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EDITORIAL

As We See It

What has happened in Cuba since the communists took the island over gives a decidedly hollow ring to Kremlin promises of an economic millennium for "workers" and "peasants," and the President does well to call sharp attention to the fact. The truth is that if we examine communist theory as expounded by Khrushchev and Company we find that even the very elect in the communist world do not really expect anything in the nature of the economic blessings ordinarily claimed for the principles of Karl Marx and others. Certainly, not at least for a long period of years and then only after the accomplishment of miracles of production. The Kremlin is always talking about "building" communism in its own country, and what it means by that term has been made clear enough in official documents.

Any "to every man according to his need" system can come—even in communist theory—only after production by every man has actually risen to the maximum of his ability. Only when this latter has occurred would there be enough goods and services to go round. But even in Russia itself this latter goal is still but a vision of things far off. Up to now, it has been proved again and again that normal production by the individual depends upon distribution of output roughly in proportion to individual output. The task of communism at home, so it is said, is to increase production until goods and services are in super-abundance, making it possible for everyone to have his "need" fully satisfied at all times. It is quite evident from communist literature itself that belief is general that years and years must elapse before communism is thus built to the point of recognition even by the followers of Marx and Lenin. In light of such facts as these it is, of course, (Continued on page 23)

Business Activity Will Attain New High Levels in Current Year

By John A. Cochran, Professor of Economics, and Chairman, Economics Department, Arizona State University, Tempe, Arizona

Overall projection of substantial economic growth resuming by late spring or early summer anticipates 4.3% GNP rise over 1962 at an annual rate based on assumption of tax reduction by September made retroactive to July 1, 1963. Analyst examines broad trends expected in economy's major spending sectors as well as detailed quarter by quarter changes within those sectors. Construes any credit tightening as a good business omen and pins hope on consumer.

The American economy, in early 1963, seemed to be moving in a sidewise direction according to many observers. Although some indicators were pointing upward, others were pointing downward, so that both the pessimists and the optimists could point to data to support their particular point of view. The most serious problem, as indicated by the data in January and February 1963, was an increase in the unemployment rate accompanied by stability in the output of manufactured goods. The stock market reflected this hesitation in the economy and seemed unable to make up its mind whether the economy was headed for another one of the postwar recessions or would break out again on the upside. Let us say clearly at the beginning that we place ourselves among the mild optimists, in that we anticipate no recession this year, but rather look for a resumption of upward growth by late spring or early summer.

John A. Cochran

In my viewpoint, business activity by the end of this year should be setting new records in terms of total output of goods and services. In Gross National Product, or GNP, terms this means that my forecast calls for a fourth quarter of 1963 seasonally adjusted annual rate of GNP of $587.2 billion, as compared with an estimated fourth quarter annual rate of GNP in 1962 of $563.0 billion. For all of 1963, GNP is projected at $577.0 billion as compared with an estimated $554.0 billion for the year of 1962. Despite these somewhat impressive figures, however, we are not looking for a real boom or superboom this year, since the rate of advance projected for 1963 is lower than that actually recorded in 1962 over the previous year.

1962 output in current dollar figures (GNP) is estimated to have increased by $35.3 billion or by some 6.6% over 1961. (Actual output did not rise this much, of course, since we still had some gradual increase in the price level.) For 1963 we are projecting in current dollar figures an increase of only $23.0 billion or 4.3% in GNP over that of 1962. Since prices are expected on the average to rise another 1%, the gain in total real output is estimated as being only 3.3%. Furthermore, it should be noted that our projections rest on a number of assumptions, which we shall examine as we look at the economy sector by sector. Perhaps the most important assumption underlying these figures, however, is that Congress will indeed enact an across the board tax cut for both individual and corporate tax payers, as promised by the President.

President Kennedy has (Continued on page 24)

JAPAN—THE GROWTH ECONOMY: SECTION 2

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.

This Week's Forum Participants and Their Selections

Jim Walter Corp.—Freeman Napier Jelks, Jr., Vice-President, Johnson, Lane, Space & Co., Inc., Savannah, Ga. (Page 2)

Tractor Supply Co. — Thomas E. King, Vice-President, Dempsey-Tegeler & Co., Inc., Chicago, Ill. (Page 2)

FREEMAN NAPIER JELKS, JR.

Vice-President, Johnson, Lane, Space and Co., Inc., Savannah, Georgia
Members New York Stock Exchange

Jim Walter Corporation

A national news magazine recently referred to the blood bath which has washed the shell home industry as among the most cruel ever witnessed.

The plug seems to have been pulled from the tub, and the weak sisters swept down the drain. On the other hand, Jim Walter Corporation, the largest builder of shell homes in the country, has recently indicated earnings up 200% in the quarter ended Feb. 28, 1963. It looks as though the blood bath is over.

The fiscal year ended Aug. 31, 1962, was a poor one for Jim Walter Corporation. The company earned 93 cents (down from $2.11 in fiscal 1961), and there was much talk in Wall Street and Main Street about the safety of the 80 cent annual dividend. After announcing the estimated earnings for the Feb. 28, 1963 quarter, Mr. Walter went out of his way to underline his confidence in the security of the current 20 cent quarterly dividend rate.

We believe fiscal 1963 earnings will be between $1.20 and $1.50 a share. Management has indicated that earnings for fist six months were approximately 44 cents, up from 23 cents last year. Earnings in the normally poor second quarter, which ended Feb. 28, 1963, were estimated to have been 21 cents, compared with 7 cents last year.

Acquires Celotex Control

The most important step taken by Jim Walter Corporation in 1962 was the acquisition of control of Celotex Corporation, the building materials firm which is first in the country in the manufacture of insulating board.

The acquisition was a natural: Jim Walter is now using Celotex products at an annual rate of between $2,000,000 and $3,000,000. Moreover, Celotex had a depreciated book value on Oct. 31, 1962, of $45.59 a share, which has been estimated to be worth more than $60 a share. Jim Walter now owns more than 50% of the slightly more than one million shares of Celotex stock outstanding, at a cost of less than $30 a share.

Celotex Shows Profit

On the other hand, as a money-maker, Celotex at 30 looked like no bargain: the company lost $2,405,447 in its fiscal year which ended Oct. 31, 1962. It was, therefore, excellent news for the stockholders of Jim Walter Corporation and Celotex when Mr. Walter, now Chief Executive Officer of both companies, revealed that Celotex had shown a small profit for the quarter ended Jan. 31, 1963, and was expected to operate in the black for the year.

Control of Celotex was acquired by Jim Walter Corporation on bank-financed borrowings of $15,000,000 on which Jim Walter Corporation pays an interest rate of 5½%. Ownership of some 50% of a company which as recently as 1959 earned over $4,000,000 and which in 1956 earned almost $6,000,000 was acquired without the issuance of a single additional Jim Walter share (there were 1,949,721 Jim Walter shares outstanding on Nov. 30, 1962).

Jim Walter stock was originally sold to the general public at a price (adjusted for a subsequent three-for-one split) of $7.67 per share. It subsequently sold above 60; and in the general market decline and simultaneous debacle in the shell home industry sold as low as 9.

Yield Attractive

The stock is currently trading in the Over-the-Counter Market around 18, where the current indicated yield is approximately 4½%.

Jim Walter Corporation keeps its books in such a way that interest (time charges) from mortgages which it holds on all of the homes which it constructs on credit are reported on a straight line basis. This has the effect of deferring earnings, penalizing earnings in the first year of the life of a mortgage and substantially increasing reported earnings in the latter years. It has been indicated that if Jim Walter Corporation kept its books on the declining balance method of reporting interest, such as is used by most finance companies and virtually all other shell home companies, Jim Walter's 1962 earnings would have been *twice* the figure actually reported. Instead of reporting these earnings in 1962, they were deferred to future years.

We think there is every reason to buy and hold Jim Walter stock and debentures at this time.

THOMAS E. KING

Vice-President, Dempsey-Tegeler & Co., Inc., Chicago, Ill.

Tractor Supply Co.

Of the 1,800 stocks listed on the New York Stock Exchange, only one that I know of can claim an unbroken record of year-to-year gains in both sales and earnings since its founding.

This singular record of achievement belongs to Tractor Supply Co., which I now—as on two previous occasions—must nominate as the security I like best.

TSC, which in 1963 is celebrating its 25th anniversary year, is one of the nation's leading merchandisers of parts and accessories for farm equipment, as well as other items for the rural and suburban markets.

While the firm operates only two small manufacturing facilities —one of which produces cotton picker spindles and the other piston sleeves, it commands a major share of the output of several hundred small but efficient specialty manufacturers, in many cases the same people who supply parts for the country's major farm machinery manufacturers.

Operating through branch stores located from New York to California and from Texas to North Dakota, as well as by means of a 132-page mail order catalog, Tractor Supply offers several thousand items ranging from necessities to comparative luxuries.

Part of the reason for Tractor's consistent progress stems from breadth of product line which, because of continuing experiments to find suitable additions, is wider today than ever before. Across the land, the company has earned a reputation for two attributes extremely important to its clientele: competitive prices and ready availability. With its streamlined distribution system Tractor Supply not only manages in many cases to undersell its competitors; on the shelves at each TSC branch or subsidiary retail outlet, ready for prompt delivery, may be found an extensive inventory of items for all leading makes and models of farm machinery, savng the farmer store-to-store shopping time.

When I last discussed Tractor Supply, I remarked on the company's aggressive expansion program. This program, which has continued unabated since, is yet another reason for TSC's record of growth. At the time of my February, 1962 article, Tractor had 67 stores in operation; today, there are 81, representing an increase of 20% in number of selling units in little over a year.

Over the past 12 months, Tractor has grown by external means, as well. Three Missouri companies—Roberton's Farm Supply of East St. Louis, Western Mercantile Company of Kansas City and Ozark Farm Supply of Joplin, have become subsidiaries, demonstrating TSC's alertness to the availability of profitable ventures in related areas of operation.

Tractor Supply's record for the past nine years depicts tremendous strides.

Yr. Ending 10/31	Net Sales (millions)	Net Income (millions)	Earns. Per Sh.
1962	$18.378	$1.515	$1.22
1961	14.404	1.448	1.17
1960	12.112	1.326	1.07
1959	10.404	1.205	.97
1958	9.631	1.137	.92
1957	7.558	.783	.63
1956	5.539	.519	.42
1955	4.552	.355	.29
1954	4.159	.234	.19

The number of farms in the United States continues to decline, while the size of individual farms and the income of individual operators continues to rise. In recent years, farmers have displayed a propensity to delay purchase of capital equipment wherever possible, maintaining or upgrading efficiency of a growing number of machines by means of replacement parts. While commanding a still-small share of this substantial market, TSC is likely in the future to gain an ever-greater proportion.

In the three months which ended Jan. 31, 1963, Tractor Supply reported volume of $3,679,733, an increase of 50% from the $2,-

Continued on page 9

(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.)

The Aerospace Industry— Its Problems and Prospects

By Hartman Butler, Jr.,* *Partner, Duff, Anderson & Clark, Industrial Investment and Financial Analysts, Chicago, Ill.*

The phenomenal development of the aerospace industry, and sound prospects for more of the same, and the attractions it holds for the investor warrant inclusion of its equities in investors' broad portfolios. In making this point, Mr. Butler does not minimize the negative aspects nor exaggerate the positive ones. His analytical review singles out what to look for in selecting a company; notes the extraordinary changes which so greatly transcend the ancestral aircraft manufacturing industry; and recommends portfolio package approach in preference to concentrating on one name only. The industry now expends close to one-fifth of the Federal budget or 3% of GNP, has outperformed the DJIA in the past decade, and four aerospace common, hit their all time high the past year. Mr. Butler's recapitulation of tangible developments considers the fact that 1963 could be the year of decision for several important programs.

Aerospace with its classic prefix is a word as handy as it is new in our vocabulary. Although missiles are essentially an extension of the airplane, space literally adds a new dimension to the activities of the aircraft companies. No longer are scientific and design talents limited by the atmospheric envelope. Many investment managers instinctively shied away from the "Aircraft" category—or perhaps even worse, "Armaments" —but the industry classification "Aerospace" has become well accepted. In this discussion of the aerospace industry, the traditional aircraft manufacturer is the basic point of reference and I will concentrate on military and space programs in the billion-dollar category.

H. L. Butler, Jr.

The broadening of the field of activities of the large "aircraft" companies can be traced by changes in the name of the industry's trade association. At the beginning of the postwar period, the group was known as the Aircraft Manufacturers Association, consisting of something less than a score of airframe and aircraft engine companies. The name was subsequently changed to Aircraft Industries Association, with its membership enlarged to include a number of companies outside the strictly aircraft manufacturing category. The association is now known as Aerospace Industries Association of America, Incorporated—with nearly 100 members including in some cases more than one division of large companies.

Industry's Phenomenal Size

To place the aerospace field in perspective, total expenditures a few years ago were slightly over $10 billion but the annual rate should soon reach the $20 billion level. This reflects continued large sums for aircraft and missile production, an increase in the research-development-test evaluation category, and the addition of the space per se category. Thus, appropriations of the National Aeronautics and Space Administration (NASA)—nominal only a few years ago—are proposed to be nearly $6 billion for fiscal 1964. Department of Defense (DOD) spending under the category Astronautics is budgeted at slightly over $1 billion. The result is that aerospace expenditures are now approaching one-fifth of the Federal budget. They are more than 3% of our Gross National Product. For the investor, the aerospace group has outperformed the Dow-Jones Industrial Average during the past decade and four aerospace commons sold at an all-time high the past year.

A model of the aerospace industry can be obtained from the combined results of eight old line aircraft manufacturers and two leaders in powerplants and propulsion systems. These ten companies in alphabetical order, together with 1962 ranking among all defense contractors, are: Aerojet-General (13th), Boeing (3rd), Douglas (12th), Grumman (18th), Lockheed (1st), McDonnell (17th), North American Aviation (4th), Northrop (32nd), Republic Aviation (15th), and United Aircraft (7th). Each company concentrates in the aerospace field and their combined activities cover the entire spectrum of aircraft, missiles and space.

Our model excludes by necessity two major factors in the aerospace field now parts of highly diversified companies — with the merger some years ago of Convair into General Dynamics (2nd largest DOD contractor last year) and more recently Martin into Martin Marietta (6th). A broader and more general list would, of course, include these two plus Bendix, Thompson Ramo Wooldridge, Hughes Aircraft, Avco, Thiokol, Fairchild Stratos, Raytheon, Garrett, Ryan, several heli-

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OBSERVATIONS...

BY A. WILFRED MAY

CONFLICTS AND ETHICS
(TWENTY-FIVE THOUSAND MORE CHARLIE WILSONS)

Concern in Washington over *Conflict of Interest* is becoming ever further accelerated.

In the executive appointee area, this trend stems from the time of "General Motors Charlie" Wilson's epochal clash with a Senate Committee ("What's good for G.M. is good for the country"). In the furore over the TFX fighter plane contract, such rumblings have now reached the Deputy Secretary of Defense, Roswell Gilpatric—on the flimsy basis that the New York law firm of which he was a member, has rendered services (specialized and compartmentalized) to General Dynamics, the contract co-awardee.

And the TFX controversy has prompted Gilpatric's Big Chief, Defense Secretary McNamara, voluntarily to submit to the McClellan Committee a list of his current financial holdings, up-dating the data he gave at the time of his confirmation in line with the requirement of such office-holder appointees to divest themselves of stockholdings in any company whose dealings with the Government exceed $10,000 a year. (Mr. McNamara's current holdings, as reported by the Associated Press, total $1,278,200, including $1,305 in cash, $982,795 in stocks, and $294,100 in bonds with the greatest portion in U. S. Governments and tax-exempts).

Broadening the Coverage

Meanwhile, Statesmanlike action has now been initiated by Senators Javits and Keating of New York, with active supporters including Senators Young of Ohio, and Clark and Scott of Pennsylvania, to apply consistent conflict-of-interest restrictions to the legislative branch. Senator Javits in introducing a bill (with Senator Keating as co-sponsor) last January 18 to create a Joint Committee on Ethics to develop a code for members of Congress and the 25,000 other legislative employees, pointed out that, "It is completely incongruous for Senate Committees to rigorously question executive appointees on their financial affairs when those of us in Congress and our staffs are not subject to similar standards and requirements. We cannot continue to function on this double standard of ethics—one set for the executive branch but none for the legislative branch."

Interim Action

Pending the enactment of a comprehensive statute, the moving Senators have proposed an interim code of ethics for the *guidance* of Congress members and employees, including the requirement to publicize "a financial interest, direct or indirect, having a value of $10,000 or more, in any action which is subject to the jurisdiction of a regulatory agency."

Some Senators have shown their statesmanship by "beating the legislative gun" in voluntarily promulgating detailed disclosure of their portfolios. Senator Javits, earlier this month has submitted for the record a detailed statement of his own holdings of the nature covered, through trusteeship of a family trust, as follows:

American & Foreign Securities Corporation.
Cities Service Corporation.
Criterion Insurance Company.
Government Employees Corporation
Government Employees Financial Corporation.
Government Employees Insurance Company.
Government Employees Life Insurance Company.
Sinclair Oil & Gas Company
South Carolina Electric & Gas Company.
Southern Company
Transamerica Corporation of Delaware.

All such issues are prescribed for disclosure by Senator Javits for two reasons—if held in amounts over $10,000: (1) their coming within the view of the SEC pursuant to the Acts of 1933 and/or 1934, or the Public Utility Holding Companies Act of 1935 and/or the investment Companies Act of 1940; and (2) their eligibility through potential activities with other Government Agencies as the Federal Power Commission.

Some issues may elicit the concern of one or more agencies, as Transamerica, through its bank and insurance holdings, as the Comptroller of the Currency, and also with State insurance departments—and, of course, the SEC.

An additional wrinkle concerning the Government Employees' ("Graham-Newman") group (which includes Criterion Insurance) of the Senator's holdings, is the uncertainty of jurisdiction, now being battled in the Courts, over the contemplated activities in *Variable Annuities*, future participation in which is being considered by the Group.

Senator Clark, who made disclosure of all his holdings a year ago, gave an up-dated presentation to the Senate on March 15 of this year as follows:

Common Stocks

American Telephone & Telegraph: 100 shares.
Armstrong Cork: 160 shares.
Avery Island, Inc: 800 shares.
First Pennsylvania Banking & Trust Co.: 490 shares.
Franklin Life Insurance Co.: 55 shares.
Insurance Co. of North America: 100 shares.
International Business Machines: 19 shares.
Johns-Manville: 150 shares.
Oxford Paper Co.: 300 shares.
Pepsi-Cola Co.: 100 shares.
Rohm & Haas Co.: 91 shares.
Scott Paper Co.: 12 shares.
Sel-Rex Corp.: 100 shares.

Preferred Stock

Newmont Mining Corp., 4% cum preferred: 150 shares.

Nine Municipal Bond issues were also included.

Particularly significant was Senator Clark's "Footnote" statement regarding oil royalty interests: "I add the footnote that the oil royalties paid to me by the Humble Oil & Refining Co. on wells drilled on my family property in Louisiana are the principal source of my income outside my Senate salary."

It is understood that Senator Keating, Mr. Javits' co-sponsor, is also about to make a similar disclosure of his holdings.

Senator Clark's oil royalty stake demonstrates the advisability of prescribing complete disclosure without the limitation of preview size or by a regulatory agency. Besides, the above-cited resolution limiting disclosure to above-$10,000 holdings would seem less satisfactory. The Senator's 19 shares of IBM or 12 shares of Scott Paper might be as important to him as a $10,000-holding to Senator "Trust Fund Ed" Kennedy.

Bonds also strongly manifest the shortcomings of limiting conflict-of-interest susceptibility to a regulatory agency. Their worth could be affected by measures concerned with Federal or state subsidy; proposals for elimination of their tax exemption, past or future—and even (as pointed out in this space on Feb. 21 last) by the President's proposed tax rate cutting.

And even in the case of U. S. Government bonds, a Congressman loaded with them might think twice before approving inflationary measures.

ETHICS GAP ELSEWHERE

Joined with this ethics gap in case of the law makers' ethics is such hiatus still extent in the business sphere.

One of these areas is now up for action among the President's proposals for tax reform. We refer to the Stock Option practice, of which at least the *Reset* abuse should be eliminated. This is the extension of the self-serving technique of the managers whereby the already one-sided arrangement for rewarding incentived effort is further "sweetened" if the arrangement has not worked out to the optionee's advantage market-wise. For the Reset reduces the agreed-on price of the option if and after the stock's market price has declined instead of risen.

Thus, the optioners' premise that market action reflects managerial achievement is denied ex-post facto; with demolition of the thesis that the option does not constitute assured compensation.

Current Demonstration

In fact, a New York Stock Exchange listed industrial company in its proxy statement this month proposing "alteration of certain stock option agreements," frankly stated that it is to "confer a *benefit*" on these eleven employees. Benefit is defined by Funk and Wagnalls as "promotion of wealth and prosperity; helpful results; [sic] profit; advantage."

The circumstances of this company's change in the deal are quite typical. In March 1961, six months after the Plan's adoption, options for 100,000 shares were granted exercisable over 10 years beginning in March 1963 to 11 "key management employees." The market price was $31.875 and the option price $27.50. After a net decline in the stock's market price to 26 presently, with an intra-interval low of 16 in July 1962, the company Stock Option Committee reports that it "became concerned that the options held by these employees no longer fulfilled the primary purpose for which they were granted, namely the furnishing of incentive necessary in order to retain the most effective personnel." This led it to reduce the option price from the designated price of $27.50 to $21.63 on Dec. 4, 1962, when the market price was $25.50.

Thus, management was in effect contending that because no sizable market appreciation was available to be cashed in at the first exercise date, the 11 "key personnel" individuals were, in the absence of a changed contract, ready to walk out!

On Feb. 12, 1953, just before the proxy approval request was written, the stock sold at $27.875, just above the original option price. Also above the original price was the market price of $27.875 registered in the market on Feb. 12, when the proxy material was being compiled.

On the previous March 21 (1962) the shares had sold up at 32⅜.

Interesting is the unwillingness of the management to wait for the approval of the stockholder meeting on March 19 to execute the New Deal, this having been put through, "subject to later approval," on last Dec. 4.

This, as well as the entire performance, is in line with arranging matters to ensure willy-nilly, the garnering of a stock market profit!

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

With the 88th Congress now almost three months gone, it has accomplished practically nothing, and there is nothing of serious importance on tap until after the Easter recess.

A vote this week was expected on resolutions for more allowances for Congressional offices and home district travel. The hope, however, is to start off April with a shower of measures to ward off a rising storm of Republican complaints about a "do-nothing Congress."

The first regular departmental money bill for the next fiscal year is expected from the House Appropriations Committee for House action next week. This bill for the Interior Department is to be followed soon by those for the Treasury-Post Office and for Labor, Health, Education and Welfare which may also go through the House before the Easter recess begins on April 1.

The House passed the Treasury-Post Office bill last year on March 6 and in 1961 on March 28. It also passed the Interior and Labor-HEW bills in March of last year.

Passage of other bills before mid-April this year depended mostly on committees rather than the House itself.

The Rules Committee threatened to be the main road block. Administration bills for youth employment and conservation work, extension of the Export-Import Bank with a "back-door" spending provision and $230 million three year Federal aid program for training more medical and public health personnel have been approved by other House committees. They face delay today, but not necessarily defeat in the Rules Committee.

Illness of Rep. Madden, Indiana Democratic liberal, was a factor last week in a 7 to 7 committee vote preventing clearance of the medical training aid bill. Sponsors of the youth conservation corps bill and the Export-Import measure said Mr. Madden's vote will be necessary to overcome a Rules Committee combination of two Southern Democratic conservatives and all five Republicans. Mr. Madden is hospitalized and is not expected to return to the Capitol for another two weeks.

House Democratic Leader Albert declared that the House could move much faster if complaining Republicans cooperated in moving bills through the Rules Committee. Representative Avery of Kansas, a Rules Committee Republican, replied that Democratic cooperation could have prevented the 7 to 7 vote which blocked a resolution to ban so-called "back-door spending."

Majority Whip Boggs, of Louisiana, has started polling all Democrats on the Export-Import Bank extension. The measure has aroused no controversy except for its "back-door" spending provision. Leaders want to determine whether this provision has enough support to get though the House, possibly under a two-thirds majority vote to by-pass the Rules Committee.

Many House committees and subcommittees will shoulder heavy schedules. They will consider administration proposals dealing with mass transportation problems, mental health, military construction, and parts of the omnibus Federal Aid to Education bill.

