risk achieving neither objective.

As a result of five large successive deficits, we have transferred to foreigners some $7 billion from our monetary gold stock and added another $9 billion to our liquid liabilities. Through a combination of market processes and through some shifting in the balance of Government transactions, we have made progress in lowering the size of our deficit. But I agree with the view expressed recently by the Joint Economic Committee's Chairmanship of Mr. Reuss, that this progress had not been satisfactory. Accordingly, we must more firmly pursue those policies that hold promise of eliminating our payments deficit and establishing a viable equilibrium in our international accounts.

The volume of Government expenditures abroad—for economic aid to the less-developed nations and for the defense of the free world—is and must be determined by broad considerations of national interest and security. The Administration has been pressing with some success for a greater sharing of these burdens by our allies. As the Subcommittee has recommended, continued efforts in this direction are certainly appropriate and will be made, I am sure.

But correction of the imbalance in our international transactions requires persistent improvement in the competitive position of our export industries and our industries competing with imports, and a related increase in the attractiveness of investing in the United States compared with investing in other industrial countries. This method can be effective only in the long run, but in the long run it is bound to be effective. Its accomplishment, however, requires the combined efforts of all of us.

Business management has a vital role to play because of its organizing role in a private enterprise economy. Businesses must meet the test of constant adaptation to the most efficient production techniques, and they must design and price their products with a view to the widest profitable distribution at home and abroad. Competitive pricing is vital.

Moderation in wage demands is also vital to our international competitive effort. Sustainable increases in wages can be achieved only within limits of realizable increases in productivity. And we need to remember that over-rapid increases in labor costs add to the problem of unemployment by creating exaggerated incentives to economize on the use of labor.

Greater Awareness

To me, an encouraging development of recent years has been an increasing awareness by both business and labor that these considerations—which were always in their own interest—are now urgently in the national interest because of our difficult payments position. Part of the progress we have been able to make in reducing the payments deficit since 1959 comes from the relative stability of prices and labor costs in this country as compared with those in Europe.

Our national financial policies have a vital role to play in strengthening our competitive position internationally, both in markets for goods and services and in investment potential. Fiscal policy will need to avoid, on the one hand, a too-heavy burden on economic incentives to invest and consume, and, on the other, budget deficits too large to be financed without inflation. Monetary policy will need to facilitate the meeting of legitimate bank credit demands in our growing economy, but it must avoid a domestic monetary expansion so rapid as to induce rising costs and prices, unwise speculation, and excessive capital outflows to other countries.

In connection with our balance of payments problem, we need always to keep in mind the central role that the dollar plays in the international payments system and the fact that this role is founded upon freedom from exchange restrictions. Whatever temporary advantage might be gained for our payments deficit by direct controls over our international transactions would be more than offset by the damage such controls would do to the widespread use of the dollar in settlement of international transactions.

With the economies of the Free World becoming more closely knit together by an international payments system based on convertible currencies and open competitive markets, cooperative international efforts are needed to restore and maintain payments equilibrium and to guard against disruptive exchange market developments. Fortunately, the need is widely recognized and the responsibility widely accepted.

Foreign Currency Swaps

This past year the Federal Reserve System gave formal recognition to this responsibility by inaugurating foreign currency operations under the supervision of the Federal Open Market Committee. This action put the System in a position to intervene in the exchange markets for the protection of the dollar under conditions of transitional unsettlement of those markets arising from volatile shifts in the stream of international payments. The System has further supported its participation in foreign currency operations by cooperating more actively and directly with the central banks of our principal trading partners and with international organizations playing a coordinating role in the functioning of the world payments system.

Because of our balance-of-payments situation, the newly inaugurated Federal Reserve operations in foreign currencies have

gitized for FRASER
tp://fraser.stlouisfed.org/

concentrated this past year on the establishment of a network of mutual currency credits with other central banks, principally on a stand-by basis. We now have arrangements totaling more than $1 billion with the central banks of Europe and Canada and the Bank for International Settlements in Basle, which are capable at our call of providing foreign currencies to that amount if needed to meet undesirable exchange market developments. It is our hope that these arrangements will remain a useful international device and a continuing symbol of active cooperation in preserving and strengthening the world payments system.