These bills, as well as a military pay increase bill already approved by the Armed Services Committee, will not be debated in the House for another month or so.

The Senate is way behind the House. For many weeks at the start of the session it engaged in a futile filibuster.

Hood Elected Long Co. V.-P.

LOS ANGELES, Calif.—John J. Hood has been elected a Regional Vice-President of Hugh W. Long and Company of Elizabeth, N. J. He will represent the Long Company in Southern California and Arizona, with headquarters at 210 West 7th Street, Los Angeles.

John J. Hood

Mr. Hood formerly was a Southern California Regional Vice-President of North American Securities Company for seven years. Prior to that, he was a representative of Lester, Ryons & Co. for three years.

S. T. Alcus Forms Co.

NEW ORLEANS, La.—Samuel T. Alcus, Jr., member of the Midwest Stock Exchange, has formed S. T. Alcus & Company with offices in the Whitney Building, to engage in a securities business. Mr. Alcus was formerly a partner in Waters & Alcus.

Curtis Mathes Mfg. Co.— Sales-Minded and Profitable

By Dr. Ira U. Cobleigh, *Economist*

Recounting the remarkable growth and high profitability of this quality builder of home entertainment centers.

When a company is able to increase its sales in a five year period from less than $4 million annually to $40 million; and convert, in the same time period, an operating deficit of $750,000 into net profits, indicated for the current fiscal year (ending May 31) of over $3,500,000, that company certainly deserves the attention of growth - minded investors. When that same company has increased its sales at the rate of 50% a year, and its common stock is currently available at around 10 times earning, you'll probably want to know its name and more about it. The name is Curtis Mathes Manufacturing Co., and an outline of its production, progress and profits follows.

History

In November, 1957, a family management team, Curtis Mathes Sr., his two sons Charles R. Mathes and Curtis Mathes Jr., and a son-in-law, Horace B. Kelton, took over a furniture maker, Olive-Myers-Spalti Manufacturing Co. located in Dallas, Texas, which was virtually bankrupt at the time. Swiftly they converted its modern production facilities, and, within the past five years, the Curtis Mathes Manufacturing Co. has become one of the world's largest manufacturers of home entertainment centers. These consist of craftsman-quality hardwood cabinets and consoles, attractively housing complete combinations of stereophonic and Hi Fi phonographs, AM and FM radios (with multiplex), tape recorders and television sets. Although pricing schedules (ranging from about $200 to $1,000 at retail) are extremely competitive, high quality standards have been rigidly maintained.

Today, this company has the lowest overhead in the industry, and builds a higher percentage of its own set components than any of the larger companies in the business. The Curtis Mathes line has not yet been extensively marketed in the Northeast and, because advertising is done through dealers locally, rather than on a national scale, the company name is not well known. Consumer acceptance and quality performance of Curtis Mathes products are excellent, which accounts for the company's phenomenal growth in sales in a highly competitive field.

Market Oriented Company

The marketing methods of this company are classically excellent. The basic policy is to produce on order, rather than for stock, so that excessive inventory is never built up and the normal order backlog is two weeks. The line is distributed nationally by some 64 commission salesmen to over 2,000 outlets. Of these, about 75 are department stores and the rest specialty stores. All sales are made direct (no middlemen or commissions to same) and each dealer has to buy a minimum of 100 sets a year and warrant to maintain or provide adequate service facilities and suitable stocks of parts. There is no selling to discount or cut rate outlets, and schedules of retail prices are rigidly maintained except for special sales during slack seasons. Curtis Mathes eliminates credit losses and financing costs since its sales are strictly for cash, C. O. D. or on floor plan. The company shares costs of local advertising with its dealers. This marketing through selected franchised dealers has been outstandingly successful.

Plants and Production

The main office and electronics assembly operations are in Dallas, Texas. Cabinet work and final assembly are done at the Athens, Texas plant. A new leased plant of 350,000 square feet at Benton, Arkansas, is now producing all the low and medium priced merchandise. (There are also two bonded warehouses, one in Houston and one in Farwell, Texas.)

In all of these plant operations, the company benefits from its Southern location, a majority of women workers, and the lowest hourly wage rates in the business.

Employee and union relations are excellent because the company offers a wide choice of working hours, and employment and special training opportunities. Another factor contributing to low cost production is extensive plant automation. Overall cost control is excellent and was importantly responsible for a 14% pretax profit margin in fiscal 1962.

Future Plans

Curtis Mathes is entering the color television market with a higher priced combination unit this spring. The company believes there is a basis for a broad and continued expansion of its business in the home entertainment field, and great future potentials for education in the home using electronic teaching machines and tape recorders. Curtis Mathes' policy is to make no portable models but to confine its output to "higher-ticket" cabinet models appropriate to our steadily higher standards of gracious, casual living, stimulated by rising national per capita income.

For Investors

The growth rate and high profit ratios which Curtis Mathes has recorded, year after year, definitely suggest the attractiveness of its common stock as a rewarding long-term investment. There are now outstanding 1,087,120 shares of common stock currently trading in the OTC market, at 38. The stock sold as high as 46 last year. The fiscal year ends May 31, 1963, but for the first six months (ended 11/30/63), the company reported sales of $20,-513,068, up from $14.8 million in the corresponding 1962 period. This works out to a net per share profit of $1.84 for the first half year, and points to a figure of above $3.50 for the full year. The stock pays no dividend, and the company has sedulously plowed back its profits to expand its facilities and reduce its indebtedness.

By all of those standards by which growth stocks are judged Curtis Mathes common appears favorably positioned. Increases in sales and profits have been at a phenomonal rate for any company, in any industry. Managerial competence in production, cost control, marketing and financial management has been surpassingly good. Both the company and its common stock have remained quite un-noticed and unheralded. That situation seems unlikely to persist because of the constantly broadening nationwide sale of company products, and the increasing awareness of the merits of the common stock by analysts, individual and institutional investors. There are plans to list the shares on the New York Stock Exchange, and there might be a split in the stock which would place it in a buying range more attractive to new investors.

Curtis Mathes is rapidly gaining stature because of its unique success in building consoles, customers and cash flow.

Elected Director

The election of Brittin C. Eustis as a director of Coastal States Gas Producing Company has been announced by Oscar S. Wyatt, Jr., Chairman of the Board and President. Mr. Eustis fills the directorship made vacant by the passing of Joshua A. Davis.

Brittin C. Eustis

Mr. Eustis is a senior partner of Spencer Trask & Co., New York investment bankers and members of the New York Stock Exchange, and is head of the firm's Oil and Gas Department.

He is past president of the Association of Stock Exchange Firms and has been a governor of the Association since 1956.

OTC Film Shown In Cleveland

CLEVELAND, Ohio — The Union Commerce Bank of Cleveland was host to members of leading securities firms at a preview of the OTC motion picture followed by a reception at the Mid-Day Club March 25.

More than 50 partners and members of local brokerage firms and securities dealers attended the screening of the new National Security Traders Association color film which describes the characteristics and extent of the OTC market.

The president of the Cleveland Security Traders Association, John R. Donahue, of Joseph, Mellen & Miller, Inc. was chairman of a meeting preceding the film showing at which the OTC Education Program was discussed. Participating in the program were: E. W. McNelly, vice-president of the Union Commerce Bank; Arthur A. Schmidt, Director of the OTC Information Bureau, N. Y.; Gary Galdun of Wm. J. Mericka & Co.; and Richard A. Probst of Saunders, Stiver & Co., members of the Cleveland OTC Education Committee; and Morton A. Cayne of Ledogar-Horner Company, chairman of the NSTA OTC Education Committee which produced the film.

Land Trusts and Mining As Inflation Hedges

By Roger W. Babson

Continuing his discussion of what to look for in seeking hedges against price inflation, Mr. Babson assesses the merits of land trust and mines. Several companies are described for their representativeness of, and insight into, the subject reviewed.

A sound investment program should provide protection against inflation as well as deflation. Because real estate is so commonly associated with inflation protection, it might be well to lead off with a discussion of LAND TRUSTS.

Real Estate Trusts

The better-quality land companies have several advantages: (1) While some of the older companies originally garnered their land for agricultural purposes, in recent years the discovery of minerals has introduced a 'kicker" to companies of this type (2) There is usually a basic source of earnings in the form of surface leases, water rights, etc. (3) These companies operate with little in the way of plant and equipment investments. (4) Their labor and other operating costs are at a minimum.

One of the largest domestic land trusts is KERN COUNTY LAND COMPANY, It owns nearly 2 million acres in California, New Mexico, and Arizona; and participates in development of oil and gas properties in Western Canada, Louisiana and Mississippi, and even Australia.

Another large land company is TEXAS PACIFIC LAND TRUST, owner of about 1,700,000 acres in Texas. In 1954 this company transferred to TXL OIL CORP. most of its oil, gas, and other mineral rights on its then producing property. It retained title to virtually all the surface land, a small perpetual royalty interest in 85,-000 producing acres, and a 1/16 royalty in future mineral production from 387,000 acres.

Established Mining Companies

Mining issues provide another hedge against inflation. In a sense, mineral deposits are sort of underground bank deposits. Improved mining techniques, development of machinery capable of massive ore extraction, and new methods of upgrading ore quality help to offset effects of rising labor costs Best investments are in companies with large ore reserves and undeveloped acreage.

The AMERICAN METAL CLIMAX COMPANY has many attractive features. This company holds land in Africa, Mexico, Canada, and South America. Domestic properties are located in Colorado, New Mexico, and Michigan. American Metal Climax produces more than half the world's supply of molybdenum and owns the world's largest molybdenum mine. The company also has large investments in African copper mines. It is a large custom smelter and seller of nonferrous metals. Other lines include a potash mine and refinery in New Mexico, plus oil and gas interests.

The major copper mines also hold merit for investors interested in underground mineral deposits. KENNECOTT COPPER is the world's largest copper mining company. Its Utah and Chile operations are exceptionally low-cost. Ore reserves of the company are substantial. Kennecott's investments include a 67% ownership of Quebec Iron & Titanium and a 13% interest in Kaiser Aluminum.

The world's second-largest copper producer is ANACONDA. More than two-thirds of its copper is mined in Chile. In addition, it has mines in Montana and Nevada, and in Mexico. Anaconda is also a leading fabricator of copper, and processes uranium and aluminum. Operating costs of its foreign mines are low.

Second-largest domestic copper producer is PHELPS DODGE, which is a favorite of mine. Nearly all of its ore output, the bulk of which is mined in Arizona, is used by its fabricating plants. It has a 16% interest in Southern Peru Copper, and sizeable investments in Amerada Petroleum, American Metal Climax, and New Jersey Zinc.

COPPER RANGE is an important copper producer in the Lake Superior region. Though it is medium sized and a relatively high cost producer, it is fully integrated from mines to market.

Turning to base metals, UNITED STATES SMELTING, REFINING & MINING COMPANY is a leading producer of lead, zinc, copper, silver, gold, and even coal. Most of its mining properties are in New Mexico and Utah. Company is increasing its emphasis on oil and gas development. It holds leases, royalty claims, and mineral options on acreage in various U. S. mountain and plains states, and in Western Canada.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

Like all weeks that follow a particularly active, strong market period, the past one has seemed to be inactive and dull by comparison. Despite this comparative letdown, the business transacted in state and municipal bonds during the last week seems likely to have totaled close to $250,000,000. The week's new issue volume has amounted to more than this and it appears that as much volume moved out of the street as moved in because dealer inventory totals have seemingly changed but little through the past week.

Investor Interest in Tax-Exempts Continues at High Level

This situation is to some degree remarkable in that the market has recently broken through to a new high level. The conformation of a new high price area while moving into a period promising close to record new issue volume, if not a record volume, lends confidence to those who foresee continuing investor interest in tax exempt bond offerings even as yields are gradually reduced.

And yields did diminish some during the past week although to some it would seem to be imperceptible. The *Commercial and Financial Chronicle's* state and municipal bond yield Index shows the market for high grade 20 year general obligations up about a dollar per bond. The average yield was reduced from 2.896% to 2.888%.

Some correction in Treasury bond prices during the present transition period between the recent very successful advance refunding and the public offering of $300,000,000 long term bonds at competitive bidding slated for the very near (April 9) future, has slowed down the almost irrepressible advance in state and municipal bond prices. However, in spite of this closely associated frustration, municipal prices have shown improvement, with price corrections limited to a few of the recently fast moving dollar quoted revenue issues.

Adjudging where the tax exempt bond market goes from here is a matter requiring more insight than most of us possess. A great number of investors and dealers were completely wrong on the market during 1962. The market is now 5 or 6 points higher than in early 1962 and the volume of new issues promises to be as heavy this year as last. With a tax cut hoped for, many predict that tax-exempt bond rates are more likely to increase than diminish in the months ahead.

Interest Rate Trend Likely to Be Downward

We continue to view it a little differently, if not more convincingly. It is our inferred belief that the Administration is profoundly convinced of the political efficacy of a low interest rate structure. Cheap money for all domestic purposes has become an ingrained feature of American living. It has taken 25 years to make it so and that covers a couple of generations at least. The two or three years of relatively high money rates late in the Eisenhower regime seemed to set no good example in this respect for the New Frontier.

There are those who variously argue that the continuing balance of payments deficits will bring about a higher interest rate structure, particularly in the event of an income tax cut. We respectfully doubt that either consideration will have much bearing on our long-term interest rate structure. The manipulation of interest rates over the years has really proven but one thing convincingly: that once the populace has enjoyed the luxury of relatively low interest rates, the better it likes them.

It might be appropriately added that the U. S. has been making low interest loans over the face of the earth for years and not without some international impact. There is much evidence that the idea is catching on abroad.

Higher Prices for Municipals May Be Expected

To return to the local scene and the bond market, we repeat our down to earth convictions that the near future bodes fair for the many who enjoy the fruits of an official low interest rate policy. In referring to low interest rates for state and municipal bond issues we are, of course, using the term comparatively. Tax-exempt bond yields were as low in 1958 as they are today. From 1957 back through 1941 they were consistently lower and for most of the period they were much lower.

It continues to be our belief that yields will tend lower and prices higher for sometime to come, with moderate corrections as they seem called for.

Big Offerings Currently Set for April

The new issue calendar is not as robust as it was a week ago. Issues scheduled or tentatively scheduled through April now total about $500,000,000. The $130,000,000 Washington Public Power Supply System (Hanford Project) has rescheduled its request for bids from April 17 to May 2, thus deleting the April schedule to this extent.

The only large issues now scheduled in April include $37,225,000 Philadelphia bonds for April 3, $100,000,000 State of California bonds for May 10 and $108,700,000 New York City bonds for April 24. Further large additions would be welcome from both investor and dealer viewpoints.

Some Price Corrections in the Offing

The inventory situation continues to be favorable to the market, particularly in view of the recently heavy underwriting calendar. The *Blue List* total of state and municipal bond offerings seems to be the most accurate and sensitive measure of street float and this has listed offerings totaling considerably less than $500,000,000 for some time now.

With a heavy new issue calendar looming up, and with the price level having slowly moved up, some attrition in consumption seems likely to develop. A heavier *Blue List* total appears in prospect which might logically lead to some price correcting.

Recent Awards

This past week has not been as active as preceding ones in the field of municipal bond underwriting but there has been a total of $175,000,000 of bonds offered for competitive bidding. Included in this total were a half dozen issues of general market importance and four other issues worthy of particular mention. Bidding for these loans followed a pattern very competitive with initial investor demand being mixed. Some issues were off to a flying start, with others barely getting off the ground.

Thursday, March 21, was a quiet day with but one issue of note up for public bidding. Oakland County, Michigan awarded $5,405,000 Southeastern Oakland County Sewage Disposal (1963-1992) bonds to the *Chase Manhattan Bank* and associates at a net interest cost of 3.1196%. The second bid, a 3.1421% net interest cost, came from the group managed jointly by the Harris Trust and Savings Bank and the First National Bank of Chicago and there were ten additional groups which bid for this issue.

Other major members of the winning syndicate include Chemical Bank New York Trust Co., Continental Illinois National Bank and Trust Co., Mellon National Bank and Trust Co., Dick & Merle-Smith, First National Bank of Memphis, National Bank of Commerce, Seattle, Cooley & Co., Newburger, Loeb & Co., Provident Bank of Cincinnati and Martin & Co.

Scaled to yield from 1.50% in 1963 to 3.30% in 1991, the present balance in syndicate totals $3,210,000. The 1992 maturity carried a ⅛ of 1% coupon and was sold at a 4.15% yield.

Quick Sellout Despite Negative Rating

On Friday there were no flotations of mention but on Monday of the current week two important issues were brought to market. The Florida Development Commission sold $15,000,000 Palm Beach County Road and Bridge revenue term (1983) bonds to the group headed jointly by *B. J. Van Ingen & Co.* and *John Nuveen & Co.* at a net interest cost of 3.641%. The runner-up bid, a 3.68% net inter-

Continued on page 39

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	3.00%	2.80%
New York, State	3¼%	1981-1982	3.00%	2.80%
Pennsylvania, State	3⅜%	1974-1975	2.65%	2.50%
Delaware, State	2.90%	1981-1982	2.95%	2.80%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.05%	2.90%
Los Angeles, California	3¾%	1981-1982	3.15%	3.00%
Baltimore, Maryland	3¼%	1981	3.05%	2.90%
Cincinnati, Ohio (U.T.)	3½%	1981	3.05%	2.90%
Philadelphia, Pennsylvania	3½%	1981	3.20%	3.05%
*Chicago, Illinois	3¼%	1981	3.20%	3.05%
New York, New York	3%	1980	3.06%	3.00%

March 27, 1963 Index=2.888%

*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.

March 28 (Thursday)

Algonac School District, Mich.	1,415,000	1964-1978	7:30 p.m.
Clark County Sch. Dist., Nev.	5,000,000	1964-1983	10:00 a.m.
Univ. of Colorado, Boulder, Colo.	5,900,000	1965-2002	4:00 p.m.

April 1 (Monday)

Palo Verde Unified S. D., Calif.	1,420,000	1964-1988	
Shelby County, Tenn.	8,000,000	1964-1988	11:00 a.m.

April 2 (Tuesday)

Cleveland, Ohio	12,000,000	1968-1984	11:00 a.m.
Minneapolis Spec. S.D. #1, Minn.	2,050,000	1965-1974	11:00 a.m.
Newport Harbor Union HSD, Calif.	5,460,000	1964-1983	11:00 a.m.
North Hempstead, N. Y.	1,270,000	1964-1992	11:00 a.m.
Ohio State University	5,400,000	1963-2000	11:00 a.m.
Oklahoma City, Okla.	4,500,000	1967-1985	2:00 p.m.
Sudbury Sch. Project Loan, Mass.	1,500,000	1964-1983	11:00 a.m.
Thornton, Colo.	1,750,000	1969-2003	8:00 p.m.
Wilson County, N. C.	2,420,000	1966-1984	11:00 a.m.

April 3 (Wednesday)

Bedford County, Va.	1,549,000	1964-1988	Noon
Cheyenne, Wyo.	1,000,000	1976-1992	11:00 a.m.
Colorado State University	1,870,000	1965-2002	2:00 p.m.
Corpus Christi Indep. S. D., Texas	1,000,000	1964-1981	4:00 p.m.
Frederick County, Md.	2,500,000	1964-1988	11:00 a.m.
Philadelphia, Pa.	37,225,000	1964-1988	Noon
Spokane County SD No. 81, Wash.	1,500,000	1965-1986	10:00 a.m.

April 4 (Thursday)

Clarenceville Sch. Dist., Mich.	1,500,000	1964-1991	8:00 p.m.
Jefferson Parish, East Bank Sewer District, La.	4,000,000	1964-1993	2:00 p.m.
Lubbock Indep. Sch. Dist., Texas	2,150,000	1964-1980	1:00 p.m.

April 5 (Friday)

Port Huron Area Sch. Dist., Mich.	6,575,000	1964-1986	
Poughkeepsie, N. Y.	3,058,000		11:30 a.m.

April 8 (Monday)

Dupage & Cook Counties Hinsdale Township High S. D. No. 86, Ill.	4,000,000	1970-1982	
Lansing, Mich.	6,975,000	1964-1988	8:00 p.m.
Missoula Special Improvement District No. 281 & 282, Mont.	1,175,000	1963-1978	8:00 p.m.

April 9 (Tuesday)

Brevard Co. Spec. Tex SD #1, Fla.	12,000,000	1966-1981	Noon
Detroit, Mich.	10,500,000	1967-1993	11:00 a.m.
Gallatin County Sch. Dist., Mont.	2,348,680	1963-1973	8:00 p.m.
Greer, S. C.	1,000,000	1964-1988	Noon
High Point, N. C.	2,000,000	1964-1985	11:00 a.m.
Lompac, Calif.	1,660,000	1964-1991	7:30 p.m.
Omaha City Sch. Dist., Neb.	25,000,000		

April 10 (Wednesday)

California State Construction & State School Building	100,000,000	1965-1989	10:00 a.m.
Florida State University, Fla.	1,814,000	1964-2003	
Loudoun County, Va.	1,000,000	1964-1978	Noon

April 11 (Thursday)

Duval Co. Spec. Tax SD No. 1, Fla.	10,000,000	1965-1981	11:00 a.m.
Essex County, N. J.	5,299,000	1964-1977	11:15 a.m.
North East Indep. Sch. Dist., Texas	2,300,000	1964-1988	7:30 p.m.

April 15 (Monday)

Brown County, Wis.	1,000,000	1964-1983	2:00 p.m.
Kenosha, Wis.	2,790,000	1966-1992	

April 16 (Tuesday)

Albuquerque, N. Mex.	10,741,000	1964-1983	
Anchorage Tele. Sys. Rev., Alaska	6,000,000		
Davenport Community S. D., Iowa	1,900,000	1964-1981	10:30 a.m.
Detroit, Mich.	11,505,000	1964-1988	
Evansville, Ind.	1,000,000	1970-1996	2:00 p.m.
Ingham County, Mich.	1,750,000	1964-1969	11:00 a.m.
Omaha City Sch. Dist., Neb.	25,000,000	1965-1984	11:00 a.m.
Orange, Texas	1,250,000	1964-1983	7:30 p.m.
Snohomish Co. PUD No. 1, Wash.	6,000,000		
West Salem & Hamilton Joint Sch. Dist. No. 1, Wis.	1,160,000		1:30 p.m.

April 17 (Wednesday)

Louisiana (Highway)	15,000,000	1964-1988	10:00 a.m.
Thief River Falls Indep. School District No. 564, Minn.	1,495,000		11:00 a.m.

April 18 (Thursday)

Edina-Morningside Indep. School District No. 273, Minn.	1,900,000	1966-1990	7:00 p.m.
Kingsway Regional H. S. D., N. J.	1,750,000	1964-1983	8:00 p.m.

April 22 (Monday)

Rim of the World Unif. SD, Calif.	1,395,000	1964-1984	11:00 a.m.

April 23 (Tuesday)

Cook County New Trier Township High School District No. 203, Ill.	8,750,000	1964-1982	8:00 p.m.
Los Angeles Flood Control Dist., California	15,000,000		
Oregon (State of)	10,500,000		
Washington Sub. San. Dist., Md.	14,000,000		11:00 a.m.

Ups and Downs of Sterling And Its Future Prospect

By Dr. Paul Einzig

Though the recent attack on sterling has ended, Dr. Einzig suspects further attacks will resume if Britain's economy is unable to register more than seasonal gains and government spending follows as a way out of existing economic doldrums. The noted foreign exchange authority explains the reasons for sterling's weakness and recovery; denies the present attitude of the Government justifies fears of devaluation; and expects the Government will support sterling should it decline rather than depend upon the automatic recovery of the exchange mechanism to bring the exchange rate up again. Dr. Einzig's third book on the subject, "The History of Foreign Exchange," was published last week by St. Martin's Press, N. Y.

LONDON, England. — Since the beginning of March sterling experienced a rather unsettled period. Selling pressure developed on a fairly large scale and the authorities had to intervene to moderate and reverse the decline of the sterling-dollar rate, which on one or two occasions slipped below its parity of $2.80. The movement was largely attributed to advance covering of commercial requirements by importers of tobacco and other importers, who usually cover their requirements in August only, but who were thrown into a scare by irresponsible devaluation talk and by the anticipation of an inflationary budget. The effect of their operations was aggravated by the British Government's decision not to renew dollar guarantees given to continental Central banks holding sterling reserves. The amount which ceased to be covered by the guarantees from March 1, 1963, is something like £200 million. Whether or not any substantial proportion of this amount was actually withdrawn as a result of the termination of the guarantee, the mere anticipation of such withdrawals was enough to induce some selling of forward sterling on commercial and speculative account.

Between them, these influences caused the discount on forward sterling to widen considerably. But for official operations, spot sterling would undoubtedly have declined to its lower support point of $2.78, at which rate the British authorities would have had to intervene and sell dollars to prevent a further decline in compliance with their obligation to the International Monetary Fund.

It is a matter of opinion whether intervention long before that limit is reached is to the advantage of the authorities. On the one hand, it is arguable that a depreciation to the lower limit permitted under the rules of the International Monetary Fund would create a bad impression and might lead to withdrawals of uncovered foreign balances, or to the covering of the exchange risk on them through the sale of forward sterling. The resulting further widening of the discount on forward sterling would have stimulated interest arbitrage leading to pressure on spot sterling and thus necessitate an increased volume of official selling of dollars to meet it.

There is, however, another side to this problem. During recent years the theory came to be widely accepted that under the Bretton Woods system it is the monetary authorities who are invariably the residual buyers or sellers of dollars for which no counterpart is forthcoming in the market in the ordinary way. Beyond doubt that is true. The question is whether in the absence of official intervention a change in the exchange rates would not automatically attract a natural counterpart in the market, in which case the operation of the market mechanism would obviate the necessity for intervention. On this assumption it would appear that the authorities would aggravate their own task by holding the spot rate at an artificial level.

Sees Sterling Supported

The above argument has much to recommend it in circumstances in which pressure is relatively moderate and in which there is no strong anticipation of a depreciation. In existing circumstances, however, the argument does not hold good. There is at present in many quarters a feeling that sterling might depreciate even beyond support points as a result of a decision to devalue it or to allow it to find its own level. Nothing in the present attitude of the government would be invoked to justify such fears. Nevertheless they exist and their existence rules out the possibility of automatic working of the exchange mechanism within support point. Sterling would not attract additional buyers at $2.78 any more than at $2.80.

There was, however, a noteworthy recovery on March 20, only part of which was due to official support. There was a revival of confidence as a result of the announcement that the Bank of England would avail itself, for the first time, of its recently acquired power to charge a higher interest rate than the bank rate on loans to the Discount Market. Actually the rate charged is now 4½% against the bank rate of 4%. The result of this move was a firmer trend in the money market and in the discount market. Even though the actual rise in the rates would not have attracted much foreign funds on the basis of the present discount on forward sterling, the gesture is considered important. It implied that notwithstanding the various reflationary measures adopted or about to be adopted the Government is still determined to reinforce the defenses of sterling if necessary.

The result of the measure was a rise of spot sterling to above par and a decline of the discount on forward sterling. There was a certain amount of bear covering at the same time the narrower forward discount discouraged arbitrageurs from swapping into Euro dollars. As a result of the earlier widening of the forward discount such operations were profitable in spite of the fact that Euro-sterling was quoted at 5⅝% for three months in Paris while the Euro dollar rate was only 3⅝. This was because speculation could be carried out at a lower cost by borrowing Euro-sterling and selling spot rather than by selling forward sterling.

The attack on sterling was easily halted. But the basic position continues to give rise to concern. Even though unemployment has declined with the improvement of the weather and is expected to decline further, the budget is likely to be inflationary. There are no signs of business revival beyond the seasonal improvement, and the Government is likely to take a short view about the position and will attempt to spend its way out of the depression. If so, further attacks on sterling are likely to follow.

Goldman, Sachs Adds E. B. Wood

PHILADELPHIA, Pa. — The investment banking firm of Goldman, Sachs & Co. announced that Edmund B. Wood, Jr. is now responsible for the Corporate Finance activities of their Philadelphia office, Philadelphia National Bank Building.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

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

Bank Stocks—Analysis with particular reference to **Chemical Bank New York Trust, Fidelity Philadelphia Trust, First National City Bank, Republic National Bank of Dallas** and **Union Bank of Los Angeles**—James Oliphant & Co., 61 Broadway, New York 6, New York.

Bank Stocks — Comparison and analysis of 25 leading bank stocks —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Cement Industry — Analysis — Greenshields Incorporated, 507 Place d'Armes, Montreal, Que., Canada.

Chemical Industry — Analysis — David L. Babson and Company Incorporated, 89 Broad St., Boston 10, Mass.

Cosmetics and Toiletries Industry — Analysis — Putnam & Co., 6 Central Row, Hartford 4, Conn. Also available are analyses of **Avon Products, Fuller Brush Co.,** and **Beauty Counselors.**

Japan Stock Exchange Manual—Detailed information on a variety of subjects concerning the technicalities of investing in Japan—The Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are statistical data on Japanese securities.

Japanese Economy for 1963—Booklet—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a booklet on the **Japanese Stock Market for 1963.**

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Japanese Machinery Industry — Review—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is an analysis of **Ajinomoto Co. Inc.**

Japanese Market—Survey—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are analyses of **Toyo Rayon, Mitsubishi Chemical, Sumitomo Chemical, Nihon Cement, Furukawa Electric, Hitachi, Tokyo Shibaura Electric, Mitsubishi Shipbuilding, Nissan Motor, Mitsui & Co.,** and comments on **Nippon Breweries, Hondo Motors** and **Asahi Breweries.**

Life Insurance Industry—Analysis —Ferris & Company, 611 Fifteenth St., N. W., Washington 5, D. C.

Meat Packers—Study—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on **Archer Daniels Midland Co., Miles Laboratories, Reliance Insurance, Florida Utilities** and the **Municipal Market.**

Money Market Banks — Report — Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

New Office Buildings, N. Y. C.—1963 Edition—Booklet—Julien J. Studley, Inc., 342 Madison Ave., New York City.

North Carolina Bank Stocks — Comparative statistics—McDaniel Lewis & Co., Jefferson Building, Greensboro, N. C.

Oil Stocks — Comparative figures —Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Montgomery Ward & Co.**

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.

Puerto Rico Water Resources Authority — Report — Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Put and Call Activity — Weekly Review — C. B. Richard & Co., 50 Broadway, New York 4, N. Y.

Railroad Mergers — Discussion — H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are comments on **New York, Chicago & St. Louis** and **Canadian Pacific.**

St. Louis Bank Stocks—28th annual edition of manual covering 51 of the principal banks in and around St. Louis—G. H. Walker & Co., Broadway & Locust, St. Louis 1, Mo.

Selected Common Stocks — Brochure—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, New York.

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

Acme Markets — Comments — Boenning & Co., Alison Building, Philadelphia 3, Pa. Also available are comments on **Interchemical Corp.,** and **Bemis Bros. Bag.**

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Avco—Memorandum—Coggeshall & Hicks, 50 Broadway, New York 4, New York.

Bank of America—Memorandum —Orvis Brothers & Co., 30 Broad St., New York 4, N. Y. Also available is a memorandum on **National Cash Register.**

Bayuk Cigars — Memorandum — J. W. Sparks & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Metromedia.**

Bemis Brothers Bag Company—Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring St., Los Angeles 14, Calif. Also available is a report on **Union Oil Company of California.**

Bobbie Brooks — Memorandum — Hirsch & Co., 25 Broad St., New York 4, N. Y.

Canadian British Aluminum Co. Ltd.—Analysis—Ross, Knowles & Co., Ltd., 105 Adelaide St., West, Toronto 1, Ont., Canada.

Central Louisiana Electric Co., Inc.—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, New York.

Christiana Securities Co.—Bulletin —Laird, Bissell & Meads, 120 Broadway, New York 5, N. Y.

Madison Fund, Inc.—Annual report—Madison Fund, Inc., Delaware Trust Building, Room 1455, Wilmington, Del.

Clevite Corp.—Report—Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Commerzbank A. G. American

Continued on page 27

Japan Drops Six Month Delay On Equity Repatriation

Foreigners will be accorded complete freedom from any delay on repatriation of their equities in Japan effective this Monday, April 1. For the past eight months there has been a six-months holding period equivalent to the length of time governing our capital gains tax rules.

Foreign investors in Japan will no longer be bothered by any delaying restrictions as to when they can repatriate their equities from that country. Beginning this coming Monday, April 1, Japan will mark another dazzling milestone in its steady march into the coterie of nations which have no restrictions on the inflow and outflow of funds by completely removing the six-months holding period delaying the outflow of sales profits from Japanese stocks and shares by non-residents.

The Japanese Ministry of Finance announcement of this action, made two days ago, March 26, confirmed widely anticipated predictions that Japan was preparing to end the last remaining barrier to the free flow of foreign owned stocks. In the past several years Japan has been making noteworthy progress toward the goal of full exchange convertibility and has been successively reducing the time holding period on the repatriation of equities to where last Aug. 1, 1962, the withdrawal delay interval was down to a minor nuisance value of six months. From April, 1961 to August, 1962, the hold-up was two years, and previously was shrunk from six-years and one-day to four-years and one-day.

Attract Long-Term Capital

Paradoxically, now that foreign owned stocks will not be required to comply with any holding limit, this step should sizably increase long-term investments into that country rather than short-term money and in and out trading capital. Any nation's ability to attract permanent funds is in direct correlation with the improvement of its investment climate.

One of the most important ingredients of such a climate is the absence of any limitation governing the timing of private capital movements. Other ingredients include sound economic growth, non-discriminatory treatment of foreign capital, free convertibility of exchange at relatively fixed rates and the concomitant capacity to earn income for international payments-balance. The latter has been the only problem which lately is being overcome, to the point where Japan has been advised by the International Monetary Fund it is eligible for Art. VIII membership status. Japan is still permitted to seek the protection of IMF Art. XIV allowing exchange control and import restrictions to combat short run payments-disequilibrium. The removal of the six months holding period attests to Japan's decreasing need for protective controls, and to the remarkable improvement in the economy's development and to its ability to handle foreign exchange convertibility. Japan hopes to leave Art. XIV protection for Art. VIII by Sept., 1964, if not sooner.

Securities Firms Hail Move

Japanese securities firms with branches here, as well as U. S. broker-dealers and investment bankers dealing in Japanese securities are full of praise for this move ending six-months waiting on repatriating equity sales-profits. They see here an additional incentive to increase U. S. investments in Japanese stocks.

Foreign investments in Japan total $1,879,000,000 as of the end of last month. In the ten months through Jan., 1963, foreign purchases of Japanese securities through stock exchanges aggregated $74,580,000. Current indications suggest most emphatically that American Depositary Receipts now traded Over-the-Counter will become eligible for formal stock exchange listing.

The following is extracted from the Japanese Minister's announcement pertaining to the waiving of the six-months waiting period governing repatriation of proceeds from Japanese stocks owned by foreigners:

On March 26, the Japanese Minister of Finance announced a new policy concerning further liberalization of invisibles and capital transactions. The basic principles governing the changed policy are:

(1) Invisibles and capital transactions will be liberalized step-by-step aiming at the complete elimination of all restrictions by the end of March, 1964.

(2) The Japanese Government will continue to be concerned with promoting sound foreign investments which contribute to the growth of the Japanese economy, and will take further liberalizing actions on this matter keeping in step with liberalization of capital transactions in foreign countries.

(3) The Japanese Government will take necessary steps in order to adjust properly the influence of the above liberalizing actions upon the balance of payments.

The measures, which will be effective April 1, 1963, in order to carry out the above principles, include the following among others:

(1) Elimination of the six month waiting period for repatriation of sales profits from validated investments by non-residents in Japanese stocks and shares, without any change in restrictions on debentures, government bonds, and others.

(2) Easing restrictions on business trips abroad.

(3) Easing restrictions on payment of cargo freight, etc.

ED. NOTE: Section Two of today's "Chronicle" is devoted to the continuing growth of Japan's economy and the sound investment opportunities in that nation.

Where's the Fallacy?

By Dr. Arthur A. Smith, Vice-President and Economist, First National Bank, Dallas

Texas banker-economist finds fallacies in arguments advanced by those who take a non-alarmist position regarding the quantitive growth of the federal debt. Moreover, Mr. Smith contends debt-defenders overlook: (1) Federal Reserve's creation of U. S. borrowed money and inflationary consequence; (2) U. S. contingent liabilities; (3) extent debts' burden is superficially eased by inflation; (4) dollars international value; and (5) whether unemployment is, in fact, cured by deficit financing.

The statement has been made many times, occasionally by persons in rather high positions, that the nation's debt burden is not alarming because "as a proportion of our gross national product, our debt burden is not only manageable, but is steadily declining." This is often used as a reply to those who doubt the feasibility of repeated Federal deficits. Unfortunately, *the argument tends to disarm the opposition because the fallacy of it is not readily apparent.*

Dr. Arthur A. Smith

Gross National Product is a "glorious statistical abstraction" which measures total spending of the entire nation, public as well as private spending. Since government spending is included in GNP, then the more the government spends, the higher GNP becomes.

In 1940 Federal Government expenditures were about 9% of GNP. By 1945 they were 46% of GNP, reflecting the tremendous outlays for war, also rationing and other restrictions on civilian spending. In the same year the Federal debt grew over $53 billion, since about 54% of what the government spent was borrowed. After the war government spending declined for a short time, but civilian spending more than filled the void as people hastened to buy. *In 1950 Federal Government expenditures were 14% of GNP, and in 1962 they were 16%.*

If you look at the growth in the Federal debt, you readily see that it increased from $42,968 million on June 30, 1940, to $303,988 million on Dec. 31, 1962. Over the same period we have seen the value of the American dollar decline by 55%.

Federal Reserve Created Money

When the government runs its financial affairs in the red (as it has all but six out of the past 34 years), the question is: Where does the money come from? Does the government borrow it directly from the people? In part, yes; and, when government does borrow directly, the process merely changes the use of available funds from private to public without affecting money supply and without inflationary effect. But the truth is that *much of what the government has "borrowed" really has come through the Federal Reserve System and represents "created money" which accounts for our inflation,* and will continue to contribute to inflation as long as the process continues, and in spite of the fact that the debt may not be any greater proportion of GNP.

Balance Sheet Agreement

Another statement often heard is that the Federal debt is of no consequence when assets of the government are considered. The government does not compile a balance sheet, as does a private business, but if it did there would be listed the value of all the Federal buildings, Federal lands, roads, military equipment (both obsolete and non-obsolete), including ships, planes, tanks, etc. Such a balance sheet would serve no particular purpose since no one would ever think of foreclosing on the government. Anyway, what could you do with some of the so-called assets? Furthermore, the government is not going to cease operations. It would need the capitol building. True the government might not need so much public land; and it might not need to keep the TVA.

But if one agreed that it would be proper for the government to prepare a balance sheet, as private business does, then *why not have the government include in said balance sheet a statement of its contingent liabilities,* as private business does?

How Large a Debt?

Occasionally the question is raised: *How large can the public debt go? There is no absolute answer.* Much depends upon how cheap the dollar is. Experience of other countries shows conclusively that debt can become fantastically high in money units under inflation. Government, like all other buyers, has to pay more for what it buys, and if it does not balance its budget, then it contributes to more inflation, as its debt mounts—a vicious circle indeed. The saddest part of the story is that people are deluded by the process. They think they are not paying for it. They overlook the inescapable fact that, what they do not pay in taxes needed to balance the budget, they pay in higher prices eventually; so it costs willy-nilly. If this were not so, then the government would be getting something out of nowhere—a mighty good thing, if it were true.

Whether we ever see the truth or not, be assured that foreigners are not fooled, because they know that *the U. S. faces the serious problem of how to protect the dollar in world markets,* a problem that will be made worse with each budget deficit.

Let's pose another question: When will deficit financing ever cease, if not when the economy is running at a record high, as it did in 1962? The very some Gross National Product to which some people like to relate the Federal debt shows that the American economy set an all-time high last year. Maybe, as some say, it did not operate high enough, however, to reduce unemployment much below 6% at any time. Will an $11.9 billion deficit reduce unemployment to some level believed tolerable? There is no assurance that it will. *The unemployment problem has not been cured by deficit financing thus far.* Should we have bigger deficits?

Wood, Struthers & Winthrop Forming

As of the close of business on March 29, Wood, Struthers & Co. and Robert Winthrop & Co., will combine their business and will continue under the name of Wood, Struthers & Winthrop, 30 Wall Street, New York City, members of the New York Stock Exchange.

Roderick H. Cushman, Harry B. Freeman, Jr., Robert K. Halloran, Frederick S. Moseley, Jr., Melvin G. Ott, Daniel S. Poor and Robert Winthrop, partners in Robert Winthrop & Co., will become partners in the merged firm.

SECURITY I LIKE BEST . . .

Continued from page 2

446,547 achieved in the first quarter of fiscal 1962. Net income rose to $132,393, a gain of 12% from last year's $117,090, while net per share advanced to 11 cents from 9 cents. The results include newly acquired subsidiaries which enjoy substantial volume in the late fall and winter. However, most of the new stores opened by Tractor Supply over the past 12 months have been selling only in the final weeks of the first quarter, so that their contribution had slight effect.

For the full 1963 year, management has predicted a dramatic sales increase. With its widening product line, Tractor has added many items offering a lower gross profit. However, by increasing sales per store, the firm anticipates continuing increases in net profit, and Chairman Charles E. Schmidt has forecast "a definite increase in per share earnings" for this year.

The firm's business ratio is a healthy 4-to-1, and long-term debt amounts to less than 1% of total capitalization. Selling currently at around 24 (down dramatically from last year's high of 42¾), Tractor is available at less than 20 times 1962 earnings to yield nearly 4% on the 90 cent annual dividend.

It seems clear to me that Tractor Supply ranks as a stock worthy of consideration by all investors seeking sound growth situations.

Why I am an Optimist About Rails' Future

By Wayne A. Johnston,* *President, Illinois Central Railroad, Chicago, Illinois*

Without glossing over the unattractive investment appeal rails have had for some time, Mr. Johnston cites the straws and other signs of the present which augur well for rails' outlook. The railroad industrialist absolves the industry from blame for being unable to change quickly to meet changing times; voices confidence that at long last burdensome inequities will be removed, mergers allowed, and technological advances will continue; and appreciatively cites President Kennedy's efforts to see that rails get their "Magna Charta." Mr. Johnston is convinced this year will be the year for decision to move the "iron horse" ahead.

In 1887 the Interstate Commerce Act to regulate the railroads came into being. In the years that followed sharper teeth were put into the Act. So long as railroads were the dominant form of transportation, regulation was not harmful to their growth. The Commerce Act made it necessary for railroads to get government approval for increased fares and rates. This was in the public interest. But then in 1920, the Commission also began to regulate minimum rates to prevent the railroads from underpricing the young truck and barge industry. From that time till now, the railroads have had both a ceiling and a floor on rates and fares. Trucks were relieved of regulation on farm products and barges on bulk commodities. As a consequence, as time went on, the railroads began to lose more and more of their highly rated merchandise to the trucks and more and more of their bulk commodities to the barges.

Wayne A. Johnston

I mention trucks and barges, but there began to appear other transportation forms as well—pipelines and airlines and buses, and of course the millions of private automobiles that increasingly took over the transportation of passengers. It is well known to students of transportation that this great outpouring of new forms of transport could not have taken place without government sponsorship. An investors' handbook of a year or two back put it this way: "In most cases the airlines landed on almost free airstrips, the trucks rolled on almost free expressways and the barges floated on Federal waterways." I will add to that quotation by saying the waterways were not **almost** free, they were furnished completely free to barge users. And now we have on the horizon still other forms of transportation—coal slurry lines and high voltage transmission lines and, not too far ahead, the possibility of monorail and levecar systems.

That brings us up to the moment. The railroads in 1961 operated at less than 2% return on their investment, and although 1962 will show a somewhat better return, it still will be a long, long way from the 4 to 4½% that an investor can obtain on a savings account without taking any risk. Obviously, then, the railroad industry is not attractive to investors.

Rails' Magna Charta

The situation reached the point where last year, in April, President Kennedy asked Congress to put all forms of transportation on an equal basis. Let competition, not regulation, decide who will carry the freight and the passengers, he asked. "Regulation of transportation," he said, "is based on a chaotic patchwork of inconsistent and often obsolete laws." Why, one may ask, are these laws obsolete? They are obsolete because they were written to control a monopolistic railroad industry. But it has been a long time since the railroads had a monopoly. The railroads had begun to lose their monopoly at the end of World War I when I started my career on the Illinois Central. During the twenties and thirties new truck lines seemed to spring up everywhere as highways spread over the countryside.

Working under a complex system of regulation, we rail carriers would go through time-consuming and expensive hearings to adjust our rates to meet the competition of those trucks. The day after the rail rates were finally published, trucks offered new and lower rates. It was like trying to fight a ghost. There was nothing solid to hit. Often, there was no way for a railroad to learn what the rate was with which it had to compete. To a very great extent, particularly in the handling of agricultural products by trucks and the movement of bulk commodities by barge, the same situation is still in effect today. They do not have to publish their rates, so we have no way of knowing what they are.

At this point some of you may be thinking, "That may be so, Mr. Johnston, but were the railroads in those years doing all they should have to meet the changing times?" I would have to answer, "No, they were not." A writer in the *Harvard Business Review* some time ago made quite a splash with his analysis to the effect that the railroads made the mistake of thinking of themselves exclusively as rail companies, rather than as transportation companies. His thesis is well taken—namely, that there are no growth industries, only industries that are growing because they are giving the public what it wants. Incidentally, that same author, Theodore Levitt, in that article also criticized other major industries for the same fault — the oil industry, for example, for thinking of itself as a producer of gasoline for automobiles instead of being concerned with all the potential uses of petroleum. No question about it, large industries, and especially those that have been dominant for long periods of time, do not have the quickness of foot of young companies.

Having said that, let me add that during that period when new forms of transportation were arising, it was virtually impossible for the railroads to change quickly to meet the changing times. The chains of regulation around the railroads had become so burdensome that it was a miracle the industry was able to move, much less run. Only one who is in railroading can fully appreciate how unequal regulation had become. It is like walking through a Chamber of Horrors to review all the regulations and taxes to which the railroads are subject but to which their competitors are not.

Some Burdensome Inequities

Let me cite a few illustrations. Since 1936 the railroads under the Railroad Retirement Act have been paying employee retirement taxes double or more than double those paid by their competitors under the Social Security Act. At this moment railroads are paying 7¼% of the first $400 earned by each employee. That's $29 a month. Under Social Security a truck or an air line or a barge company pays 3⅝% on $400, or $14.50 a month. That's exactly half. That big spread—and sometimes it has been even bigger—has been in effect for more than a quarter century. Obviously it shows up in our labor costs.

There is another and similar tax, the unemployment tax. The railroads pay 4% on the first $400 of each employee's salary, or $16 a month. The employee pays nothing into the tax. Right now the government is trying to get the percentage upped another quarter-of-a-percent. Compare that big bite to the unemployment taxes paid by other employers under state laws.

But it is not only in taxes, but in many other ways that railroad regulation is, as the President said, a patchwork of inconsistent and obsolete laws. A railroad is required to file with the Interstate Commerce Commission great volumes of reports of every type not demanded of our competitors. The railroads across the country pay state *ad valorem* taxes that have a higher base than those on which our competitors or business in general is taxed. In this state, for example, railroad property taxes for many years have been based on 100% valuation, whereas for business in general they are at approximately 50% rate. Fortunately the Illinois Supreme Court recently helped to correct this injustice, but it will be some time before we get the full benefit of their ruling, because the new percentage first has to be determined in each county, and of course no county is eager to give up tax dollars.

There are much bigger inequities I might mention, even though in a general way you are acquainted with them. Huge airports built by the government; a vast system of Federal built and maintained waterways; subsidies to feeder airlines while railroads in the communities served by those airlines are being forced to drop rail service; a 45,000 mile network of magnificent highways built by the Federal Government, used by our competitors at little cost, etc. The list is a long one, but I will not trouble you further with it. I will simply say this: The rail industry must have a constitution like a lion to have lived through all it has. If there is any proof needed that railroads are the most economical form of transportation, when all the true costs are considered, it is the fact they have survived as private companies despite an avalanche of government-sponsored competition.

Now this time you may say—"How can his paper have the title 'Why I Am An Optimist' if things are as bad as he says?" That's a good question, if you do happen to have it in mind. But the fact is so—I am an optimist. I've been one all my life about railroads. Nothing has shown up to take their place. Look around the world. Our greatest competitor, Russia, is building railroads as fast as she can. She could easily turn to the highway truck for her basic transportation needs, because Russia manufactures a good truck, she has ample supplies of cement and petroleum and she has a vast level country that lends itself to highway construction. But Russia is building rail lines as fast as she can, with the biggest freight cars of any railroad in Europe.