Closer cooperation among leading central banks has already contributed much to greater resiliency and flexibility of the world's payments mechanism. This was demonstrated in 1962 by its absorption of the shock of sharp world-wide decline in equity values in the late spring and early summer, of the potentially disruptive effects of the difficulties encountered by the Canadian dollar following its devaluation in the spring, and of the unsettlement of international markets occasioned by the Cuban crisis. And to the extent that the world's payments system absorbed these adverse developments with little unsettlement, the impact of these developments on the domestic financial markets was also cushioned.

From my remarks, it should be clear that the year 1963 will confront us with important and difficult problems. We must work toward a solution of structural unemployment at the same time that we generate more aggregate demand for our manpower by healthy over-all expansion of the economy. We must finance our prospective deficit in a noninflationary way. And finally, we need to make decisive gains in restoring our balance of payments equilibrium. If your review a year hence shows substantial progress in meeting these problems, it will indeed be a gratifying occasion.

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

Summerell Joins Schwabacher Co.

LOS ANGELES, Calif — Schwabacher & Company, 523 West Sixth St., have announced that Donald E. Summerell has become associated with them in charge of trading for the Southern California area. Mr. Summerell is a veteran of thirty years in the investment business and for the past nineteen years was a Vice-President and Director of Wagenseller & Durst. He is a past President of the Security Traders Association of Los Angeles and is currently serving his second term on the Executive Council of the National Security Traders Association.

Donald E. Summerell

The State of TRADE and INDUSTRY

Continued from page 14

total). This was an increase of 2,395 cars or 19.1% above the corresponding week of 1962 and 4,462 cars or 42.5% above the 1961 week.

Cumulative piggyback loadings for first 6 weeks of 1963 totaled 78,588 cars for an increase of 7,604 cars or 10.7% above the corresponding period of 1962, and 19,620 cars of 33.3% above the corresponding period in 1961. There were 61 Class I U. S. railroad systems orginating this type traffic in this year's week compared with 57 one year ago and 55 in the corresponding week in 1961.

Truck Tonnage 1.1% Below Last Year's Level

Intercity truck tonnage in the week ended Feb. 16 was almost even with that of a year ago, being off only 0.3% from the volume of the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 1.1% behind the volume for the previous week of this year. The week-to-week findings are consistant with the seasonal pattern which has been found at this time in previous years.

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 16 localities, with 18 points reflecting decreases from the 1962 level. Trucking centers at six points registered tonnage gains ranging from 10.1% to 28.0% while one area, Birmingham, reflected a decrease of 12.4%.

Compared with the immediately preceding week, 16 metropolitan areas registered increased tonnage, while 17 areas reported decreases. One terminal city, Louisville, showed no change from the previous week.

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. 23, was estimated at 17,489,000,000 kwh., according to the Edison Electric Institute. Output was 183,000,000 kwh. less than the previous week's total of 17,672,000,000 kwh., and 16,110,000,000 kwh., which amounted to 8.6% above the total output of the comparable 1962 week.

Wholesale Commodity Price Index Inches Up This Week

After slipping last Wednesday to 267.80, the lowest since late November, the general wholesale commodity price level edged up to 268.32 this Monday, reported Dun & Bradstreet, Inc. With higher grain prices offsetting declines in wholesale costs of livestock, steel scrap, tin and rubber, the index moved up fractionally from the corresponding day a week earlier but remained down from its comparable levels last month and last year.

The Daily Wholesale Commodity Price Index inched to 268.32 (1930-32 = 100) on Monday, February 25 from 268.24 in the preceding week but was appreciably lower than the 271.42 recorded on the similar day a year ago.

Wholesale Food Price Index Unchanged in Latest Week

Ending a three-week dip, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., held at $5.83 on Feb. 26, the same as in the preceding week. It was 1.0% lower than on the similar date of 1962, continuing the year-to-year downtrend which has been in effect since early last December.

Few foodstuffs declined in wholesale cost—flour, beef, coffee and hogs—but their quotations, particularly in beef and hogs, dropped sharply enough to counterbalance the higher prices chalked up for 10 items: Wheat, corn, rye, oats, hams, bellies, lard, sugar, cocoa and potatoes.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat 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.