Russia's Rail Performance

Along this same line, I might say, we on the Illinois Central are constantly being visited by railroaders from other parts of the world, seeking to learn from American railroads how to improve their operations back home. All of them say the same thing—"We wish we were under private operation, so we could operate as efficiently as you do." All, that is, but the Russians, who told us, "Ve do it batter den you!" They don't really, because we know better. We had a team of railroaders in Russia recently who have told us the Russians are operating at about the level the American railroads did back in the mid-twenties. If we were still operating like we did back then, we'd all be broke today.

As I said, I am an optimist. I believe in the inherent good sense of the American public, and once the railroads succeed in getting that public to understand the facts of the case, I am convinced it will demand action by Congress. The public believes in fair play, and when it has the facts, it moves to correct injustice. The problem, of course, in an enormously complicated world, is how to get the railroad story across to the public.

It is a difficult problem, as I am sure investment bankers have discovered when they have tried to win public approval for some principle they believe in. We know we are making progress. The last four Presidents of the United States have asked Congress to correct the inequities that exist in regulation. Last year, as I already have mentioned, President Kennedy in his Transportation Message asked for action. It was, you recall, an election year, and it is hard to get action on controversial matters in an election year. But this year of 1963 we have high hopes for progress. The President several times already has renewed his request for action. The two bills submitted in 1962 have been resubmitted in virtually the same form. One of those bills would eliminate minimum rate regulation of commodities handled in bulk and of agricultural products. At present 70% of all the tonnage handled by railroads is bulk tonnage, so the importance of this bill to the railroads is obvious. Barges are not regulated on minimum rates. Railroads want and need that same right.

Assessing Users

The other bill would put into effect the President's recommendation that users of Federally built airports and waterways pay something for that use. The President asked for a tax of two cents a gallon on barge fuel. Barge operators, as you know, pay not one red cent for their use of the 22,000-mile system of Federal waterways. At its most optimistic, the new tax would bring $10 million into the Federal treasury annually. By contrast, the Federal Government last year spent $174 million on river maintenance alone. The barge industry is fighting the two cent tax, tooth and nail, with the argument that it should pay nothing for its use of the waterways. The public, because the taxes it pays are the source of all the millions that are spent on the inland waterways, has a right to insist upon this tax on barge fuel.

This same bill also would place a two cent a gallon tax on aviation fuel. As everyone knows, the Federal Government and, to some extent, state and local governments, spend vast sums on airfields and air traffic systems. To its credit, the airline industry is not fighting the two cent tax.

Favorable action on these two bills is vital to the future of the railroads. Indeed, such action is important to the future of all privately-owned transportation in the United States. Last month in Chicago at a Transportation Association of America conference, a competitor of the railroads made the point that it is important to all forms of transportation that the railroads become profitable, because if railroads were to fall under government control, all other transportation would be endangered.

At the same meeting, Clarence D. Martin, Jr., Under Secretary of Commerce for Transportation, one of the most important men in transportation today, made the keynote speech. "I don't see disaster on every front," said Mr. Martin. "By and large, our transportation system is working well. But it must keep growing, keep changing to meet the changing times. Look at all that has happened in the last 12 years in transportation—the coming of jets, the rise of piggyback, the diesel revolution, the huge Federal highway system. Surely we will see equal or greater changes in the next dozen years. . . ." He went on to say, "We have a choice of two paths. We can do nothing, and watch the continued decline of the railroads, the trend to more private trucking. Or we can move in the direction President Kennedy has asked, in the direction of less government regulation and subsidy, toward a free and open environment in which each form of transportation can show what it can best do."

I know there are people who sincerely believe railroads are an outmoded form of transportation. Yes, they say, the railroads helped build the nation, it's true, but they are not the transportation form of the future. Well, those people are wrong. Except for a ship floating on an ocean or a great lake, the most efficient all-around form of transportation is still the steel wheel, rolling with a minimum of friction on the steel rail. Nothing else can move people and products as economically as the railroad, when all the costs are considered.

Year of Decision

This year of 1963 is a year of decision for the railroads. Favorable action by Congress on the two bills I have been speaking about will go a long way toward freeing the railroads from excessive regulation. As you know, earlier this month (March 4) the Supreme Court upheld the right of the railroads to make changes in work rules with the prior approval of the operating unions. It was a big decision not only for the railroads but for business at large. Now we will sit down with the unions and negotiate a set of working rules in harmony with modern conditions. Featherbedding practices that were costing the American railroads nearly $600,000,000 annually were embedded in the old rules made back in the days of the hand-fired steam engines. The general public naturally has not yet had an opportunity to recognize the significance of the Supreme Court decision, but we railroad officers know that that decision was vital to the future of the industry.

There are other favorable signs that the long ice age of railroading is coming to an end. Late last year the 10% tax on rail transportation was dropped. New property depreciation rules were put into effect, and these new rules are making it easier for railroads to invest in new equipment of all kinds.

Another sign of the thaw is the apparent recognition by the Interstate Commerce Commission that railroad mergers are necessary. Mergers will help railroads get down to fighting weight. There is a surplus of transportation facilities in the United States. Part of that surplus is unneeded rail lines in many parts of the nation. Since the end of World War II nearly 20,000 miles of branch lines have been abandoned, but there is still a great amount of mileage and many facilities that were necessary back in horse and buggy days, but no longer are needed in the day of the jet plane and highway truck. Properly planned mergers are necessary to progress.

Another favorable development appears to be the more realistic attitude toward the pricing of railroad services. The Commission is allowing railroads to put into effect reduced rates that in years past probably would not have been approved. By and large, shippers over the country are supporting us in our efforts to win greater freedom to compete.

REA Express

To my way of thinking, a very important straw in the wind is the way one railroad-owned company is showing the way to a new concept in transportation. I refer to REA Express, successor to the old Railway Express Agency. This old company, nearly 125 years in business, was about ready to fold up three years ago. Under the inspired leadership of its young President, William B. Johnson, the slow-moving agency has been streamlined. The old practice of dividing traffic among its owners is gone. Now the REA picks the best service for its shipments, whether by rail or not. Such coordination — use of each mode where it serves best—has helped turn a deficit operation into a profitable one.

As in any business, learning what the customer wants and then finding the way through imagination and hard work to give the customer what he wants, is the magic road to success. This year of 1963, I firmly believe, will see the railroads get more freedom to solve their problems. There is no reason why an industry with the inherent advantages of railroading should not once again become a strong and profitable industry.

I have been discussing railroads in general. Let me close by saying something about the Illinois Central. We think we have a pretty good railroad. After more than 110 years, we still are operating as the original company. We have come through wars and depressions, and have managed to stay alive and to make money for our owners most of those years.

Good Year in 1962

Considering everything, we had a reasonably good 1962. We brought $12,767,000 down to net. That calculation is made in conformity with generally accepted accounting principles. Using the ICC formula and the new tax credits, we made $19,623,000. As you may know, for the first time the railroads in 1962 were given the choice of calculating their profit under two different methods. As one who started his career as an accountant fresh out of college, I guess I am a little old-fashioned. I'm thinking of the impact on future years of current Federal income tax reductions, so I prefer to think of our 1962 profit as $12 million plus rather than $19 million plus.

During 1963 we will further improve our property by spending nearly $32 million on improved roadway and on equipment. Nearly $25 million of that total will be for new freight cars, new diesels and other rolling stock. At the moment we are planning to pay for all these improvements out of the cash drawer—not by adding to our debt.

There are two subjects you probably have been reading about in connection with the Illinois Central. One is the subject of Illinois Central Industries, Inc. Very simply, we are trying to obtain greater flexibility of investment, greater diversification. Frankly, railroading with all its restrictions has been pretty slim pickings profit-wise. We want to provide our shareholders with a broader earning base. As you know, we went to them to get their approval to exchange their railroad stock for equal shares of the new company. Well before the deadline, our owners gave us letters of intent on more than the required 80% of the outstanding stock. After they actually have deposited 80%, the exchange offer will be declared effective, and the Illinois Central Railroad will become a subsidiary of Illinois Central Industries.

We are not hiding any big dark secret as to what we plan to do. We have no deep-seated plans. We intend to look up and down the railroad and to seek good opportunities for investment. We will not be able to operate any transportation company, other than our own railroad. But there are a number of directions in which we can move to the benefit of the owners of our company.

Mergers' Trend

The other subject you have been reading about is mergers. It is difficult to talk about mergers because of the many elements involved in any discussion of the subject. The Commission does not move swiftly in this field, but it does seem to be moving in the right direction. As you know, it recently approved the combination of the C&O and the B&O. That move is going to be good not only for the owners of those two railroads, but eventually it also will be good for the territory they serve and the employees of both roads. A union employee may raise his eyebrows at that last statement, but it is a basic fact that any railroad in financial straits is not a good company to work for, at least not for long. The B&O is in financial trouble. When it gets squared away after joining the stronger C&O, the joint properties will make a stronger company, and therefore a better employer. The same line of thinking goes for the communities those two railroads serve—they will be better off for being served by a strong business.

I have been talking for some time now and I have come to a subject that might easily take a great amount of time to discuss. I will simply say we too are in the merger swing of things. We are involved in the proposed merger of the Seaboard Air Line and Atlantic Coast Line Railroads. We are not against their merger, but we want the ACL to divest itself of its ownership in the Louisville & Nashville. We urge that that stock be sold to us. Our logic is simple: We are a Florida railroad with important freight and passenger connections, and we need to protect our access to the Southeast.

We also are involved in the efforts of the Louisville and Nashville and the Missouri Pacific to acquire the Chicago & Eastern Illinois. We prefer to think the C&EI should be controlled by the Illinois Central. An inquiry bureau of the Commission has recommended that the L&N and the MP be required to terminate their control of the C&EI because of their improper purchase of the stock of that company, but no decision as yet has been handed down.

Finally, we are involved in a joint study with the Gulf, Mobile & Ohio, which is a railroad about 40% of the size of the Illinois Central and which operates pretty much in the same territory we do south of Chicago. The Chicago & North Western has acquired some 13-14% of the GM&O stock, but we do not feel that ownership is any deterrent to our potential merger with the GM&O.

As you can see from the very tentative way I am touching upon these merger matters, a long paper easily could be made on the subject. Let me say that we are keeping our eyes peeled, to use an old pioneer term, and are looking in all directions when we come to an open spot in the woods. As part of the railroad industry, we are confident this year of seeing a further thaw in the regulation that has kept railroads ice-bound for so long. We know we have the technology to successfully compete with all or any forms of transportation.

I haven't even talked about technology, and that is a fascinating subject all by itself—piggyback, welded rail, automatic yards and a host of other marvels of the electronic age. Please take my word for it that the Old Iron Horse is not ready to collapse in a heap of rust. This is an industry that is still a basic industry. I wish I had time to tell you more fully what happened a few months ago when the nation suddenly faced up to the Cuban crisis. The cry went out for railroad help. You don't move armored divisions in private automobiles or in buses or on trucks or by barge or by air. You move them by trainloads. You haven't heard anything about it—but the railroads were there, and before the news had hit the headlines, the railroads were moving troops and supplies through the quiet of the night, as they always have. The railroads were in business and intend to stay in business a long time.

*An address by Mr. Johnston at the 27th Annual Central States Group Conference, Investment Bankers Association of America, Chicago, Ill., March 14, 1963.

Penn. Bankers Conference

HARRISBURG, Pa.—The 36th Annual Trust Conference of the Pennsylvania Bankers Association will be held Thursday and Friday, March 28-29, at the Penn Harris Hotel, Harrisburg. It is sponsored by the PBA Trust Division. Approximately 275 Pennsylvania bankers and trust men will attend.

Speakers at the two-day Conference will include William J. Copeland, Vice-President, Pittsburgh National Bank; John M. Duff, Chairman, PBA Trust Division, and Vice-President, Pittsburgh National Bank; PBA President William A. Lank, President, The Farmers National Bank of Bloomsburg; Norman E. Walz, Senior Vice-President and trust officer, The First National Bank of Sunbury, and Director of the 1963 PBA Trust Training School; John Y. Scott, PBA Counsel, Harrisburg; Robert J. Wharton, Vice-President and trust officer, United States National Bank in Johnstown, and Chairman, PBA Trust Division Costs and Charges Committee; Charles W. Buek, President, United States Trust Co. of New York; and Dr. Paul S. Nadler, Assistant Professor of Finance, Graduate School of Business Administration, New York Univ.

The program includes talks on economics, investments, trust education, and legislation.

Why the Administration's Tax Program Is Essential

By Walter W. Heller,* *Chairman, President's Council of Economic Advisers*

Even if 1963 should live up to its prediction of moderate economic expansion, the imperative need for immediate enaction of the President's tax program is not obverted one iota. Dr. Heller is most convinced that our tax structure is responsible for our slowed private sector growth, that the offing holds no prospect for a self-propelling dynamic growth force as in the post-World War II decade to make less urgent the need for tax action, and that we face a recessionary-turn or at the least a waste of $30-$40 billion idle resources, continued deficits and unemployment, unless we act now on the tax program. Dr. Heller delineates what the recent and proposed tax program would do to restart economic growth; cites economies in Government's operations; avers that the planned deficit is not an end but a means to stop deficits; and contends Federal debt has not been growing and inflation poses no threat.

We meet against the background of a 6.1% unemployment rate, announced March 7, which dramatizes the economic problem to which the President's tax program is addressed: an economy which has not lived up to its great potential for the past five and one-half years; an economy whose impressive advances have been interrupted by the 1954, 1958, and 1960 recessions and the 1962 slowdown; an economy in which production, employment, and profits—though at record levels—have been too low, and unemployment and Federal deficits have been too high.

Walter W. Heller

At the outset of 1962, after nine months of rapid recovery, hope was widely shared that we were breaking the grip of slow growth and below-capacity operations. But the recovery slackened abruptly a year ago. The $16 billion advance in GNP (at annual rates) of the fourth quarter of 1961 dropped to a $6 billion pace in the first quarter of 1962—a pace that set the pattern for 1962 as a whole.

Between the fourth quarters of 1961 and 1962, GNP at annual rates rose $25 billion, or 4½%, (3% after price correction) — barely enough to hold our own on rates of unemployment, profits, and capacity use. Unemployment generally fell during the first half of the year, then rose on balance during the second half, but stood at 5.8% in both January, 1961 and January, 1962. Profits hovered around a $51 billion annual rate throughout 1962. Capacity utilization showed little change:

(1) The McGraw-Hill utilization rate for manufacturing industries stood at 81 in September, 1961, at 83 a year later;

(2) The Federal Reserve operating rate for major materials stood at 83 in December, 1961, at 80 a year later;

(3) The FRB manufacturing rate stood at 85 in the fourth quarter of 1961, at 87 a year later.

I do not mean to suggest that 1962 offers no ground for satisfaction. In the face of a wave of pessimism and a flood of private recession forecasts last summer—not to mention the stock market slump and thwarted hopes of price increases—the economy held the new high ground gained in 1961 and pushed steadily, if slowly, onto higher ground during 1962. This was a tribute both to the great resiliency of the U. S. economy and to the wisdom of budgetary and monetary policies which, unlike those in 1959-60, facilitated rather than thwarted expansion.

Overriding Lesson Since 1957

But the overriding lesson of 1962's slowdown — which led a broad cross-section of the leadership of American business, labor, agriculture, and the public to call for tax reduction — is that the slack since 1957 rather than the spurt in 1961 is the true measure of our economic problem; that the income tax brake, which was last adjusted in 1954, is set too tight for an economy no longer under the whiplash of war or the pressure of postwar inflation.

The cold facts of the economy's inadequate performance since mid-1957 are widely recognized:

(1) Two recessions and two incomplete recoveries.

(2) Unemployment at 5% or above for 64 consecutive months, with a consequent waste of 20 billion man-hours of productive labor.

(3) Business operating rates averaging well below those of the preceding decade, with a consequent loss of $40 billion in potential corporate profits for the period.

For a country concerned with restoring not only full employment but a faster rate of economic growth, the record of private investment since 1957 is particularly revealing — and disturbing. Indeed, gross private domestic investment is the one major component of economic activity which has shown no upward trend since the mid-1950's. It did not return to its 1955 peak of $75 billion (in 1962 prices) until 1962 — when real GNP had risen by 21%. Fixed investment in relation to GNP has fallen from the 10-11% levels of the 1949-57 period—and even 12% in 1947-48—to an average of only 9% in the past five years. The existing stock of business plant and equipment has increased by only 2% a year since 1957, compared with 4% a year in the 1947-57 period (Department of Commerce estimates). And 1962 was the first nonrecession year in the postwar period when corporate investment fell short of corporate saving.

Tax Burden Too Heavy to Carry

The economic record of the past five and one-half years leaves little doubt that the Federal income tax has exerted too heavy a drag on private incentives and product markets—that tax reduction not merely to faciliate but to power expansion is required. Yet, tax action must be geared not only to economic developments to date but to the economic prospects that lie ahead. If there were good prospects for an early restoration of the self-propelling dynamism of the first postwar decade, the case for tax cuts would be less strong. But no such force is evident on today's horizon.

As to the immediate outlook, some misgivings have been expressed on the basis of the persistent sidewise movement of several measures of productive activity. For example, there has been virtually no change in the level of industrial production and of nonfarm payroll employment since mid-1962. Moreover, retail sales, in spite of the surprising sustained pace of automobile sales, have barely edged up in recent months. Also, the workweek has shrunk somewhat. And now we have the 6.1% unemployment rate, capping a two month rise from 5.5% in December.

Need More Than Expected Moderate Recovery

Without inconsistency, I can say, first, that an unemployment rate of over 6% is a source of great concern and strongly underscores the urgency of expansionary tax action; and, second, that it does not change our forecast of moderate economic expansion for 1963. There are several reasons for this:

(1) Much of the increase from 5.5 to 6.1% represents a delayed addition to the labor force (bringing it more into line with projections), not a drop in employment.

(2) The rise has occurred in the face of increases in manufacturers' orders, personal incomes, and total output—indeed, like the experience of the fourth quarter of 1962, when GNP rose by $6.4 billion in real terms (1962 prices) over the third quarter, but the unemployment rate did not drop, the current experience illustrates once again that the U. S. economy has to run fast merely to stand still and has to run even faster to catch up with its potential.

(3) Evidence is mounting that moderate expansion of plant and equipment outlays *will* take place in 1963. Private surveys—including the report in March 6 *Wall Street Journal*—indicate that upward revisions are taking place here. In due time, we will know whether the Commerce-SEC Survey supports the forecasts of roughly 5% expansion in private plant and equipment outlays underlying most of the 1963 GNP forecasts in the $575-580 billion range.

(4) The pattern for the year, especially with tax reduction foresees a stronger second half than first half.

What I have just been saying indicates that we have not seen—and do not now see—1963 as a recession year. Nevertheless, we find strong added reason for on-schedule tax reduction to provide insurance against recession:

Added Reason for Tax Cut

First, as we scan the history of business cycles and see the eight peacetime expansions since 1920 petering out, on the average, after 28 months.

Second, as we view the rather ominous 45-35-25 months regression in the duration of the last three recoveries.

Third, as we review the 1956-57 experience which saw the recovery go rather flat in early 1956, get a bit of a second wind later in the year, and then stumble into recession in the second half of 1957.

Recession would plunge the Federal budget far deeper into the red than the proposed tax program. That program would add $2.7 billion to the anticipated fiscal 1964 deficit. As a result of its stimulus to economic activity, it would add even less to the fiscal 1965 deficit. But a recession pulling annual GNP down by as little as 3%, or $16 billion, would add more than $5 billion to the deficit.

Indeed, our whole postwar history confirms the relation between prosperity and surpluses, recession or slack and deficits. For the eleven fiscal years from 1947 through 1957, when unemployment averaged about 4%, there were seven cash surpluses and four cash deficits, for a net cash *surplus* of $20 billion. But for the fiscal years 1958-1963, when unemployment averaged about 6%, there were five deficits and one surplus, for a net cash *deficit* of $30 billion.

No Self-Reinforcing Growth Force

In planning a permanent tax reduction, one also looks beyond the immediate cyclical outlook to the basic forces that might rekindle the fires of self-reinforcing growth. But even the closest inspection reveals no such self-generating forces. It is true that stepped-up family formation, coupled with a growing pay-off on research and development efforts, gives promise of an eventual stimulus to home building and durable goods consumption. But to fold our hands for several years and accept an annual loss of $30 and $40 billion to idle resources, even without recession — and to accept the continued budget deficits which accompany this slack—would be neither responsible nor prudent.

The tax program reflects the President's conviction that the best course of action today is to unshackle and strengthen the private sector of the economy by a tax reduction—that no massive substitution of public for private spending could generate the incentives for private creativity and initiative which are basic to a renewal of our economic vitality.

The Tax Program and Investment

The objective of the President's tax program is to stimulate and sustain economic expansion, to move the economy to full employment in a reasonable period, and to arrive there with a production pattern and incentives primed for growth and progress. While tax reduction is the centerpiece of the Administration's economic action program, serving both the immediate goal of full recovery and the ultimate goal of rapid growth, it is only part of a broader approach with three main themes:

First, to stimulate and generate *more rapid growth of productivity* through investment in modern and expanded plant capacity, in research and development to speed the advance of technology, and in education to upgrade skills and knowledge.

Second, to stimulate and generate *higher levels of demand*, stronger markets for both consumer goods and investment goods.

Third, to *re-adapt manpower and other productive resources* to the demands of a dynamic economy, i. e., measures to build a bridge between growing productivity, which releases manpower, and growing demand, which absorbs manpower.

Investment Stimulus

Given limited time, let me focus your attention on the investment stimulus provided by the President's tax program—on what it does to restore the incentive, invigorate the creative spirit, promote the more efficient flow of investible funds, and bolster the product markets that combine to create a healthy environment for business expansion, modernization, and innovation.

This emphasis on business investment (coupled with new knowledge and new technology) arises from the Administration's growing and increasingly deep-seated conviction that the basic economic goals of the American people—faster growth, not only more but better jobs, the higher productivity and lower units costs that underlie price stability and a strong competitive position in world markets—can only be attained if investment regains the levels, relative to GNP, that it achieved in the first postwar decade. To contribute to this objective, the President's tax policy and programs incorporate several major stimulants to risk taking, initiative, and investment:

First, *direct stimulants to investment in plant and equipment.* Important action on this front was already taken last year. Liberalized depreciation guidelines and a new investment tax credit were put into force, thus providing $2½ billion of tax saving directly related to business investment in plant and equipment. These measures rewarded a long wait for depreciation reform and removed the early skepticism that a Democratic Administration and Congress would, in fact, translate words into action on investment incentives. From numerous private and public reports, one gathers that many of the skeptics have now gone through a happy period of discovery of the higher cash flow from investment generated by these provisions.

In the same category is the President's proposal that the cost of machinery and equipment for research and experimental purposes be allowed as a current expense deduction. This will be an additional $50 million spur annually to private research and development and will bear fruit in the form of better products, lower costs, and larger markets.

Reducing Corporate Taxes

Second, *reduction of corporate tax liabilities.* A balanced view of the corporate and individual income tax cuts in the Administration's program requires an integrated look at the 1962 action and the 1963 proposals. Roughly $2 billion of the $2½ billion annual stimulant already provided accrues to corporations: $800 million from the investment tax credit and $1.2 billion from the depreciation revision. The President's 1963 tax program would further enlarge the flow of investment funds and boost incentives by reducing the corporate tax rate from 52% to 47%—with a special inducement to small business by lowering the normal tax rate from 30 to 22%. These rate revisions represent, after structural reforms, an additional $2.4 billion cut in [illegible]porate tax liabilities.

Combined with th[illegible]62 changes,

these measures will reduce corporate liabilities by roughly 18% by 1965 when the proposed program is fully effective.

Third, *reduction of high marginal rates.* Not only are the profit scales tipped more favorably to the corporate manager who is a key investment decision-maker, but the top and middle bracket rates of the individual income tax would be drastically scaled down under the President's program. The top bracket rate would be reduced from 91 to 65%. The marginal rate (for a married person filing jointly) would be reduced from 59% to 47% at $50,000 of taxable income; from 50% to 40% at $35,000; and from 38% to 30% at $20,000. Even after structural reforms, this would provide substantial and significant cuts in liabilities in these brackets, thus freeing venture capital for new investment and making risk-taking and added effort far more attractive.

In speaking of the benefits to these groups, one should not forget their beneficial interest in the $4½ billion of corporate tax cuts. Figures for 1960 show that three-fourths of all dividends were received by people with net incomes above $10,000, one-quarter below $10,000; that 48% of all dividends went to those with incomes above $25,000 and 52% to those below $25,000. Any netting out of the pluses and minuses of the Administration's tax program must take these figures into account.

Free Flow of Investment Funds

Fourth, *facilitating a freer flow of investment funds.* Apart from rate reductions, such provisions as those relating to capital gains, taxation of natural resources, income averaging, and consolidated returns should help to provide a freer and more efficient flow of investment funds. In particular, the lower rate on capital gains, combined with removal of that prime deterrent to stock turnover — the privilege of income-tax-free transfer of appreciated capital at death — would greatly reduce the lock-in effect of present capital gains provisions and facilitate the flow of equity funds to their most advantageous uses.

Fifth, *the strengthening of the ultimate incentive of increased investment, namely, markets for the products of industry.* The tax program, by 1965, will inject roughly $10 billion directly into the spending stream, primarily through its 18% reduction in individual income tax liabilities. The taxpayer will be only the first link in the chain of higher consumption, higher incomes, more jobs, more savings and profits that lie at the heart of the expansionary process. Coupled with rising investment demand, this greater consumer demand will validate the expansions of plant and equipment that have already been made and are yet to come. When plant capacity is fully utilized, and prospects are good for continued strong markets, the incentive effects of the 1962 measures and the lower corporate tax rates can come fully into play.

Plunge of Corporate Profits

The multiplied stimulus to consumption offers us a powerful bulwark against recession, the greatest enemy of profits and investment. One need only look at the plunge in the rate of corporate profits during the 1957-58 recession—from a high of $46.0 billion in the first quarter of 1957 to a low of $32.7 billion in the first quarter of 1958 or the comparable experience in the 1960-61 recession, when corporate profits dropped from a rate of $49.2 to $39.8 billion — to recognize the great stake that investors have in avoiding recessions.

We estimate that if the economy were operating at 4% unemployment, corporate profits in 1962 would have been $7 to $8 billion above their actual level. This relationship between markets and profits is dramatically illustrated by the recent performance of the automobile industry Thus, while the number of units (cars, trucks, tractors) produced by the Big Three rose 22% between 1961 and 1962, profits rose 53%.

Plant Outlay Surveys

The relation between markets, capacity, and investment is also strikingly illustrated by recent experience. *Fortune's* June survey —corroborated by McGraw-Hill's September survey — showed the automobile industry planning to increase capital expenditure by 5% in 1963 over 1962. But the unexpectedly large demand for autos in the final quarter of 1962 pushed the industry operating rate to an estimated 92% of capacity, six points above the operating rate for the final months of 1961. This expansion of demand and pressure on capacity — plus the impact of favorable tax action in 1963 — has apparently raised investment sights: a survey taken by *Fortune* now shows that the automobile manufacturers will increase their plant and equipment outlays in 1963 by about 13% instead of the originally planned 5%.

So consumer markets and profit incentives are tightly interlocked in the investment process. Hand-in-hand with large and direct stimulants to investment, the $10 billion of consumption stimulus—multiplied two- or three-fold by market forces—will reduce risks, increase profitability, and provide a powerfully improved climate for business investment.

Related Issues

Balanced decisions on tax reduction and revision in 1963 must be based not only on a diagnosis of economic conditions and of the specific tax remedies prescribed to cope with them, but also on an appraisal of the associated issues of government spending, deficits, debt, and inflation.

On economy in government: The President has acted on the premise that a large-scale tax reduction calls for strong restraints on spending and strong efforts at economy in government. Accordingly, his fiscal 1964 budget holds proposed civilian spending (other than defense, space, and interest outlays) below fiscal 1963

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Why the Administration's Tax Program Is Essential

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levels—only the fourth time in 15 years that this has been done. In fact, for the past nine years, the average annual increase in this sector of the budget has been 7.5%.

Further, he has pledged that he will submit no budget "which does not continue a persistent and surprisingly unpopular program of cutting costs, increasing efficiency, and weeding out obsolete activities."

Judgments of the level of Federal spending in relation to current tax proposals should also place the Federal budget in historical perspective. Nondefense budget expenditures represent a smaller proportion of our Gross National Product today—at 7.3% —than they did in 1938—8.8%— and 1949—10.1%. Even when defense expenditures are included, the ratio of Federal budget expenditures to the Gross National Product has remained virtually steady at about 16% for the past eight fiscal years. And it is worth noting that the mid-1952 ratio of 16 Federal employees per 1000 of our population will have dropped to 13 per 1000 by mid-1964. The picture of a Federal budget and bureaucracy threatening to engulf the private economy finds no support in these central facts on the subject.

Deficit as a Means, Not an End

On deficits: Although tax reduction will result in an increase in budget deficits in fiscal 1964 and 1965, the President's tax program is designed to end the condition of recurrent, unplanned deficits which have plagued the economy in recent years. The expansion of production, income, employment, and profits which tax revision will generate offers the surest and soundest way to bring the budget back into balance at high levels of employment, income, and profits.

Let me emphasize that, contrary to an apparently widespread impression, deficits are not the "object of the exercise" in the present tax program — tax cuts are the prescribed remedy, deficits are the inevitable side effects. Deficits, *per se*, provide no thrust to the economy. What provides the needed thrust is demand — investment demand and consumer demand, born of adequate incentives and adequate purchasing power. These, in turn, are generated not by deficits, but by tax reduction and revision.

The deficits of recent years grew out of slack and recession— out of levels of demand, production, and income that either declined or fell short of reasonable full employment levels. A deficit that arises passively from a shrinkage or shortfall of income acts as a shock absorber, not as a propellant: less taxes are taken out of a *smaller* income stream, thus serving as a *cushion* which limits the shrinkage or shortfall of income. But a deficit arising out of a cut in tax rates acts as a source of added power in the economy: less taxes are taken out of the *same* income flow, thus serving as a *booster* which increases consumer and business demand. The paradox, then, is that in considerable part the deficits in recent years grew out of an excessive tax burden—out of a tax system that would have yielded not only a surplus—but far too large a surplus—at full employment.

On debt: The transitional deficits which will arise in the early phases of the President's tax program will, of course, add to the national debt. No one welcomes an increase in debt for its own sake—whether it is in his household, his business, or his government. Yet, huge debts have been incurred in the postwar period because their benefits outweighed their costs. From the end of 1947 through 1962, corporations increased their debt by 204%. Other private debt, including mortgages, went up 382%. State and local government net debt rose 400%. Contrast this, if you will, with an increase of 18% in the Federal debt.

Size of the Federal Debt

Also, to keep the Federal debt in perspective, one should measure it in relationship to the size of our economy. In 1947, the Federal debt was over 100% of our annual GNP. Today it is only 55%. Since 1947, annual interest payments have fallen from 2.1% to 1.7% of GNP. In short, the Federal debt is becoming a progressively lighter burden on a growing economy.

This does not, however, resolve the question of whether any given increase in debt is sound or prudent. In the context of the tax cut, we must ask ourselves whether the addition to the debt resulting from the tax cut will pay for itself in higher Gross National Product, a resulting rise in revenues to their former levels and beyond, and a greater legacy of real wealth—productive plant and equipment, houses, schools, and so on—to pass on to our children. Under conditions of full employment and inflationary pressure, the answer would be "no." But under present circumstances, the costs of the temporary addition to the debt would be more than balanced by the flow of benefits from the tax cut.

On inflation: Much of the concern expressed over deficits and debt arises out of the belief that they inevitably lead to inflation. But consider the situation today. We have substantial idle industrial capacity to help supply stronger markets. Millions of unemployed workers and a labor force increasing at the rate of 1.2 million a year provide an ample supply of manpower. World raw materials prices are under downward pressure. Competition is more intense than ever in both domestic and international markets. Recent U. S. wage rate increases have been smaller than at anytime in the postwar period and smaller than those of any other industrial country in the world (except Canada). These factors strongly support the conviction that the dangers of inflation and balance-of-payments difficulties arising from the tax program are at a minimum.

Summary

Twice in our recent history we Americans have been willing to make the sacrifice of increasing our taxes when the national interest required it. Now we are faced with the more agreeable necessity for tax reduction in the national interest. But the need for this action is no less urgent because it involves personal gains rather than personal sacrifices. Never in the postwar years has the need for stimulating the private sector of our economy been greater. Seldom in our lifetime has the opportunity for constructive tax reduction and revision been available as it is today.

In economies organized differently from ours, the tasks of maintaining full employment and achieving rapid growth fall wholly on projects of a centralized *public* sector. The President's tax program aims to fulfill these goals by expanding the economic strength of our *private* sector. Now is the time and here is the place to demonstrate to people everywhere that the greatest economy the world has known is fully determined to meet its responsibilities and its promise.

An address by Mr. Heller before the Executives' Club of Chicago, March 8, 1963.

A. H. Robins Co. Common Offered

In the first public sale of the common stock of A. H. Robbins Co., Inc., of Richmond, Va., an underwriting group jointly headed by Goldman, Sachs & Co. and Smith, Barney & Co., Inc. announced an offering of 350,000 shares of the stock at $29 per share. At the same time, an additional 75,000 shares are being offered for sale to company employees.

None of the proceeds from the sale of the 425,000 shares will accrue to the company as the stock is being sold for the accounts of certain stockholders.

A. H. Robbins Co., is engaged in the development, manufacture and sale of pharmaceutical specialties promoted "ethically" through activities directed towards physicians and pharmacists. The company has a staff of about 700 field representatives, or "detail" men, with approximately 570 located in the United States.

The Robbins organization had its inception in 1878, when A. H. Robins, grandfather of the current president, opened a small apothecary and manufacturing chemist shop in Richmond, Va. The present company was incorporated on Sept. 24, 1948 as the successor to a partnership.

Robins' principal products are antispasmodic drugs used for gastro-intestinal disorders, drugs for cough and cold ailments, and skeletal muscle relaxants. Other products include analgesic, anoretic, antiarthritic, anticholinergic, antidiarrheal, antibistamine, digestant, diuretic and vitamin specialities.

W. T. Riley, Jr. With Splaine & Frederick

MILWAUKEE, Wis. — William T. Riley, Jr. has become associated with Splaine & Frederick, Inc., 800 North Marshall Street. Mr. Riley was formerly with Loewi & Co. Incorporated and the Marshall Company. In the past he was an officer of Riley & Company in Milwaukee.

Who's Your Partner— Uncle Sam or Karl Marx?

By Dr. Nicholas Nyaradi,* *Director, School of International Studies, Bradley University, Peoria, Ill.*

American bankers are alerted to the possibility that Karl Marx will move in as their partner, and that foreigners will not continue to hold on to dollars if we adopt current fiscal-deficit proposals. Dr. Nyaradi urges bankers to wage a grass roots educational campaign and points out this should not be difficult to do in view of the American majority's dislike for unorthodox policies.

Both the American public and Congress have been so preoccupied recently with the aftermath of the Cuban crisis and with the potential danger of the continued existence of a Communist-operating base in the Western Hemisphere that in spite of the Administration's concentrated efforts to whip up interest in its tax reduction plans, these have achieved relatively little success.

Dr. Nicholas Nyaradi

As a matter of fact, we could observe the rather rare phenomenon that while such diametrically differing organizations like the United States Chamber of Commerce and the A.F.L.-C.I.O.— albeit for different reasons have endorsed the Administration's plans for a tax reduction, the American people in general seem to be rather apathetic if not outright critical about this proposal.

Professor Walter Heller, the chief economic adviser of the President, accused the opponents of this tax reform of "Puritanism," as rather antiquated people, who are unwilling to see how a deficit caused by tax reduction today would stimulate the economy tomorrow to such an extent that the budget would be again in the black.

Majority Opposes Deficit-Spending

People today question the rightfulness of the basic Keynesian economic theory according to which the government should go on a spending spree because after all even if they get deep into indebtedness we shall still owe this money to ourselves. This easygoing theory is still unfavorably looked upon by the great majority of American people as they are unwilling to see why the budget of a nation should be so completely different in its principles from the budget of the individual family. In their "economic Puritanism" they still question whether or not the time-tested old American doctrine of "pay as you go" should be replaced by the new and modern Keynesian—or should we dare to say socialistic variation of "owe as you go."

The monetary system to a country's economy is very similar to the functioning of the blood circulatory system of the human body. The dazzling success of the American free enterprise system, the fact that we Americans are the best-fed, the best-dressed, the best-housed and the best-taken-care-of individuals in the history of the human race is to a great extent the consequence of a sound monetary system which we were privileged to enjoy during most phases of our economic development.

The easy availability of inexpensive credit was always a strong stimulus to economic expansion, provided, of course, that these credits were made possible by the availability of savings, as thrift was always an important part of the American economic heritage.

Foreign Reaction

We always have to take into consideration the fact that one of the fundamental reasons of the danger of inflation—besides the disequilibrium between production and consumption — is the deficit financing of government operations. If we are going to run up unprecedented high deficits in our forthcoming Federal budget, the inevitable result of this will be to raise the eyebrows of those foreign central banks and of those foreign governments who are holding an increasingly large amount of dollars in their portfolios.

The American public simply doesn't know what amount of persuasion, cajoling or outright pressure was needed on the part of the United States Treasury during the past two years to reduce somewhat the gold withdrawals on the part of the foreign holders of dollar accounts. I just do not know how effective these measures can be in the future when these foreign holders of dollar balances will see these huge deficits piling up in our budgets. I just don't know whether they will be willing to postpone their claims to convert their dollar holdings into gold as long as the Keynesian hope of future budget surplus through present budget deficits will materialize.

The American public indeed is considerably more Puritanistic and conservative in its economic convictions than many college professors would like to believe. It doesn't take too much work to convince them about the necessity of thrift, the necessity of saving for a rainy day, but how can the American banker, who in his position can and should have almost as much influence as the teacher or the family doctor on his clients, advise and promote with good conscience the necessity of thrift when government activities eventually might have the result of drastically reducing the value of his client's savings— either through inflation or through devaluation, or both.

Grass Roots Approach

The American banker should use his unique position at the grass roots of America to promote not only the age-old, time-tested ideals of sound finances and thrift, but it is also his duty to explain to his clients and to his community at least some of the pitfalls of certain new glamorous, but not always foolproof, economic theories.

If the American banker will live up to his duties and obligations, then he still might contribute to the superhuman task of trying to stop or at least to slow down the increasing socialistic tendencies in our country which are mostly disguised under such beatifully sounding names as "ultraliberalism," "progressive-ism" or even "big spending." Because if the American banker will fail to live up to these duties and obligations, then he had better have ready another desk in his office for his new business partner who will be no one else but Karl Marx.

*From a talk by Dr. Nyaradi before the National Thrift Committee of the 60th National Savings Conference, sponsored by the Savings Division of the American Bankers Association, New York City, March 5, 1963.

Mun. Finance Forum April 4

HARTFORD, Conn.—More than 400 state and local officials will attend the 11th Annual Forum on Municipal Finance sponsored by

Alan K. Browne

Lester E. Shippee

The Connecticut Bank and Trust Company in Hartford on Thursday, April 4.

The forum idea was originated by the bank's Municipal Finance Department in 1953 as a way of exchanging ideas on fiscal matters of interest to local governments. Invitations have been sent to mayors, selectmen, directors of finance, comptrollers, treasurers, board of finance officials and other state and local fiscal officers for the 11th Forum on Municipal Finance.

Lester E. Shippee, Chairman of the host bank, will welcome the state and local officials to the afternoon session to be held at the Statler Hilton Hotel in Hartford. Pomeroy Day, President of the bank, will introduce the speakers and panelists.

Alan K. Browne Vice-President of the Bank of America, one of the principal speakers, will speak on "A Banker's Role in Municipal Finance" and Dr. Roscoe Martin, Professor of Political Science at Syracuse University, will speak on "Cooperation Among Communities on a Regional Basis."

The first part of the afternoon session will get underway as Warlter J. Connolly, Jr., Vice-President Municipal Finance Department of the bank, outlines his "Outlook for Interest Rates."

Richard J. Thompson, Regional Director, Community Facilities Administration, New York City, will speak on "Federal Aid in Financing Community Improvements." He will be followed by Mr. Browne.

The latter part of the afternoon session will begin with Dr. Martin's talk and will be concluded by a panel discussion on "Pros and Cons of Inter-local Cooperation," which will be moderated by Brice Clemow, Publisher of Connecticut Life, Inc. Panelists are Robert D. Brown, Planning Director, Capitol Regional Planning Agency and Louis E. Ball, Editor and Publisher of the Farmington Valley Herald.

Following the afternoon session a social hour will be held in the Statler's Cities Room and a dinner in the Ballroom.

Socony Mobil Oil Debentures Sold

A nationwide underwriting group headed by Morgan Stanley & Co., New York, is offering publicly an issue of $200,000,000 Socony Mobil Oil Co., Inc. 4¼% debentures due April 1, 1993, priced at 100½% and accrued interest to yield 4.22% to maturity. This is the largest corporate public offering of securities thus far this year.

The debentures are not refundable prior to April 1, 1968 at an interest cost of less than 4.25%. Otherwise, the debentures are redeemable at the option of the company at redemption prices ranging from 105% for those redeemed prior to April 1, 1964 to 100% for those redeemed on or after April 1, 1988. The debentures will have the benefit of an annual sinking fund of $6,250,000, in each of the years 1969 through 1992, which is calculated to retire 75% of the issue prior to maturity. Sinking fund redemption prices will range from 100.43%, beginning April 1, 1969, to 100% on and after April 1, 1988.

Net proceeds from the sale of the debentures will be added to the general funds of the company and will be used for general corporate purposes including future expenditures for exploration and development of oil and gas properties. For the year 1963 the company's capital and exploration program is estimated at $500,000,000.

Socony Mobil Oil, one of the major international oil companies, conducts an integrated business in the production, transportation, refining and marketing of petroleum and its products, including petrochemicals, in the United States and various foreign countries. Its headquarters are at 150 E. 42nd St., New York.

The State of TRADE and INDUSTRY

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

Construction injected an important new stimulus into the economy during February according to construction contract statistics released today by F. W. Dodge Corporation.

All major building and construction categories showed gains last month, as the total reached $2,917,263,000, up 6% over February, 1962. The seasonally adjusted Dodge index rose to 130, a solid 7% gain over January of this year.

February contracts followed the previous month's pattern to the extent that nonresidential contracts, up 13% from a year ago, provided the bulk of the month's gain. Residential building volume scored a small but significant increase, and other construction work recovered from a January decline.

Within the nonresidential category, commercial and manufacturing contracts showed moderate gains for the second month. Educational and science building advanced 3% over February, 1962, while public buildings and hospitals and institutional buildings showed very large percentage gains last month.

Residential building contracts advanced 2% over the comparable February, 1962, totals. Apartment building failed to show the dramatic gains which characterized that category throughout 1962, but nevertheless scored a 3% increase over the high year-ago level. One- and two-family housing rose a solid 5% in February.

George A. Christie, Dodge senior economist, commented, "It is becoming increasingly clear that the January-February decline in government figures on housing starts and construction put in place is not indicative of the future trend of home building. Future construction volume, seen in advance through the Dodge contract figures, is on the way up."

February contracts for construction work not involving buildings rose 6% over the same month last year. This gain follows a fairly sharp decline shown in January and is largely accounted for by a substantial gain in contracts for road building and associated work. Total public works projects posted a 17% gain in February and stand almost even with 1962 for the year-to-date.

Bank Clearings Spurt 13.9% Above 1962 Week's Volume

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 23, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 13.9% above those of the corresponding week last year. Our preliminary totals stand at $36,264,886,953 against $31,826,419,531 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Mar. 23—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$21,629,240	$17,590,819	+23.0
Chicago	1,405,781	1,347,197	+ 4.4
Philadelphia	1,240,000	1,293,000	— 4.0
Boston	941,130	913,284	+ 3.0
Kansas City	624,813	607,601	+ 2.8

Steel Rise of 4.7% Over Prior Week Marks Eighth Weekly Gain In a Row, and Is Only 2.7% Below Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended March 23 was 2,330,000 tons (*125.1%), as against 2,225,000 tons (*119.4%) in the week ending March 16. The week to week output increased 4.7%, the sharpest gain in the past six weeks out of eight consecutive weekly gains and the highest output in almost a year.

This eight consecutive weekly increase is attributed to an advancing current use demand for steel as well as a growing undercurrent of hedge-buying against a possible steel strike. Not since the seven weekly advances in a row ending Feb. 17, 1962, has there been a comparable sustained consecutive rise.

So far this year — through March 23 — the output of ingots and castings has totaled 24,421,000 net tons which is 14.6% below the Jan. 1-March 24, 1962 production of 28,585,000 net tons (*127.9%).

Data for the latest week ended March 23 show production is only 2.7% below last year's week output of 2,394,000 net tons (*128.5%).

District—	*Index of Ingot Production for Week Ending Mar. 23	Mar. 16
North East Coast	115	110
Buffalo	123	114
Pittsburgh	117	113
Youngstown	114	103
Cleveland	147	136
Detroit	171	160
Chicago	133	130
Cincinnati	122	120
St. Louis	120	114
Southern	112	108
Western	124	119
Total Industry	125.1	119.4

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

Steel Mills Quote Longer Deliveries as Backlogs Mount

Steel mills are quoting longer deliveries and forecasting a tighter second quarter market as steel users scramble for tonnage in preparation for a possible strike, *Steel* magazine said.

The market is tightening faster in Chicago than in Pittsburgh or the East, but backlogs are mounting everywhere — even in areas where steelmaking capacity exceeds consumption.

In the last month, deliveries have lengthened by about two weeks. Most mills are quoting cold rolled sheets at six weeks and hot rolled sheets at four. Sheet order volume is at the best level in a year.

Steel service centers are placing larger orders with mills to replenish stocks.

The market soon will get tighter. Ford Motor Co. and other big users that have delayed hedge buying are going to place orders for May delivery which will boost their inventories substantially. General Motors Corp. and Chrysler Corp. will continue their planned buildups and may even request early shipment of some orders.

Small divisions of giant corporations will accelerate their stockpiling for fear of being squeezed out when bigger buyers enter the market.

Delayed Contract Reopening Aids Steel Output Increase

The longer the United Steelworkers of America postpones its decision on reopening the contract, the greater the likelihood that this year's inventory buildup will match last year's 4.5 million tons. About 15% of the steel shipped this month will go into inventories, boosting stocks by nearly 1 million tons.

Steel believed the odds are against settlement by April 1. Most observers doubt that the Human Relations Committee will reach agreement on the key issue —employment security—by April 30.

If the USW reopens the contract on or after May 1, it may demand: 1. Tight restrictions on farmed out work. 2. Higher overtime pay. 3. An extended vacation program similar to the one the can companies adopted last fall. "Any of those proposals would increase our costs, and we simply can't afford any more increases," says a major producer.

Steelmakers would like to see a moratorium on cost increases and price hikes because they believe they can solve most of their problems by expanding their markets and recapturing business they've lost to foreign mills and competing materials.

But if efforts to hold the cost line are unavailing, selective price increases won't come as a surprise. Most likely to be bumped: Sheets (cold rolled, hot rolled, and galvanized), plates, bars, and structurals. Least likely: Wire rods, reinforcing bars, standard pipe and oil country goods.

Steel ingot production continues its steady climb. Look for the ninth consecutive increase in steel output this week. Output will slightly exceed the 2,260,000 tons that *Steel* estimates the industry poured last week.

The scrap market continues to be slow, lacking active mill demand. *Steel's* price composite on No. 1 heavy melting held at $28 a gross ton for the third week.

32% Gain in Steel Depreciation Reserves Reported

Under new depreciation guidelines adopted during 1962, the steel industry increased its depreciation set-asides by nearly 32%, *Iron Age* magazine reported.

This is disclosed in a detailed analysis of the sources of funds of the eight largest steel companies. Together, they account for about 80% of the total steelmaking capacity of the U. S.

Iron Age pointed out the paradox that while steel companies earnings declined some 15.9% in 1962, cash flow actually increased 9%.

From an operating standpoint, the magazine said, mills sunk a little deeper into the cost-price squeeze. Despite greater volume, they earned less money per dollar of sales, per dollar invested, and per ton shipped.