Business Failures Hold Steady

No change occurred in commercial and industrial failures which held at 310 in the week ended February 21 as against 311 in the preceding week, reported Dun & Bradstreet, Inc. The toll also was even with the 309 a year ago, but remained down considerably from the 348 in the similar week of 1961. Casualties exceeded by 16% their pre-war level of 267 in 1939.

Liabilities topping $100,000 were involved in 52 of the week's failures as this size group resumed its upward trend, rising from 44 a week ago and from 30 in the comparable week last year. On the other hand, casualties with losses under $100,000 dipped to 258 from 267 in the previous week and also fell short of their 1962 level of 279.

The toll among retailers edged down to 145 from 148, among manufacturers to 43 from 48, among service concerns to 26 from 28, while the toll among construction contractors inched up to 55 from 53. A stronger increase prevailed in wholesaling where casualties climbed to 41 from 34 a week earlier and also rose above their last year's toll for the corresponding week. In other industry and trade groups, failures held relatively close to 1962 levels.

Regional trends were mixed during the week. The business toll in the Middle Atlantic States was almost steady at 86 and the West South Central was unchanged at 20, but East North Central casualties plunged to 33 from 90 and West North Central to 12 from 18. In contrast, five regions reported increases with the South Atlantic up to 55 from 29 and the Pacific to 64 from 50. Seven of the nine major geographic regions suffered heavier business mortality than last year while the only declines from 1962 levels occurred in the Middle Atlantic and East North Central States.

Canadian failures remained unchanged at 32, the same as a week ago, but were off substantially from 52 in the similar week of last year.

Uneven Pace in Retail Purchases

Consumer buying fluctuated in the week ended February 20, from a strong to sluggish rate along with extreme day-to-day shifts in the weather. All regions reported uneven activity, but total volume held a small margin over last year's level. On balmy days, shoppers turned some attention to spring apparel and garden supplies, but perhaps on the following day shifted their intrest to ski-wear and heavy socks as temperatures fell toward zero. Sudden rains and snows made traffic slushy and home furnishings sales slack. The pace in car purchases eased slightly from the record clip of recent weeks and months but still exceeded considerably the comparable year-ago level.

The total dollar volume of retail trade in the reported Wednesday ending week ranged from 1% lower to 5% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: West North Central —2 to +2; Middle Atlantic —1 to +3; East and West South Central 0 to +4; New England and East North Central +1 to +5; South Atlantic +2 to +6; Mountain +3 to +7; Pacific +5 to +9.

Nationwide Department Store Sales Rise 1% 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 1% for the week ended Feb. 16, compared with the like period in 1962.

In the four-week period ended Feb. 16, 1963 sales gained 1% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended Feb. 16, advanced 4% above the corresponding year-ago week.

The New York City newspaper 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 1% 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 3% compared to last year's period, and the sales for the week ending Feb. 16, were 7% below the comparable week in 1962.

Ricker, Cardinal With Marshall Co.

MILWAUKEE, Wis.—Edward G. Ricker, Jr. and Rene Cardinal have become associated with The Marshall Company, 111 East Wisconsin Ave., members of the Midwest Stock Exchange. Mr. Ricker was formerly vice-president and sales manager of the Milwaukee Company. Mr. Cardinal who has been in the investment business for many years has recently been with Cruttenden, Podesta & Miller.

Businessman's BOOKSHELF

American Statistical Association—1962 Proceedings of the Business and Economic Statistics Section—American Statistical Association, 810 Eighteenth Street, N. W., Washington 6, D. C. (paper), $5.

Effective Executive Practices—Neeley D. Gardner—a "Tutortext"—covering principles of what makes a good executive and how to become one — Doubleday & Company Incorporated, 575 Madison Avenue, New York 22, N. Y. (cloth), $4.95.

Free and Prosperous Commonwealth — An Exposition of the Ideas of Classical Liberalism — Ludwig von Mises — D. Van Nostrand Company, Inc., Princeton, N. J. (cloth), $5.50.

How To Predict the Stock Market—Louis Bean—A detailed exposition of statistical methods of market and stock forecasting—David McKay Co., Inc., 119 West 40 St., New York 18, N. Y.—$5.50

Invisible Barrier: The Optimum Growth Curve—A Tax Specialist's Analysis of the Business Cycle—George T. Altman—Tilden Press, 550 Fifth Avenue, New York 36, N. Y. (cloth), $4.