From the standpoint of cash generation, however, the steel industry may have turned a corner. With new guidelines in effect, depreciation shot up more than $188 million. The new investment credit produced another $30 million at least.

The magnitude of these additions can be seen from the fact that they equal something like 20% of the steel industry's capital spending last year.

However, the magazine cautioned that this raw figure has to be closely evaluated. In the case of depreciation, only about half of the increase is a net addition; the rest is simply taken from income. On the other hand, the actual tax depreciation was greater than the reported depreciation in some cases.

The picture is further complicated by the fact that individual mills have applied the investment credit to earnings, to tax reserves, or to depreciation.

The most significant result is that increased tax flow has paved the way for increased spending. However, no general rule can be applied to all companies because of different sets of circumstances confronting individual mills.

Iron Age said the analysis makes it clear that tax changes have given the steel industry a powerful shot in the arm. But the question still remains of whether they provide temporary relief or will give mills enough added dollars to modernize fast enough to relieve the cost-price squeeze.

Inventory Hedging Sharply Mounts

The long-expected flood of inventory buying has hit steel sales offices, *Iron Age* magazine also reported.

The surge of new orders in the past week has had these quick results:

Delivery promises on those products that traditionally are tight in periods of strong demand have suddenly lengthened.

Steel mills are telling their customers, in no uncertain terms, that they will have to make commitments on their steel needs for the next few months.

Order books for April, May, and June are filling up as steel users make sure they are protected. This is the critical period if the Steelworkers file notice of the union's intention to reopen the labor contract.

Apparently the time of decision on inventory policies has been reached. As expected, most steel users decided to build up their stocks of steel as a hedge against a possible steel strike.

There has been some dragging of feet and the inventory buildup is about three months later in getting off the ground than in

Continued on page 38

NASD Releases Annual Report

The continuing responsibility of the securities business to provide better qualified and more highly trained sales personnel received major emphasis in the 1962 annual report to members released by the National Association of Securities Dealers. The NASD is a national self-regulatory association of over-the-counter broker-dealers which enforces a voluntary code of ethical standards and rules of fair practice among its members.

More than 2,200 new securities salesmen seeking to register last year with the Association failed the organization's qualification examination for registered representatives according to the report.

Since the Association put its new and more difficult qualification examination into effect on Jan. 1 last year, over 16,000 examinations were administered and in the last two months of 1962, the failure rate had risen to approximately 32%. In 1961, 30,790 examinations were given under the old NASD test procedure in which questions and answers were disclosed for study purposes. The failure rate under the old method was approximately 3%.

Wallace H. Fulton, NASD's Executive Director for the past 24 years, pointed out that Association examiners had inspected the books and records of more members and branch offices last year than in any previous year in the organization's history. Over 36% of the members and 14% of the branch offices were examined in 1962 compared with 31% of the members and 10% of the branches in 1961.

Complaints filed during the year resulted in the expulsion of 52 members and the revocation of 74 representatives. Other disciplinary action reported for 1962 included 15 members and 32 registered representatives suspended; 318 members and 64 registered representatives fined and 332 members and 90 representatives censured.

Mr. Fulton stated in the report that although Association membership for 1962 had risen to an all time high of 4,771 firms, there was a marked decrease of more than 8,000 representatives registered by the Association, from the 102,000 figure achieved at the close of 1961. Registration of branch offices of member firms continued to increase to just over 4,700.

The NASD annual report noted that $600,000 worth of common stock was subscribed last year by Association members for the purpose of establishing a clearing facility for over-the-counter securities. This new organization, known as the OTC Clearing Corp., has opened offices at 12 Albany St. in New York City with Charles A. Gilroy, formerly of the New York Stock Clearing Corporation as Executive Vice-President. It is expected that this new corporation will begin operations in the early summer of 1963.

In an open letter to members contained in the report, Avery Rockefeller, Jr., NASD's 1962 Board Chairman, called attention to the Securities and Exchange Commission's intensive special study of the securities markets. He said that through the study a magnifying glass has been held to the Association, its members and each of its present and future programs. Mr. Rockefeller warned that the expenses and direct cost involved in carrying out the Association's self-regulatory responsibilities would undoubtedly increase in the future. "The industry must be prepared," he said, "to finance the benefits allowed it under the Maloney Act."

The NASD's financial statement showed that income for 1962 was approximately $400,000 over income for the previous year; while expenses in 1962 exceeded 1961 by $383,733.

$41.6 Million Bds. Of Massachusetts Offered Investors

An underwriting group jointly managed by The Chase Manhattan Bank; Lehman Brothers; Halsey, Stuart & Co. Inc.. and Phelps, Fenn & Co. on March 26 purchased $41,600,000 Commonwealth of Massachusetts various purpose bonds, due May 1, 1964 through 2002.

The group was awarded the issue at competitive sale on its bid of 100.5586 for coupons of 2.80% and 3%, setting an annual net interest cost of 2.84628%.

On reoffering the securities are scaled to yield from 1.50% in 1964 out to 3.25% in 2002.

Members of the offering group include:

Salomon Brothers & Hutzler; Chemical Bank New York Trust Co.; Blyth & Co., Inc.; Goldman, Sachs & Co.; The Northern Trust Company; Eastman Dillon, Union Securities & Co.; Philadelphia National Bank; R. W. Pressprich & Co.; Blair & Co., Inc.

First National Bank of Boston; Mercantile Trust Company; Seattle-First National Bank; Ladenburg, Thalmann & Co.; Bear, Stearns & Co.; Carl M. Loeb, Rhoades & Co.; Shields & Co., and Hornblower & Weeks.

Freeman & Co. Admits Partners

Freeman & Company, 61 Broadway, New York City, underwriters, distributors and general bond dealers, have announced that Donald J. Devine and Philip H. Ackert, Jr. have become general partners in the firm. Mr. Devine is associated with the firm's Corporate Bond Department, specializing in public utility issues, and Mr. Ackert is Manager of the Municipal Bond Department.

The Market . . . And You

BY WALLACE STREETE

The current state of the stock market could perhaps be summed up as "balky." It is certainly trendless, as far as overall direction is concerned. The Dow apparently refuses to stray from its 670-680 circle.

While the narrow range of the industrial averages covers only a small percentage of the many issues traded, it is significant that most daily moves of the active stocks are restricted to shifts of fractions to rarely more than a couple of points.

Watching-and-Waiting

The fairly narrow range in trading volume also indicates how extensive the watching and waiting has become among most market segments. Failure of the professionals to take more definite commitments confirms the cautious appraisal of the current market.

And yet as one well-known Wall Street observer noted recently, speculation is a business of specifics, not generalizations. But even this measure has its shortcomings when applied to many Big Board issues these days.

Good Economic News

Consider the generally consistent good run of favorable economic news. Retail sales are expected to hit a new high this month. Steel production is spurting to the highest level in a year. Auto sales are burgeoning to the fastest pace since record-setting 1955.

And the Gross National Product is, according to top official sources in Washington, scheduled to climb to $578 billion from $554 billion last year.

But the market (and most individual issues) continues to shrug off the good news that ordinarily could be expected to exert a bullish influence.

From the "Technical" Area

Or take some of the more technical factors, often regarded as sure-fire influences, such as short interest and odd-lot sales ratios. Short interest figures released last week of more than six million shares would generally have been considered a classic bull market sign. This total number of shorts, nearly double the recent daily trading volume average of a little over three million shares, should have had some effect, but did not.

Odd-lot sales figures also seem to have lost their touch as a barometer. The continued preponderance of sales over purchases—another former tell-tale sign that the bulls would be in the ascendancy—may also have to be relegated to the discards unless the market gets off dead-center soon.

Meanwhile, more signs are appearing that 1963 may prove to be a year of relatively narrow movements in the averages. The resistance level of the middle to lower 600s on the downside and 700 on the upside seems stronger as we move into Spring.

There is also less talk of tax cuts as the one incentive needed to start stocks on another rally. Yet even the prospects of good first quarter earnings are beginning to be discounted in some places. But offsetting this may be the prospect of a 5% rise in capital outlays this year and their longer-term effect on the general economy.

In short, there is good news of an economic nature for those investors who care to seek it out in particular areas.

Brightening S. & L. Picture

Witness the savings and loan issues. Most peaked out in advance of many industrials last year. And prospects for 1963, with imposition of a 20% tax on their earnings for the first time, did not seem highly favorable. Yet many of the lending firms are now expected to boost their earnings enough this year to make up for the added taxes.

Prospects of as many housing housing starts as last year have also strengthened the savings and loan issues. San Diego Imperial, Great Western Financial, and California Financial have benefited from wider interest in recent days.

San Diego, now trading around 12, has held to a relatively narrow range in the last few months. It bottomed out at 8 last May from a high of 16¼ in January, 1962, after edging up to 13½ in July, it fell to 8½ in October before starting its gradual climb to its high of slightly over 12 for the current move.

Great Western, another member of the most actives this week, has also moved up a bit from its 1963 low of 16⅞, but is still far from its high last year of 42¾ in January. Its low in 1962 of 12¾ came in October, or about 7 points below its current level.

An Interesting Laggard

Although many companies see good earnings of 1962's final quarter continuing into the first three months of 1963, there are some major exceptions. These include West Virginia Pulp & Paper.

West Virginia Paper's profits for the four months ended Feb. 28 fell to 40 cents a share from 51 cents a share a year ago despite a $2 million gain in sales for the period. Its president blames the lower net on higher costs, higher wages, and lower prices. Its stock has been relatively dormant in the last few weeks and now sells in the low 30's. Its high last year was 46 in March and its low of 26½ came in October.

The paper company earned $1.83 for the fiscal year ended Oct. 31. This was a considerable gain over the previous fiscal year's total of $1.55, but still well under 1960's net of $2.07 and 1959's $2.20.

Space Contracts Significant

Space contracts continue to indicate the course of new spending. Boeing, loser in the TFX fighter-bomber race with General Dynamics, has won a $358 million award from the Air Force for the Dyna-Soar project.

Although Boeing has been working on this program for more than a year, an award of this size should help its backlog considerably. Martin-Marietta has a separate contract for the booster phase while Martin is building the Titan III missile to launch the delta-wing glider Dyna-Soar.

Another large contract awarded for the Titan III was announced this week when news was released that the Air Force has formally selected a United Aircraft subsidiary, United Technology Center. The center's contract was $175 million, and covers development of the first stage of the Titan III-C, a standard space-launch vehicle.

The Mundane Rails and Steels

Meanwhile, some of the more earth-bound industries like rails and steels are facing more mundane problems than those of how to place a space team on the moon. More steel companies followed the lead of Lukens Steel earlier this week of cutting prices on stainless clad plates. The cuts generally match the 10% slash made by Lukens.

Most steel makers are currently concerned with the mounting rush of orders from most customers anxious to hedge their bets on a possible labor tie-up this summer. Even the auto companies are said to be ordering part of their 1964 model materials for early delivery.

While the steel companies are bound to show better earnings results for the first and second quarters, the outlook for the rest of the year depends strictly on the extent of inventory accumulations and work-offs. This big rush now could result in a lean second half for some steel makers.

The outlook for the auto industry is far different. The Big Three look promising from the investor's viewpoint, but even here there is much variance. Chrysler remains the pet of the more speculative and General Motors for the more conservative. Ford has apparently lost much of its institutional following.

As for the rails, the merger picture seems more muddied than ever. The Justice Department's stand on the Baltimore & Ohio and the Chesapeake & Ohio tie-up could throw a formidable roadblock in the path of all mergers now pending before the Interstate Commerce Commission. This development, combined with the attitude of some roads that mergers should include all those who want to join, could dampen the hopes of many investors who had been buoyed by the recent victories on the featherbedding issue.

Attractive Carrier Issue

Yet the short-term prospects of many roads look much better than they did a year ago. Southern, one of the better-situated lines has already shown a better profit for the first two months of this year compared with the 1962 period.

Now selling in the middle 50's, it is within 4 points of its 1962-63 high of 60½, and well above its low of 44 set last May. Although Southern is also watching the merger muddle with interest, it appears determined to make a success on its own tracks.

[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.]

A. M. Kidder Co. Appoints Pollack

Leslie M. Pollack has been appointed director of research of A. M. Kidder & Co. Inc., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Transcontinental Gas Pipe Line Corporation

Transcontinental Gas Pipe Line, with annual revenues of $213 million, is one of the major pipeline systems, serving the New York Metropolitan area (including Long Island), most of New Jersey, and the Philadelphia and Wilmington areas. Other important markets under development in recent years are the Piedmont regions of Georgia, the Carolinas and Virginia; the eastern shore of Delaware and Maryland; and an area in South Carolina reaching the coast. The multiple main pipeline system extends from close to the Mexican border along the Gulf Coast (where it obtains its gas) and extends 1,840 miles to New York City.

The company serves 81 customers at wholesale in ten states, ranging from Alabama north to New York. Among the company's principal utility customers are Consolidated Edison, Brooklyn Union Gas, Public Service Electric & Gas and Long Island Lighting. About 79% of the gas is delivered to customers in New York, New Jersey, Pennsylvania, Delaware and Maryland; 17% to customers in Virginia, North Carolina and South Carolina; and 4% to Georgia and Alabama customers. Authorized daily allocated pipeline capacity is 1,587,000 mcf, plus 491,000 mcf from seasonal storage; capacity will be increased to 1,640,000 mcf late this year.

The company buys all its gas requirements (unlike most systems which have acquired production properties). Reserves allocated to the use of the company under purchase contracts are estimated at 11.4 trillion cf; reserves increased one trillion cf in 1962 largely as the result of additional reserves in two connected offshore fields in Louisiana. Last year the company obtained 335 billion cf of gas in Louisiana and 211 billion in Texas, with a negligible amount from Mississippi. It has some 203 purchase contracts with producers in 206 fields. Advance payments for future gas deliveries totaling nearly $23 million are shown in the balance sheet under the heading "Prepaid Gas Purchase Cost."

The company has extensive underground storage in Pennsylvania, including 25% of the Leidy Storage Field. As a result of development of the new Wharton Field total gas available from underground storage will be increased from 491,000 million cf to 637,000 million cf (daily). Recently, Transcontinental applied to the FPF for permission to build a storage plant for liquefied natural gas near the main pipeline in New Jersey. Approximately 600 cubic feet of natural gas, when converted to a liquid by refrigeration will occupy only one cubic foot of space. The plant, in its first phase of development, will have a storage capacity equivalent to one billion cf of natural gas and is expected to be available for deliveries in the 1964-65 heating season.

The Transcontinental System has enjoyed very rapid growth, sales increasing from $58 million in 1953 to $213 million in 1962; since 1958 sales have almost doubled and the gain in 1962 was 14%. A gain of 10% in peak day deliveries is anticipated in 1963. Much of the gain in sales has, of course, been due to conversion to househeating by customers of the utility companies served by Transcontinental. Most of the area served is densely populated and has had a low saturation of house-heating customers. Further growth of this nature may be anticipated.

The company recently received authorization to serve two new customers. United Natural Gas will be supplied with 3.6 billion cf of gas in 1963 and has requested service beginning in 1964 on a long-term contract basis. North Penn Gas is authorized to receive approximately 1.8 billion cf annually on a long-term basis beginning in the latter part of 1963.

Transcontinental spent about $67 million for system expansion in 1962, and about $18 million was also required for bond and preferred stock sinking funds. Some $85 million in new securities were sold to the public, including $40 million 1st 4⅞s, $30 million debenture 5s and $15 million of $5.26 preferred stock. No sale of common stock is planned at present.

Transcontinental is fortunate in having no troublesome regulatory problems. The 1962 report states: "As a result of settlement negotiations, a number of producers selling substantial quantities of gas to the company agreed during 1962 to accept lower prices than those theretofore charged and to make refunds on past deliveries. In compliance with the company's sales rate settlements, these refunds have been paid by the company to its customers, and the company's sales rates have been reduced to reflect the lower producer prices. Such refunds and rate reductions had no effect on net income but the company's competitive position has been improved."

Transcontinental, by maintaining a fairly simple system structure and avoiding undue expansion into production and other fields, has been able to achieve an excellent share earnings record in the past decade although most of the growth was during the first half of the period. Thus, earnings per share increased from 39 cents in 1952 to 94 cents in 1957, with irregular gains in the next five years to $1.21 in 1962 (compared with $1.08 in 1961). The common stock was split 2-for-1 in 1956 and stock dividends of 10% in 1957, 20% in 1960 and 20% in 1963 have been declared.

At the recent over-counter price around 23½ the stock yields 4.3% based on the present $1 dividend rate and sells at 19.4 times earnings. Earnings figures above have been adjusted for the 20% stock dividend paid March 1, 1963. The $1 dividend rate was continued on the new shares, in effect giving a 20% increase in the cash dividend rate. The equity ratio is around 20% and book value about $10. The company uses accelerated depreciation and the 7% investment credit, but normalizes resulting tax savings.

COMMENTARY...

BY M. R. LEFKOE

One of the distinguishing characteristics of America's march toward collectivism during the past few decades has been the increasing frequency with which the law of the land is written by government agencies and boards rather than by Congress. Not only is this practice unconstitutional, but a growing number of the regulations and decisions which are issued by these administrative bodies are themselves abrogations of the rights guaranteed Americans under the Constitution.

One particularly good example of such an administrative agency is the Internal Revenue Service. The very nature of the IRS borders on being unconstitutional since the power "to lay and collect taxes on incomes" was reserved, by the Constitution *solely* to Congress. Moreover, since Revenue Acts as passed by Congress are replete with vague, ambiguous, and indefinable words and phrases, the IRS has been granted the authority to "enact" tax legislation: It has the power to interpret the Revenue Codes and issue specific regulations — having the force of law—which spell out in detail what types of revenue constitute taxable income, and what expenses qualify as taxable deductions. Finally, some of its decisions, which define what constitutes a tax-deductible expense, take full advantage of the tax system to penalize American citizens who attempt to make use of the Bill of Rights in fighting against government controls designed to destroy their businesses.

Consider, for example, how IRS regulations have largely destroyed the protection offered by the provision of the First Amendment which guarantees every American the right "to petition the Government for a redress of grievances."

Early Policy of IRS

Only two years after the first income tax law was passed in 1913, the IRS issued a regulation which was designed to delimit the "ordinary and necessary" expenses the law permits a business to deduct in computing its taxable income. The regulation stated, in part: "Sums of money expended for lobbying purposes, the promotion or defeat of legislation, the exploitation of propaganda, including advertising, other than trade advertising, and contributions for campaign expenses are not deductible from gross income."

Possibly because it feared an aroused public during the early period of the income tax system, the IRS did not enforce this regulation uniformly for many years following its promulgation. In fact, the record indicates that for over two decades there were few cases in which money spent for lobbying was disallowed as a tax-deductible expense. (It is possible that there were some instances where such expenditures were disallowed; if any such cases did exist, however, the business firms involved did not challenge the IRS ruling in the courts.)

Supreme Court Decision Upheld IRS Rulings

In 1941, however, the so-called "lobbying expense regulation" was challenged directly in a Supreme Court case involving publicity activities designed to affect the passage of legislation. Despite their vows to uphold and protect the Constitution, the majority of the nation's Highest Tribunal stated in *Textile Mills Security Corporation v. Commissioner:*

"The words 'ordinary and necessary' are not so clear and unambiguous in their meaning and application as to leave no room for an interpretive regulation. . . . Nor has the administrative agency usurped the legislative function by carving out this special group of expenses and making them non-deductible. We fail to find any indication that such a course contravened any Congressional policy. Contracts to spread such insidious influences through legislative halls have long been condemned. . . .

"There is no reason why, in the absence of clear Congressional authority to the contrary, the rule-making authority cannot employ that general policy in drawing a line between legitimate business expenses and those arising from that family of contracts to which the law has given no sanction. The exclusion of the latter from 'ordinary and necessary' expenses certainly does no violence to the statutory language. The general policy being clear it is not for us to say that this line was too strictly drawn."

In other words, because Congress had been vague and ambiguous and had never specifically authorized the deduction of lobbying expenses, the Court granted authority to the IRS to decide on its own what is and what is not a tax-deductible expense.

Armed with the Court's decision in the *Textile Mills* case, the IRS began to challenge other types of lobbying expenses, and more cases reached the courts. Finally, in 1959, the Supreme Court handed down two companion decisions which dealt with the question of whether the IRS regulations denied tax-deductible status to money paid by the taxpayers to organizations which expended them in extensive publicity programs. The programs in question had been designed to persuade the voters to cast their ballots against state initiative measures whose passage admittedly would have seriously affected or destroyed the taxpayers' businesses.

"Ordinary and Necessary" But Nevertheless Illegal

In these two cases—*Cammarano v. U. S.* and *F. Straus & Sons, Inc. v. U. S.*—the Court held that, even though the amounts expended for legislative matters were "ordinary and necessary"—in fact, essential to the very survival of the taxpayers' business—they still were not deductible because the IRS regulations barred the deduction of this particular type of expense.

In sustaining both the validity of the regulations and their applicability to the taxpayers' expenditures, the Supreme Court attempted some justification for its position. It first referred to the repeated re-enactment by Congress of the provisions of the Internal Revenue Code which underlie the regulations and then concluded: "Here we have unambiguous regulatory language, adopted by the Commissioner in the early days of Federal income tax legislation, in continuous existence since that time, and consistently applied by the courts on many occasions to deny deduction of sums expended in efforts to persuade the electorate, even when a clear business motive for the expenditure has been demonstrated." The Court then concluded, on the basis of the regulation's clarity, longevity, and previous court sanction, "we think that the regulations have acquired the force of law."

Thus, lacking any specific Congressional intent to *deny* tax-deductibility to lobbying expenses, the High Court supported the Internal Revenue Service's attempt to use the tax system to penalize a business firm trying to defeat legislation which would destroy it.

"Sky Now the Limit?"

Thus armed with its explicit gift of absolute power as a result of the Supreme Court's failure to see any connection between the cases in question and certain rights which are protected by the Constitution, the IRS published a new set of regulations in December, 1959. Containing even more restrictions than the first set of regulations, they stated:

"Expenditures for lobbying purposes, for the promotion or defeat of legislation, for political campaign purposes (including the support or opposition to any candidate for public office), or for carrying on progaganda (including advertising) relating to any of the foregoing are not deductible from gross income. . . ." Furthermore, the restrictions on these expenditures include, "but shall not be limited to, expenditures for the purposes of attempting to [influence] members of a legislative body directly or indirectly, by urging or encouraging the public to contact such members for the purpose of proposing, supporting, or opposing legislation. . . ."

In the Revenue Act of 1962, Congress modified these regulations slightly by permitting the deduction of expenses incurred by a business firm in testifying before a legislative body. But the provision of the IRS regulation dealing with money expended to influence legislation, directly or by attempting to inform the public, not only was retained, it was granted the full sanction of Congress. As of the moment, the IRS has yet to issue a revised set of regulations based on the 1962 Act.

The Internal Revenue Service is only one of the many government bodies set up by Congress whose *raison d'etre* is constitutionally dubious, whose regular activities strain the Constitution to the breaking point, and whose specific regulations have destroyed so much of the Bill of Rights that one is forced to wonder if the Supreme Court is aware that such a document still exists.

Neb. Inv. Bankers To Hold Outing

OMAHA, Neb.—On May 23, 1963, the Nebraska Investment Bankers Association will hold its annual field day at the Omaha Country Club. The Field Day will be preceded by cocktails and dinner on May 22 at The Omaha Club.

Herbert H. Davis, Jr., Kirkpatrick Pettis Company, is Chairman of the field day.

Canadian Oil And Gas Reserves Data Compiled

The Reserves Committees of the Canadian Petroleum Association recently completed the compilation of Canadian oil and gas reserve estimates for the year 1962.

During the year estimated proved reserves of crude oil and natural gas liquids in Canada increased 426,824,000 barrels to a total of 5,176,052,000. Changes in reserves due to extensions and revisions amounted to 670,895,000 barrels, of which 180,291,000 barrels were the result of pressure maintenance and secondary recovery projects. Discovery of new fields and new pools in old fields accounted for an estimated 24,346,000 barrels of proved reserves. Net production for the year amounted to 268,417,000 barrels.

Proved producible natural gas reserves as of Dec. 31, 1962 were estimated to be 35,436,892 million of cubic feet, an increase of 1,899,042 million of cubic feet during the year. An increase of 453,113 million was attributable to discovery of new fields and new pools in old fields, while changes in proved reserves, due to extension and revisions, amounted to 2,395,280 million. 1962 net production amounted to 948,961 million of cubic feet.

A summary of provincial totals will be published by the Canadian Petroleum Association in the near future.

To Be V.-Ps. of E. F. Hutton Co.

As of April 4, Richard K. Buechler, William F. Groszkruger, and Mark A. Lucas, Jr., will become Vice-Presidents of E. F. Hutton & Company, Inc., members of the New York Stock Exchange.

Mr. Buechler will make his headquarters at the New York City office, 1 Chase Manhattan Plaza; Mr. Groszkruger, who is regional director of sales will continue to be located in the Los Angeles office, 623 South Spring St.; Mr. Lucas is in charge of the municipal and corporate bond departments of the Kansas City office, 920 Baltimore Avenue.

NEWS ABOUT BANKS AND BANKERS

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

Appointment of George E. Kruger, Vice - President - Technical Director, Mining, to the additional post of Technical Director-Atomic Energy was announced March 25 by Walter E. Dennis, Executive Vice-President, United States Department, **The Chase Manhattan Bank, New York.**

In his broadened assignment, Mr. Kruger will take on responsibility for furthering the Bank's activities in the atomic energy field.

Because of his present responsibilities in the International Department, Dr. Paul F. Genachte, who headed the Chase Manhattan atomic energy division from 1955 to 1960, has not been able to devote as much time to atomic energy as in the past. However, he will be available for consultation.

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The **Chemical Bank New York Trust Co., New York,** elected James D. Elleman, William J. Galligan, Jr. and Kenneth P. Jones Vice-Presidents.

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C. Thurston Woodford, has been elected a member of the Lower Midtown Advisory Board of **Chemical Bank New York Trust Company,** New York it was announced Mar. 19 by Chairman Harold H. Helm.

Mr. Helm also announced that Raymond C. Daly, was elected to its Upper Midtown Advisory Board.

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William H. Moore, Chairman of **Bankers Trust Company, New York,** has announced the election of Gordon Woodward as First Vice-President in the Metropolitan Banking Department.

Mr. Woodward joined Bankers Trust in 1923. He was elected Assistant Treasurer in 1945, Assistant Vice-President in 1946 and Vice-President in 1950.

Newly-elected Assistant Vice-Presidents are Richard W. Constable, Southwestern Division, William J. Kahler, Corporate Agency Division, John L. Potterfield and John B. Sherman, both of the Banking Operations Department.

Thomas Campbell and James H. Conley were named Assistant Secretaries in the Corporate Agency Division.

John E. Denny and Albert A. T. Wickersham were named Assistant Treasurers in the International Banking Department and Investment Research Division respectively.

Alan C. Frood of Bankers Trust's London office was named an Assistant Manager.

Mr. Moore also announced the election of Michael A. D'Angelico as a Vice-President in the Banking Methods and Electronic Projects Section of the Banking Operations Department. He was elected an Assistant Treasurer in 1957 and Assistant Vice-President in 1960.

Mr. Moore also announced the appointment of Frederick G. Lauer, Jr. as Assistant Vice-President in the Metropolitan Banking Department and Joseph E. Bisso, Theodore M. O'Lear, William A. Shea, and Richard G. Trub were named **Assistant Treasurers.**

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The **Long Island Trust Company, Garden City, N. Y.** advanced John P. Armbruster and George Heling from Assistant Vice-Presidents to Vice-Presidents.

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Richard C. Ives has been named a Vice-President and Richard D. Trotta has been advanced to Assistant Vice-President at **National Bank of Westchester White Plains, New York.**

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The Banking Department of the State of New York on Mar. 19 gave approval to the **State Bank of Honeoye Falls, Honeoye Falls, New York,** to increase in par value of all previously authorized shares, and an increase in the amount of capital stock from $100,000 consisting of 10,000 shares of the par value of $10 each, to $200,000 consisting of 10,000 shares of the par value of $20 each.

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The **State Street Bank and Trust Company, Boston, Mass.** elected Donald J. Lewis, Vice-President and Treasurer. In addition, Mr. Lewis has been appointed to head the Depositors Service Division of the Bank, replacing Ernest W. Lay, Vice-President and Treasurer, who is retiring on April 1.

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John H. Long, Jr., was elected an advisory director of the Fitchburg office of the **Worcester County National Bank, Worcester, Mass.**

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Hollandsche Bank-Unie N. V. Amsterdam announced that an office will be opened on April 1, at Salvador (Bahia), Brazil.

The new office will be under the direction of Mr. P. J. A. Boot, Sub-Manager.

Our Salvador Office will be located downtown at Praca da Inglaterra corner Av. Estados Unidos.

* * *

The **Western Pennsylvania National Bank, Pittsburgh, Pa.,** appointed Elmer L. Goelz Manager of its new Oakland Community Office. The Office is scheduled to open April 8 at Forbes and Meyran Avenues.

David H. Abrams, Jr., will replace Mr. Goelz as Manager of the Hill Top Community Office. Promoted to officer status was William O. Roderus who becomes Assistant Manager of WPNB's Porter Building Office.

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The **Ohio Citizens Trust Co., Toledo, Ohio** elected Curtis W. Davis, a Director.

* * *

The Northern Trust Company, Chicago, Ill. announced that Frank M. Wallace, Vice-President and Secretary, will retire on April 1. Mr. Wallace, an officer in the Trust Department, has been associated with The Northern Trust for 40 years and has been Secretary of the Bank since 1939.

Lawrence W. Gougler, a Vice-President in the Administrative Department, has been elected to replace Mr. Wallace as Corporate Secretary.

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The **National Boulevard Bank, Chicago, Illinois** elected H. Ward Birch, Jr., Vice-President and Comptroller and Francis P. Callaghan a Vice-President.

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The **Mercantile National Bank, Chicago, Illinois,** made Frank J. O'Rourke a Vice-President.

* * *

The **First National Bank, Evergreen Park, Ill.** elected Otto H. Crouch, Jr., Vice-President and Cashier.

* * *

W. A. Kirkland, will retire as Chairman of the Board of the **First City National Bank of Houston, Texas** March 29, and, in an executive shift, J. A. Elkins, Jr., will be promoted from President to Chairman of the Board, while S. Marcus Greer will be advanced from Vice-Chairman of the Board to President.

Mr. Kirkland will continue as a director.

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The **Valley National Bank, Phoenix, Ariz.** elected A. H. Johannes a Vice-President.

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The Bank of Montreal opened an office in Los Angeles on March 27 to aid two-way trade between Southern California and Canada and to provide specialized banking services in this area.

The new branch at 508 South Spring Street is the second office of the **Bank of Montreal (Calif.),** a subsidiary of the parent Canadian bank.

* * *

The **Bank of California, San Francisco, Calif.** made M. Brock Weir and John M. Miller Vice-Presidents of the new Southern California headquarters in Los Angeles, scheduled to open in August.

J. Robert Strickland, Jr., has also been advanced to Assistant Vice-President at the Head Office in San Francisco.

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Emil P. Ferro, Trust Officer at **The Bank of California's** Head Office in San Francisco, passed away. He was 59 years old.

Mr. Ferro joined The Bank of California in 1920 and had served in the Stock Transfer department since 1927. He was appointed Assistant Trust Officer and became the officer in charge of the Stock Transfer Department in 1948, advancing to Trust Officer in 1959.

* * *

A high level appointment to Senior Vice-President was announced for Clyde O. Phillips who moves up from Assistant to the President at **Bank of America's San Francisco** head office.

Mr. Phillips succeeds Senior Vice-President Graydon Hoffman who will retire late this spring and who will continue to serve in an advisory capacity at the senior level.

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The **Hibernia Bank, San Francisco, California** elected M. J. O'Dea a director.

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The **Bank of Hawaii, Honolulu, Hawaii,** has announced the appointment of Howard H. Hamamoto, Welden C. McCullough, Henry T. Nishihara, and Kazou Kohatsu as Assistant Cashiers.

Hirsch Admits M. Meyer III

Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, have announced that Maurice Meyer III has been appointed a general partner.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Young Man With The Right Idea

The other evening I was with a friend I have known for over 30 years. He is a specialist in some very prominent and active stocks listed on the New York Stock Exchange. He has been through the mill. He remembers the 1929 "crash," the hectic markets of the thirties and forties, and he also told me that the three days during the "break" in the market at the end of May 1962 were among the most trying of his career. The reason I am telling you about him is that I would like to share a story with you that he told me.

Would you think that a man with his background of knowledge and long experience would have another broker to whom he also gave some business? Remember, this man is a member of the "Exchange," he has his own firm, he doesn't have to pay commissions to another broker; he can execute his own orders — but he has a broker—a young one, too!

Knowledge Is Valuable

Several years ago he received a telephone call at his office after the "Exchange" had closed for the day. It was from a young man who introduced himself as the son of one of his friends. He told him that he was a registered representative for one of the large member firms; that he was located in an upturn office, and that he would like to confer with him from time to time. Being a kindly man, and friendly with the youngster's father, my friend quickly acquiesced. Several weeks transpired and the young man telephoned him and suggested that he consider buying a certain stock. He gave him his reasons why he considered the stock to be a wise choice. He concisely covered the fundamentals, he presented some facts that were not generally known about the company's new products. He mentioned that their competitive situation had improved, and also some management changes that had been made recently. In addition, he pointed out that the stock was in a group that was in public disfavor, but was beginning to show some signs of regaining investor acceptance. He discussed the low price-earnings ratio, the high return, and he then explained that the stock had appeared to be under accumulation from a technical standpoint.

The thorough way which the young man presented the picture appealed to my friend and he placed an order with him. The first transaction turned out very well and from time to time he made other investments on the young man's advice. Although a few of the suggestions were not profitable, on the whole, there have been few losses and some very profitable trades.

The Student

When I asked my friend why he thought the young man's advice was so good, he replied, "There are two main reasons why that boy has made a success. He is conscientious and he is a good judge of securities." Then he told me of another instance when a man came into the office on this young fellow's "floor day." He introduced himself and said that he wanted to make a small investment of about $5,000. After talking a while and becoming acquainted, this young representative told him that he thought it advisable to wait for a more favorable market outlook than to invest his funds just at that time. If the available sum had been larger, he explained, it would be possible to make a suggestion. Then if the timing was not opportune and the market went lower, additional purchases could be made. But, under the circumstances, he thought that the customer should wait and make his investment commitment at a later date.

Several weeks went by and the market had a sizable correction. The customer then received a telephone call from the young man and a very sound stock was recommended. It later advanced about 15 points and the customer, who was very pleased, wrote a letter to the young man'e firm and complimented them on having such a well informed and conscientious representative.

"The main reason I give him business," my friend stated, "is that he is a 'student'—he has a grasp of the fundamentals and of timing. His suggestions have merit. His advice has been profitable. You know I enjoy speculation and several times he has proposed some excellent short sales that worked out very well. He is careful and thorough. One time he called me to check some figures and information concerning a stock in which I was the specialist, and he not only had the facts but made some excellent deductions after he analyzed the situation. That is why I give him business and I know there are quite a few others who are doing so—I understand his gross commissions were over $100,000 the second year he was a registered representative."

Which all goes to prove that you can do business with almost anyone — even a member of the New York Stock Exchange—and that neither age nor youth is a barrier — IT IS PERFORMANCE THAT COUNTS.

* * *

"Put Yourself in the Secretary's Shoes"

"Dear Mr. Dutton:

"Your article in the March 7, 1963 issue of *The Commercial and Financial Chronicle* states—'A good manager of an office lays down the rules.'; however, as you used as an example the case of a secretary who replied when asked to take a letter about 10 minutes before it was time to go home—'It was almost five o'clock,'—you, in all your experience, have never been a secretary.

"There is a rule — DO UNTO OTHERS AS YOU WOULD HAVE THEM DO UNTO YOU, or put yourself in the other person's shoes, whichever way you wish to put it. A good organization man, an executive, a manager, always organizes his work to have his dictation completed in the morning, leaving his secretary the time to complete his letters and have them out in the mail before the close of the day's activities. In most cases of delayed dictation, the good executive always thinks of his right hand, or secretary, first; and realizes that nothing, except an emergency, is so important that it cannot wait until the next day. To give a secretary dictation at the last minute, which many disorganized executives do, creates a hurriedly typed letter, nervous tension of both executive and secretary, and ill will all around.

"To have a cooperative, energetic, progressive team in your office, you must always put yourself in the secretary's shoes, think how you would feel; for the secretary is doing the actual work, and organize your work so that you accomplish your day's work. Thus, you will infect your office staff with good will and good management.

"ALLEN FREDERICK GRANT, JR.

18 Poplar St., Gloucester, Mass.

"P. S. Experienced in both office management and executive secretary work."

Pratt to Address Phila. Inv. Ass'n

PHILADELPHIA, Pa.—Marsom B. Pratt, Manager of Estabrook & Co.'s Municipal Department in Boston, will be guest speaker at the March luncheon of the Investment Association of Philadelphia. Mr. Pratt, who is an expert on controversial issues of the municipal bond field, will speak on "Municipal Industrial Bonds."

Marsom B. Pratt

The luncheon will be held on Friday, March 29 at The Engineers Club, 1317 Spruce Street. Samuel R. Roberts, of Schmidt, Roberts & Parke, is in charge of arrangements.

Lehman Bros. Appoints Lerche

Mark T. Lerche has been named Assistant Sales Manager of the One William Department of Lehman Brothers, 1 William Street, New York City, national underwriter of The One William Street Fund, Inc., Edward S. Amazeen, National Sales Manager of the department, has announced.

Mr. Lerche entered the securities business in 1958 as a Regional Representative with Knickerbocker Shares, Inc., and later became a Regional Wholesale Representative with The Crosby Corporation. He was most recently a Regional Vice-President of Devon Plans Corporation.

Customers Brokers To Hear

The Association of Customers Brokers will hold a meeting April 1 at 15 William Street, New York City. Speaker will be George Chestnutt, Jr., American Investors Corporation, who will discuss the selection of securities.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Impressive Figures

Back in 1924, a time when relatively few people outside New York and Chicagoland had a first-hand acquaintance with stocks, fund holders received $2,000 in net investment income. The Investment Company Institute, in reporting this, charts the fabled growth of the mutual funds from that peaceful period in history to the turbulent present. And what emerges is a fund salesman's treasure.

Over the years the trade has distributed some $8 billion, nearly $4.5 billion of this in net investment income and the balance from net realized capital gains. Last year, these bounties flowed to about three million fund owners, something like one of every 62 persons in the population.

A measure of the steady growth of these payouts is to be found in the following figures:

Net investment income totaled $11 million in 1938. It increased every year thereafter, reaching a sum of $553 million last year.

Net realized capital gains also have swelled over the years, although these have been subject to periodic pause. Back in 1932, there were no capital gains realized, but by 1936 over $29 million of such gains were disbursed. That figure was not topped until 1945, the year in which World War II ended, when the sum was $53 million. And that record was not surpassed until 1951, when the total was $106 million, or double. And there have been pauses during the past decade, but net realized capital gains disbursed last year went over the half-billion mark for the first time.

The institute points out what every fund salesman, in his turn, should point out to prospects: funds collect dividends and interest paid on the stocks and bonds in which they have invested on behalf of shareholders. After paying their operating expenses, the funds distribute the balance of the dividends and interest to stockholders in the form of investment-income dividends. Such payments, of course, usually are made at quarterly intervals.

Distributions of realized capital gains, on the other hand, generally are made at the close of a fund's year.

Incidentally, the institute calculates that more than one-third of all income dividends and about 70% of the money distributed by the funds from realized gains is accepted each year by their shareholders in the form of additional shares.

An historic pattern of growth is far more meaningful than month-to-month reports on sales of fund shares. Yet the latest of these, to a salesman unmindful of the long-time growth, can be discouraging.

For sales of fund shares amounted to $166 million last month, down from the $234.6 million in the preceding month and the $271.4 million in February of 1962. Redemption of shares in February totaled $114.9 million, compared with $116.4 million in the first month of this year and $83.4 million in the like month of 1962.

Redemptions amounted to 5.2% of average net assets for the 12 months ended Feb. 28, the same as for the year-long period ending in January. Redemptions for the 12 months ending with February a year earlier were 5.4% of average net assets.

The number of new accumulation plans opened last month totaled 22,061. That's a considerable improvement from the 21,482 such plans opened in January, which is a longer month. But it's a long way from the 36,747 plans opened in February of 1962.

As noted in the foregoing, something like one of every 62 persons in the population is in funds. A maker of automobiles or appliances would be delighted with a crack at a rich market such as this. Folks who sell cars and household durables must labor in a market where there is considerable saturation, but they seem to do well nevertheless. Folks who sell funds have a "product" that is top quality by any measure. If the market is there, can the salesman be far behind?

The Funds Report

Axe-Templeton Growth Fund of Canada reports for the third quarter, ended Jan. 31, total net assets of $5,451,693. Value of the shares rose from $8.83 to $9.59 (U. S.) in the three-month period.

* * *

Energy Fund announces that at Feb. 28 its 15 largest holdings were: Socony Mobil Oil, Royal Dutch Petroleum, Consolidated Edison of New York, Amerada Petroleum, Florida Power & Light, Ford Motor, International Business Machines, Philadelphia & Reading Corp., Nevada Power, General Electric, Radio Corp. of America, Westinghouse Electric, Marathon Oil, Orange & Rockland Utilities and Wisconsin Electric Power.

* * *

Peter B. Sholley of Wellesley and William A. Mackenzie of Winnetka, Ill., have been named Vice-Presidents of **Keystone Co. of Boston.** John Swaney of Boston and Louis A. Vachon of Los Angeles have been named Directors. Both are Vice-Presidents of the company.

* * *

Purchases of common stocks by **The George Putnam Fund of Boston** during the first two months of 1963 totaled $14,778,000, compared with sales of $3,585,000. At March 15, common stocks represented 65.9% of total investments, against 60.6% at the end of the year. During the first two months of 1963 realized profits from sales of securities totaled $1,536,000 and market value of all investments owned by the fund on March 1 exceeded cost by $53,834,000.

During the first 2½ months of 1963, total net assets increased from $286,060,000 to $298,025,000 and value per share from $14.44 to $14.51.

Texas I.B.A. Group Meeting Apr. 3-5

DALLAS, Texas—The 28th annual meeting of the Texas Group of the Investment Bankers Association will be held April 3-4-5 at the Statler Hilton Hotel.

April 3 will be devoted to registration, with business meetings on Thursday, April 4. The morning business meeting will be addressed by Mayor Earle Cabell of Dallas; Amyas Ames, Kidder, Peabody & Co., President of the Investment Bankers Association of America; and James F. Reilly, Goodbody & Co. A Corporate Forum will be held Thursday afternoon, with Robert R. Gilbert, Jr., Sanders & Co., moderator; subjects to be discussed are Private Placements, Stock Exchanges, and Unlisted Markets.

A tea and style show for the ladies will be held in the Zodiac Room at Neiman Marcus, and in the evening the Group will take over the "Six Flags Over Texas" for a Texas-style out-of-doors dinner.

There will be a golf tournament Friday morning, at the Northwood Country Club, and a dinner dance Friday evening at the Statler Hilton.

Members of the Dallas Convention Committee are Hugh Dunlap, Goodbody & Co., General Chairman.

Registration: Stephen Dinning and William Strange, Goodbody & Co.

Transportation: Phillip David, Schneider, Bernet & Hickman, Inc., and Munson McKinney, Almon, McKinney & Dudley, Inc.

Hospitality Room: Charles C. Pierce, Jr., Rauscher, Pierce & Co., Inc., and William Seitz, Goodbody & Co.

Dallas Dealers Party: John Turner, Eppler, Guerin & Turner, Inc., and Harry Reed, Dittmar & Company, Inc.

Entertainment: Clarence Sample, Mercantile National Bank.

Forum Moderator: Robert R. Gilbert, Jr., Sanders & Company.

Publicity - Program: C. Rader McCulley, First Southwest Company.

Golf: Richard Clark, Dallas Union Securities Co., Inc.; Mitchell Gray Gilbert, Goodbody & Co.; and Allen L. Oliver, Sanders & Company.

Ladies Activities are in charge of Mrs. Lewis Lyne, Mrs. Stephen Denning, and Mrs. Davis Temple.

Morris Dudley, Almon, McKinney & Dudley, Inc. is Treasurer of the Convention Committee.

Named Director

POMPANO BEACH, Fla.—Cornelius Shields, Sr. was elected Chairman of the Board of Directors of Chris-Craft Corporation. Chris-Craft Corporation is a wholly-owned subsidiary of Chris-Craft Industries, Inc., (formerly NAFI Corporation) Oakland, Cal., a diversified company that also manufactures foam rubber, fiber and fabric products for the automotive, shoe and floor covering industries; carpeting; has extensive interests in oil and gas fields and operates two television stations on the west coast.

Cornelius Shields, Sr.

The board also re-elected President and Chief Executive officer Harry Coll and all other corporate officers.

Mr. Shields succeeds his elder brother, Paul, who passed away Dec. 24, as Board Chairman.

Cornelius Shields is the senior partner and co-founder of Shields and Company, New York investment banking firm. He was recently elected a director of Chris-Craft Industries and is also a director of Wyandotte Worsted Company and Maryland Shipbuilding and Drydock Company.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

PUERTO RICAN BANKS

There are three principal banks in Puerto Rico. These three in order of size are: the Banco Popular, the Banco Credito, and the Banco de Ponce. The first two of these banks have fairly active markets and the latter stock is almost unobtainable. Although frequent offerings of these bank stocks occur it would be difficult for one to obtain a large institutional holding.

Since the turn of the century Puerto Rico has been part of the United States and in 1952 the status of Commonwealth came into being. This gives the island more autonomy than territorial status but permits a close liaison with the United States. Puerto Ricans enjoy United States citizenship.

The great publicity the island receives has occurred due to the industrial development which has been substantial. The availability of labor and relatively low cost labor is one factor. Also a feature of attraction is the abundance of low cost industrial sites —often constructed by an agency of the government. However, the most important lure to industry is the 10-year tax exemption. Many of the industrial firms located there are running out of the period of exemption but few have evidenced interest in moving their operations due to the two previously mentioned features of attraction.

Although the industrial development continues, tourist trade has been growing rapidly. An economy which is tourist dominated tends to produce variations in income; however, tourist income is still relatively unimportant as a percent of the total and the Government is aware of the importance of not letting this factor dominate the economy. Also a consideration to the investor in Puerto Rican securities is the proximity to Cuba. It is readily apparent that Cuba is much closer to the mainland of the United States than to Puerto Rico. In addition, the Cuban influx to Puerto Rico has been very slight. Also, the possibility of nationalism or any insurgent movement leading to independence is remote as there are but two political parties of importance and neither is anxious for severance of any ties with the United States.

The stocks of these banks are relatively cheap on an earnings basis and offer long-term appreciation possibilities. It should be noted that dividends are subject to a 20% Puerto Rican withholding tax.

	Price	Earnings	P/E Ratio	Dividend	Yield (%)	Deposits (Millions)	Loans (Millions)	Loan/ Deposits	No. of Shares
Banco Popular....	$89	*$8.00	11.2 x	2.00	2.25	$195	$94	48.2%	277,500
Banco Credito	55	3.66	15.0 x	2.40	4.36	154	95	60.6	236,144
Banco de Ponce..	315	26.01	12.6 x	10.00	3.20	99.8	53.5	54.0	32,750

*Estimated, June 30, 1963.

THE ECONOMY OF PUERTO RICO

	Fiscal Years 1940	1962	% Increase or Decrease
ECONOMIC INDICES—			
Net Income—Millions of $	225.3	1,650.2	+ 632.4
Net Income Per Capita—Dollars	121.0	682.0	+ 463.6
Gross Product—Millions of Dollars	286.7	1,985.4	+ 592.5
Average Family Income	614.0	3,318.0	+ 440.3
Commercial Banks:			
Total Bank Assets—Million of Dollars	93.0	932.0	+ 902.0
Private Savings and Time Accounts—Millions of Dollars	17.6	219.0	+1,144.3
Private Checking Accounts—Millions of Dollars	28.0	260.0	+ 328.5
Recurrent Revenues of the Central Government—Millions of $	26.3	306.0	+1,063.4
Power Generation—Millions of KWH	166.0	2,560.7	+1,442.5
SOCIOLOGICAL FACTORS—			
Population	1,869,255	2,482,000	+ 32.7
Birth Rate Per 1,000	39.0	30.2	— 22.5
Death Rate Per 1,000	18.2	6.6	— 63.7
Life Expectancy—Years	46.0	71.0	+ 54.3
Public Day School Enrollment	286,113	589,458	+ 106.0
State University Enrollment	4,987	21,262	+ 326.3
Number of Physicians	509	2,370	+ 365.6
Persons Per Physician	6,294	1,047	+ 33.3
DERIVATION OF INCOME—			
Percent of Net Income from:			
Manufacturing	12.0	23.0	+ 11.0
Agriculture	31.0	13.0	— 18.0
Commonwealth and Municipal Government	9.0	13.0	+ 4.0
Trade	12.0	16.0	+ 4.0
Other	36.0	35.0	— 1.0

Natural Gas Reserves Reach New High

There were 19.6 trillion cubic feet of natural gas added to the proved reserve supply in 1962, a 13.3% increase over the previous year, the American Gas Association reported March 27. Proved reserves in the U. S. now stand at a new high of 273.8 trillion cubic feet.