National Wealth of the United States in the Postwar Period—Raymond W. Goldsmith—Princeton University Press, Princeton, N. J. (cloth), $12.50.

1963 Negro Consumer Report—Survey of Buying Habits in New York, New Jersey, Los Angeles, Chicago, Norfolk and Indianapolis—Continental Broadcasting, Inc., 565 Fifth Avenue, New York, N. Y. (paper), $1.

Open Market Operations—43-page booklet explaining in layman's language how the Federal Reserve System translates broad monetary objectives into day to day purchases of sales of government securities—Public Information Department, Federal Reserve Bank of New York, New York 45, N. Y. (paper), on request.

President's 1963 Tax Message, with Principal Statement, Technical Explanation, and Supporting Exhibits and Documents—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.75.

Programed Instruction for Schools and Industry—Dr. J. L. Hughes—An introduction to the field of programed instruction — Science Research Associates, Inc., 259 East Erie Street, Chicago 11, Ill., $6.00.

Public Relations Handbook—Second Edition, Edited by Philip Lesly—A handbook designed to fill the need for a practical blueprint geared to the requirements of the modern business community for the intelligent use of public relations. Includes a chapter on **Financial Public Relations** covering shareholder relations, investment community liaison and financial publicity.—Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $12.50.

Quiet Crisis in India—Economic Development and American Policy—John P. Lewis—Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington 6, D. C. (cloth), $5.75.

Digitized for FRASER
http://fraser.stlouisfed.org/

WASHINGTON AND YOU

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

WASHINGTON, D. C.—At a time when most of the urban areas are showing a tremendous growth, there have never been so many rural areas in the United States declining in population. A dramatic shift is taking place.

The revolution in agricultural life and technology has been underway for years. This fact has been well established for more than 15 years, but what is not generally known is that this great loss of farm population is going to continue for years to come.

This is the conviction of farm economists and leaders in Washington after much research and study. In some rural areas, small towns are absolutely drying up. One-time prosperous stores are closing their doors, because there are no longer demands for many goods and services in these communities.

As a result of the heavy outmigration of young adults, in some rural sections, births have declined to the point that they no longer exceed deaths. Never before have there been such disparities in the age distribution of farm and non-farm populations as there are now.

The economic research service of the Department of Agriculture declares that a dramatic rural-to-urban shift, as well as a South-to-North and West shift has been made by the Negro population.

Exodus of the Negro From Rural South

Thousands and thousands of Negroes are continuing to leave the rural Southland for the urban areas, not only for the North and West, but to the cities of the South. The shift of course is creating new problems for the cities with increasing needs for more housing units, sewerage and water facilities, more schools, and generally more goods and services.

The Nation's Capital, beautiful for the most part, powerful and politically exciting, is an example of the Negro moving to urban areas. Apparently Washington is destined to become primarily a Negro city. Already the total Negro population in the District of Columbia is greater than the white race, and the Negro school population is better than 70%.

Although many of the Negroes leaving the Southland for the Northern and Western cities are capable people and good citizens, some of the economists and qualified observers in Washington maintain that the shift will in the end prove better for all concerned. There has been too great a concentration of the Negro race in the Old South for the good of both races.

By this time next year the population of the United States will have passed the 190,000,000 figure. And by the time the United States Census Bureau gets around to conducting the next decennial census in April, 1970, the population will exceed 210,000,000 unless a sharp downturn in the birth rate occurs.

Meantime, the trend towards early marriage, which stood out in the 1950's, has leveled off. The median ages at first marriage for men (22.8 years) and women (20.3 years is the same as in 1950.

Impact of Population Growth On the Economy

The phenomenal growth in this country is forcing analysts in many fields to re-evaluate their expectations of future developments, said Calvin L. Beale of the Agriculture Department's economic research service, and Donald J. Bogue, of the population research and training center, University of Chicago, in a review of population trends with emphasis on rural areas of our country.

"Continued population increases of this magnitude will be certain to alter almost every phase of economic, social and political life," said the experts. "They raise fundamental questions: For example, do they threaten to lower the real per capita income of the nation, or are they a precondition of even higher levels of living? Is our supply of natural resources adequate to withstand this development, or will we soon follow the course of many nations of Europe and incur a net domestic deficit of basic industrial materials? Such questions are now being studied more seriously than ever before."

Obviously they are pertinent questions. Years and years ago rural life in America was generally looked upon as a rugged life. Now rural life and city life are close together as far as conveniences are concerned. The rural resident today has the same electrical appliances, telephone, radio, television, automobile and hard-surfaced roads that his cousin has in the big city. The rural man can get to the middle of the city nearly as fast as the city dweller.

The No. 1 problem involving rural America—and this affects all urban dwellers indirectly—is to find economic uses for land that will retard depopulation. This is in direct contrast to the growing demands in urban areas. Demands for land are going up and up all the time, and of course the price is rising all the time. Obviously the demands for land and the attendant rise in price of land in growing communities is the outgrowth of the marked population increase.

How Weather Conditions Affect Growth Trends

The 1962-63 winter has been one of the most severe in the United States in 100 years. Nearly every area has suffered great losses as a result of the prolonged freezes, snow and ice.

Thus, it perhaps is appropriate for the Department of Agriculture's economic research service study to come up with this pertinent observation:

"With few exceptions, those portions of the Nation which have severe winters are experiencing below-average growth, and almost the entire zone of the country that is blessed with mild winters is growing rapidly. For example, those economic subregions which have an average January minimum temperature of less than 10 degrees showed an overall population increase of 10% from 1950-1960, whereas the subregions having an average January minimum of 40 degrees or more had a population growth of 75%.

"In part, this development is being created by the building of retirement colonies by elderly people moving to Florida, the entire Gulf of Mexico Coast, and into Arizona and California. Social Security first made a mass move of this type possible two decades ago, and steadily it is swelling into a major social movement. Canadians as well as United States citizens join in it.

"Probably the movement will double and redouble in volume in the next two decades. Even inland places, such as the sandhills of Carolina and Georgia (which are dry as well as mild), the Ozarks, and the Appalachian uplands are attracting folks entering retirement and desiring or needing a change in climate."

Industry Also Motivated by Climatic Conditions

The population study further comes up with the observation that the drift toward warmer climates is more than a retirement phenomenon. Everyone knows that winter not only brings great hazards, but many inconveniences and high fuel costs.

"Whether the population is leading business or following it is not certain," said the economists. Yet it is clear that much light industry, such as electronics, missiles, research and appliance fabrication and assembly is moving into these Southern zones also. Air conditioning is making it easier for the newcomers to have the equivalent of a cool summer and a warm winter. Also certain costs of living are lower.

"As employers become more congestion-conscious and more aware of the desires and values of their employees, it may be expected that more industry than ever will be located with climate as one of the variables given serious consideration."

For these reasons, among others, some day those tens of thousands of one-time tillable farm acres in the warmer climates, now idle because of the technological agricultural advances, will be far more valuable than now. More and more small industries seeking a place for their employees and their families to be more comfortable than in the congested big cities, will revive many of those small towns that have lost their economic zing because of the loss in farm population and thus the loss in goods and services.

[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 finally found a way to stop her yak-yaking all over the office—I told her when she closes her mouth she looks exactly like the Mona Lisa!"

COMING EVENTS

IN INVESTMENT FIELD

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 13-14, 1963 (Chicago, Ill.)
Central States Group of the Investment Bankers Association 27th annual conference at the Drake Hotel.

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.

Attention Brokers and Dealers
TRADING MARKETS
Botany Industries
Indian Head Mills
Maxson Electronics
Official Films
Waste King
Our New York telephone number is
CAnal 6-4592
LERNER & CO., Inc.
Investment Securities
10 Post Office Square, Boston 9, Mass.
Telephone HUbbard 2-1990 Teletype 617 451-3438

FOREIGN SECURITIES
CARL MARKS & CO. INC.
FOREIGN SECURITIES SPECIALISTS
20 BROAD STREET • NEW YORK 5, N. Y.
TEL: HANOVER 2-0050 TELETYPE 212-571-1685

Major Pool Equipment Corporation
Bought—Sold—Quoted
Annual Report available on request
HILL, THOMPSON & CO., INC.
70 Wall Street, New York 5, N. Y.
Tel. WH 4-4540 Tele. 212 571-1708

Digitized for FRASER
http://fraser.stlouisfed.org/