After taking a record 13.7 trillion cubic feet of natural gas out of the ground in production, there was still a net gain in 1962 of six trillion cubic feet. This compares with a net addition of 3.9 trillion cubic feet the previous year, and 1.2 trillion cubic feet in 1960.

In announcing the results of its annual reserves study, A. G. A. pointed out that since it began such reports in 1946, more than 285 trillion cubic feet of natural gas have been added to proved reserves. During this period, production totaled 161.7 trillion cubic feet. When A. G. A. began its surveys 17 years ago, there was known to be about 150 trillion cubic feet of proved reserves.

Of the total 19.6 trillion cubic feet added in 1962 Louisiana accounted for nearly half, with its discoveries and revisions reaching 9.5 trillion cubic feet. Reserves in the state have now reached 71.9 trillion cubic feet, and are second only to those of Texas.

Texas reserves dropped slightly, according to A. G. A.'s Committee on Natural Gas Reserves. The committee issues its survey findings at the same time a similar report on crude oil is made by the American Petroleum Institute. Texas' reserves now stand at 119.5 trillion cubic feet as the result of production exceeding additions to reserves by about 335 billion cubic feet during 1962.

Alaska, where the gas industry is just getting started, broke into the trillion cubic feet category by adding 720 billion cubic feet. This brings total proved reserves in the state to 1.6 trillion cubic feet. In 1960, Alaska had only 107 billion cubic feet of atural gas.

Other states with more than two trillion cubic feet of proved natural gas are: Kansas, 18.7 trillion, down from 19.2; Oklahoma 18.4 trillion, up from 17.4; New Mexico, 14.2 trillion, down from 14.8; California, 9.2 trillion, up from 9.1; Wyoming, 4 trillion, down from 4.1; Mississippi, 2.8 trillion, down 97 billion; Colorado 2.2 trillion, up 46 billion; and West Virginia, 2 trillion, up about 18 billion.

Canada's natural gas reserves, reported annually by the Canadian Petroleum Association, also broke records by rising to 35.4 trillion cubic feet from 33.5 in 1961. Production was 949 billion cubic feet, up sharply from 787 billion the previous year.

Discoveries of natural gas liquids in the U. S. reached a record 7.3 billion barrels, compared with seven billion in 1961.

Now Waters, Parkerson

NEW ORLEANS, La. — The firm name of Waters & Alcus, members of the Midwest Stock Exchange, has been changed to Waters, Parkerson & Company. Offices are located in the Whitney Building.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Even though national and international conditions are both far from being satisfactory, the money and capital markets continue to move in narrow trading areas. This is quite likely to be the foreseeable course of action for both of these sectors of the Government market unless unforeseen happenings should take place.

The most important force in both the money and capital markets at this time is the sizable amount of funds available for investment in discount and fixed income bearing obligations. As long as the inflationary forces are dormant and the economy is sluggish and unemployment is high, there is quite likely to be large sums of money that will be seeking an outlet in bonds, with Government issues still among the favored ones.

Coming Bond Offering to Attract Keen Competition

The capital market in spite of a few more corporate issues being offered to the public is not being crowded by new offerings. And there are no indications that there will be any important change in long-term interest rates unless the Treasury decides to sell many more new money raising bonds than appears to be in the offing for the foreseeable future.

The capital market is waiting for the next public offering of Government bonds under competitive bidding scheduled for April 9. And there is still a sizable amount of money waiting for this issue to come to market which will not be attracted to any other type of investment other than a long-term Treasury bond. This probably means that the impending new money bond will go as well as the last one did provided it is offered at a yield that will meet current competitive capital market conditions. It is also believed that the bidding competition will be just as keen in this one as it was in the first new money raising venture of the Treasury under competitive bidding conditions.

Recent Corporate Issues Were Over-Priced

The capital market as a whole has not been showing too much activity of late because there has been a tendency to overbid for most of the corporate bonds which have been offered publicly. In addition, the yield spread between the various ratings of corporate bonds has narrowed to the point that it does not mean very much. This condition means that investors can continue to pick and choose as to how they invest their funds with a wait and see attitude working pretty much to their advantage since many of these overpriced offerings have gone down to levels that have made them attractive to purchasers.

The tax-exempt issues have in not a few cases followed a pattern which is not dissimilar to the one being carved out by new corporate bond offerings.

Short-Term Treasury Market Well Supported

The short-term sector of the Government market continues to move in a narrow range because it is being managed by the monetary authorities so that funds which could find a haven in other free world money centers will continue to stay in this country. The debt management or planning policies of the Treasury are so geared now that most of the needed new money to finance our sizable deficit will be obtained in the money market so that our balance of payments problem will not be further aggravated.

In following such a policy, it is evident that the powers that be are also giving help to our dollar and gold problems. Short-term rates, it seems, will be kept at levels that are high enough to keep monetary transfers from this country for yield purposes at a minimum.

No Increase in Discount Rate Likely

There has been considerable talk of late about an increase in the discount rate because of the need for higher interest rates as a protective measure against further losses of gold and to aid the position of the dollar. Money market specialists in most cases do not believe there will be any change in the Central Bank rate here because, if higher interest rates should be needed to protect the dollar and our gold holdings, it will be done thru debt management as it has been in the past. On the other hand, too large unemployment and a sluggish economy with no abuse of credit do not seem to call for higher interest rates.

F. Eberstadt Co. To Admit Partner

On April 4, Robert G. Zeller will become a partner in F. Eberstadt & Co., 65 Broadway, New York City, members of the New York Stock Exchange.

As We See It

Continued from page 1

absurd on its face to suppose that far-off Russian communists could "build" communism within finite time in backward countries of the world. The most — possibly the best—that they could do would be to act as more or less benevolent despots in such countries, forcing "peasants" and "workers" to become slaves under orders of benign rulers far away, and in this way increase production after a long period of years to a point where the producers are able to live a little better than they have in the past. Actually, even such a consummation is exceedingly dubious. Only ignorant individuals such as are usually to be found in backward countries could be deceived by the blandishments of communism, but, of course, it is in such areas that danger threatens and it is, accordingly, well that the President has taken occasion to call attention to the economic failure in Cuba.

All of this, however, should not be permitted to blind us to the fact that the communists could with very considerable validity make somewhat the same charges about our efforts to put backward peoples on their economic feet. We may or may not have made foolish promises about lifting these unfortunates from the quagmire of their ignorance and poverty, but in much that we have had to say there has been an implied assurance that we were determined to bring them up to better things. Well, in some instances, for example in West Germany, we have in fact enabled the rank and file to proceed much faster to positions of reasonable economic welfare than they could have achieved by their own efforts alone. Moderate successes have been achieved elsewhere, but not a great deal of progress has been made in relieving distress among really backward peoples who, like the Cubans and other Latin American rank and file, have never known the benefits of modern industry.

We Have Troubles, Too

If we are frank with ourselves we will readily concede this fact. If we are realistic with ourselves we will, moreover, concede that the likelihood that we shall be able to make marked headway in the future by merely supplying such peoples with goods and services that they need is rather small. It may or may not be wise politically in order to stem the march of false ideas about economic welfare and how it may be achieved to send our millions and even billions to many parts of the world. That all this, however, is performing anything near miracles in the uplifting of the ignorance-bound and the poverty-ridden millions is a delusion, and we should be wise not to become victims of any such false notion. Human nature does not behave that way whether the economic processes are modeled after those of communist countries or after ours.

The communists are probably well aware of all this. Their remedy is to convert the beneficiaries of their assistance into slaves and compel them to produce abundantly. That does not work, either, and we are having that fact demonstrated again and again throughout the world. The only basically sound procedure is that of slow education and training of the underdeveloped nations and their peoples — and at the same time doing what can be done to instil in them the desire to better their own condition and to encourage the hope that they can better their own condition. Such process must, of course, take years, and some peoples will respond more readily than others. But slow or not and difficult or not, it is the one and only way in which solid and enduring progress can be made.

Capital Essential

One of the things that these unlettered people must somehow be brought to understand is that capital in one form or another is essential to their future welfare. They can either forego current consumption in order to develop their own equipment and other capital goods, realizing that such is the slow and hard way, or they can obtain at least moderate amounts of capital from outside, and thus enlarge production more quickly — enlarge it to the point of paying for the use of the capital and still have more out of current production for current consumption. This essential can, though, be had—and it is vital that the borrowers understand the fact —only if the providers of that capital are dealt with fairly and honestly. Recognition of the fact that capital as well as labor is worthy of its hire is fundamental and is made the more difficult at times by past abuses and by the propaganda of all those who would destroy capitalism — and also those who wish to gain political advantage by abusing the already unpopular.

It seems to us that we should make better headway in our efforts to get the world straightened out — particularly in the so-called backward countries—if we recognized not only the shortcomings and the deceit of communist propaganda but the real difficulties we ourselves encounter in our programs of foreign assistance and the like. We should be more than foolish to suppose that the success of such programs can be measured by the number of dollars, or billions of dollars, that we put into the effort. This is a good season, particularly in light of the general conclusions of the report by the Clay Commission, to take such matters under close advisement.

Economists Group to Publish Newsletter on Industry Competition

The National Association of Business Economists, P. O. Box 3575, Grand Central Station, New York 17, N. Y., is joining the growing antitrust debate with a quarterly publication, "Business Competition Newsletter," it was announced March 22. NABE feels that its members, being the economists closest to the business world, should prove especially helpful in upgrading the economic content of antitrust discussions and in developing more realistic economic criteria for defining competitive markets.

Recognizing that business economists have been concerned primarily with the analysis of business conditions and the problems of forecasting, a major objective of the Newsletter is to make company economists and management more familiar with antitrust and competitive trends and conditions. Foreign as well as domestic developments are reported.

"Business Competition Newsletter" hopes to narrow the communications gap between the lawyer and the economist in this complex area. The Newsletter focuses attention on market realities and does not cloak its discussion in the abstract and esoteric language of theoretical economics.

"Business Competition Newsletter" emphasizes that, as our economy grows and changes and, as new technology and products appear, the patterns and areas of competition shift for the individual company and industry. Specific reports on the "Battle of Materials" are included in the Newsletter to illustrate these changes in competitive pressures.

To Form Stern & Stern

Effective April 4, Stern & Stern, will be formed with offices at 40 Worth Street, New York City. Partners will be Jacob Stern and John R. Stern, who will acquire a membership in the New York Stock Exchange.

N. Y. Stock Exchange Reports On 1962 Market Break

Keith Funston, President of the New York Stock Exchange, has released the Exchange's final research report on the stock market "break" and recovery of May 28-31, 1962.

Keith Funston

"We believe this study provides valuable insight into the manner in which the entire Exchange Community met one of the greatest challenges in the history of the market," Mr. Funston said. During the period under study, 673,000 individual orders from the public were executed.

Under the title, "The Stock Market Under Stress," the 60-page study combines new data with material previously released by the Exchange. It presents for the first time a comprehensive picture of who bought and who sold during the crucial three days when 40 million shares changed hands:

. . . In general, public individuals sold heavily when the market was declining and bought heavily when it was rising. Over the three-day period, individuals in the middle and upper-income groups were net sellers; those in the under-$10,000 income category were substantial net buyers, especially on May 31, when the odd-lot purchase balance of 1,245,000 shares was the highest one-day total in more than three decades.

. . . As a group, financial institutions and intermediaries such as commercial banks and non-member broker/dealers bucked market trends throughout the three days, buying when individual investors were selling, and vice versa.

. . . Exchange members and member organizations, in general, were net buyers when the market was declining and net sellers as the market rose. Overall, they were net sellers for the three-day period—especially on May 31, when they supplied stock to satisfy the heavy public buying demand. Odd-lot dealers, of course, were an exception, making offsetting round-lot transactions as the public bought and sold odd lots.

. . . Margin customers of Exchange member organizations sold a total of 9.5 million shares —and bought 6.7 million shares —during May 28-31, recording a net sale balance of 2.8 million shares.

. . . Written margin calls accounted for about one million of all shares sold by margin customers. However, forced liquidation due to written margin calls represented only a small part of overall margin selling.

Other new data not previously available show that:

. . . Investors with incomes under $10,000 accounted for a larger proportion of public individuals' total cash volume than of total margin volume. As would be expected, higher-income individuals were relatively more prominent as margin customers.

. . . *Cash* investors in all income groups were net buyers over the three-day period; those with incomes under $5,000 were buyers even on May 28, when all others sold on balance. Margin customers, however, were net sellers on all three days.

. . . During May 28-31, the proportion of total public volume originating in major metropolitan areas was lower than usual.

. . . Short selling accounted for 5.6% (2.6 million shares) of all shares sold during the period, compared with 3.8% for all of 1961 and 4.3% for 1962 through May 25. About two-thirds of all short sales were made by specialists to meet the public's demand for stock, especially in the rising market on May 31.

The Exchange's report examines in detail the activities of Exchange members and public investors—including institutions and intermediaries — over the three-day period. It provides a day-by-day chronological summary of principal market developments during May 28-31, as well as separate discussions of the use of stock market credit and the operations of the Exchange. The latter includes an examination of tape lateness and describes the Exchange's plans for a new stock ticker, as well as steps taken to overcome the limitations of the present ticker both during and after the period of stress.

Observing that "some commentators have attempted to draw parallels between the May 28-31 market and other periods in which prices declined sharply," the report points out that stock market conditions in 1962 were very different from conditions existing three and four decades ago. In May, 1962, for example, 7.5 billion shares were listed on the Exchange, compared with less than one billion in October, 1929. Also, the average price of shares traded today is about half the average price of shares traded in 1929.

The report also suggests that to emphasize the 35-point drop in the Dow-Jones Industrial Average on May 28, 1962, would be somewhat misleading. In terms of points, this was, indeed, the second-largest one-day decline ever registered by the Dow-Jones. However, on a percentage basis, the 5.7% decline on May 28 has been exceeded on 23 other days since 1927. On Sept. 26, 1955, the day following President Eisenhower's heart attack, the Dow-Jones dropped 6.5%. On October 28 and 29, 1929, the declines were 12.7% and 11.7%, respectively.

Individual copies of "The Stock Market Under Stress" may be obtained for $1.50 per copy, by writing to: Publications Division, Dept. SMS, New York Stock Exchange, 11 Wall Street, New York 5, N. Y. (New York City residents add 3% sales tax.)

Money Brokerage Firm Opens

George G. Palumbo has started a money brokerage business in his own name with offices at 84 William Street, New York City.

Mr. Palumbo has been active in international banking, foreign exchange, securities and money brokerage for the past 45 years. He will conduct a money brokerage business, specializing in brokers loans, and individual and corporate collateral loans, a field he has been active in for close to two decades.

Business Activity Will Reach New High Levels In 1963

Continued from page 1

asked Congress for tax cuts over a three year period which would cost the Treasury some $13.5 billion in tax revenues and raise the deficit in the Federal budget from $8.8 billion for the current fiscal year to $11.9 billion in the 1964 fiscal year beginning this July 1. Individual income tax rates would be reduced from the present 20%-91% rate range to a 14%-65% rate range. The first of these cuts for individual tax payers would take place July 1, 1963. Corporate income tax rates would be cut from the present 52% rate to the pre-Korean War tax rate of 47% on Jan. 1, 1964.

The "Recession of 1963" and the Cuban Crisis

Perhaps the most widely forecast recession in our history is that which was supposed to take place in the first quarter of 1963. Many observers, including this one, as long as a year ago were looking for a downturn then, comparable to the four earlier recessions we have experienced in the postwar period.

Some representative statements from various economists and bankers may help to suggest the change in sentiment that has occurred in numerous quarters recently. These statements come from a story printed in the *Wall Street Journal* recently: "'It's quite possible we'll get through this year without any real recession,' says Howard Craven, Vice-President and chief economist of California's Bank of America, the nation's largest bank. Until recently, Mr. Craven anticipated a recession sometime in 1963.

"'I was pessimistic earlier last year and thought there would be a downturn in 1963,' says Robert Ferber, acting Director of the Bureau of Economics and Business Research at the University of Illinois. 'But now I'd say a recession doesn't seem very likely.'

"Adds Executive Vice-President L. A. Jennings of the Republic National Bank in Dallas: 'I don't predict even a moderate recession.'"

The stock market in its sharp decline beginning last April seemed to almost everyone also to be signaling such a downturn. (Up till now, it might be noted, the stock market has had a good record in such a prognosis.) On the other hand, it can easily be observed that the stock market seems to have changed its mind as indicated by its behavior in late 1962 and early 1963. This seems to suggest that thinking in Wall Street at that time was that we should have a strong business year in 1963. The sidewise movement in the stock market, in March 1963, suggested some doubts developing again as to the strength of business conditions in 1963.

Furthermore, the Federal Reserve seems to have tightened somewhat more its money and credit policy recently, which provides another straw in the wind suggesting that the monetary authorities have considerable confidence in the growth potential for the American economy in 1963. At the same time it must be noted that the *Annual Report* of the *Board of Governors* of the *Federal Reserve System, 1962,* recently published, revealed considerable division of opinion among the monetary authorities as to the proper monetary policy to be followed. This was dramatically revealed in a 7 to 5 vote taken in mid-December 1962, by the Federal Open Market Committee, after which some tightening in monetary policy occurred. The seriousness of our continuing deficit in our balance of payments, resulting in the same slow leak in our gold stock holdings we experienced throughout 1962, which seemed to imply the need for more credit restraint, was balanced off by proponents of more vigorous economic growth policies among the monetary authorities, who pointed to the current hesitation in the economy.

Improved Consumer Confidence

In some areas, however, greater confidence seems to have developed, as compared with mid-1962 sentiment. The Cuban crisis last October and its successful resolution, at least so it appears, has given a new confidence to many consumers and businessmen alike. Furthermore, the Administration has promised that higher levels of economic activity this year will be sought, not primarily through higher Federal spending, but rather through the stimulation of greater private spending through its recommendations to Congress of a significant tax cut to consumers and businessmen alike. Be this as it may, it does appear that there is renewed confidence on the part of many sectors of the economy.

The bouyant level of recent automobile sales, for example, is a case in point. The new car selling rate set records in the fourth quarter of 1962 in each month. This strong upward surge of automobile sales is continuing in 1963 with the production schedules of auto makers for the second quarter of 1963 set for assembly of 1,950,000 cars as compared to an expected 1,900,000 in the first quarter of this year. This expected production of cars would be 5% over the high second quarter of last year and would be nearly equal to the record set in 1955. It does appear possible, therefore, that the auto industry can have two good years back to back.

Since our view of the business outlook this year depends critically on the expected behavior of the consumer such confirmation of survey data of consumer intentions to spend is very heartening indeed. The survey of consumer buying plans released by the Federal Reserve Board in November 1962 showed a strong rise in intention to buy cars and other hard goods on the part of consumers in 1963. Consumer intentions to buy such goods rose markedly since the survey taken in mid-1962. In the Quarterly Board Survey of consumer buying plans, released in March 1963, consumer intentions were still favorable so that the improvement noted last November has not been diminished signicantly. Therefore, we expect the consumer to make a real contribution to higher levels of final output, income and employment this year, not only because of expected higher levels of disposable income, but also because of the large amounts of liquid asssets which the consumer has at his disposal—liquid assets which in fact were increased throughout 1962.

Plant and Equipment Expenditures by Business

Before turning, however, to a careful examination of consumer spending, let us first look at anticipated capital spending by businessmen on new plants and equipment for 1963. Capital expenditures last year increased significantly over those of the previous year, although this high level of spending in 1962 barely exceeded the previous record of $37 billion for business investment in new plant and equipment set in 1957. The estimated total of $37.4 billion in 1962, however, was a substantial 9% higher than actual investment in 1961. Furthermore, the actual investment spending in the third quarter of 1962 was $½ billion higher at an annual rate than had been projected only three months earlier by the Securities and Exchange Commission of the Federal Government. In the third quarter of 1962 such capital spending was at a record annual rate of $38.35 billion, seasonally adjusted, but declined to a rate of $38.0 billion in the fourth quarter. Such capital spending is estimated to have held steady in the first quarter of 1963 at a $38 billion annual rate, but is expected to rise to an annual rate of $38.65 billion in the second quarter of this year and a rate of nearly $40 billion in the second half of this year.

Earlier surveys of expected capital spending this year had foreseen lower levels of such planned capital expenditures. For example, the Department of Economics of the McGraw-Hill Publishing Company released on November 9, 1962, a preliminary survey of expected capital spending by business in 1963. The actual survey was taken in October, which it will be remembered, was during the Cuban crisis with all the attendant uncertainties and confusion. Nevertheless, the McGraw-Hill survey reveals that in October 1962 American business firms planned to invest $38.15 billion or 3% more, in new plant and equipment in 1963 than it did in 1962. A similar survey of planned capital outlays by business firms taken in February and released in mid-March 1963 by the Commerce Department and the Securities and Exchange Commission showed that capital spending this year should rise to $39.1 billion or 5% more than last year. This upward adjustment of expected real investment spending is quite common during an upswing in business activity.

Capital Spending by Principal Industries

Naturally, different sectors of the economy have different anticipations in regard to their capital spending plans. Manufacturing industries as a whole are looking for capital outlays of $15.7 billiion this year, or 7% more than last year. Durable goods manufacturers, in particular, expect to step up capital expenditures a substantial 11% over last year. Railroads, perhaps surprisingly, are intending to spend 13% more this year than last. Some cutback in capital spending, on the other hand, is contemplated by mining and non-rail transportation companies. Generally speaking, we should not be too surprised that the most recent surveys of intended capital spending show higher totals than those taken last fall. That this has happened before is indicated by the fact that McGraw-Hill's own survey in the fall of 1961 concerning capital spending for 1962 predicted only 4% rise in such spending in 1962, while the actual increase in capital expenditures last year was more than double that or approximately 9%, as indicated earlier.

The increase in equipment spending projected for 1963 by many business firms may be regarded as all the more remarkable, since according to last fall's McGraw-Hill survey, manufacturers on the average were operating at only 83% of capacity during September, 1962. Furthermore, manufacturers as a whole at that time were expecting only a modest rise in sales of some 4% in physical volume this year. Part of the impetus to continued high levels of capital spending, however, may be found in the fact that manufacturers generally each year are devoting higher percentages of their total capital spending to automated machinery and equipment. It is not difficult to see their desire to reduce high and increasing labor costs and thus maintain profit margins. Finally, we should note in a discussion of capital spending that in recent years such spending has not varied too widely from year to year. This is of particular importance in connection with the mild declines in business activity which we have experienced in the postwar period. Most business firms have continued to spend what they had planned, rather than showing panic in the face of some declines in their final sales.

Some inventory accumulation particularly by steel users can be expected this year not only because of a possible steel strike which could occur after July 31, but also because of the necessity of business firms adding to their inventories in a period of upswing in final consumer buying. The very conservative policy of many business firms in recent months will help to lead to some build-up of inventories, if consumer sales continue to rise in the future, since many business firms have reduced their inventory holdings to the barest minimum possible.

Consumer Spending

As we have just suggested, some build-up in inventories by business should occur on the basis of expected continued gains in consumer spending. Throughout the postwar period steady rises in consumer spending have provided a significant support to the economy. Consumer spending on services such as medical care, vacations, education expenditures, etc. has shown a steady year by year gain throughout this entire period, while soft goods spending by consumers has also shown a fairly high degree of stability with the general trend upward in the postwar period. Only in the area of hard goods spending by consumers have we seen anything like the variability in year to year spending that can and does occur on the part of business firms in their investment expenditure decisions. The key point here, of course, is that consumers' hard goods purchases, like business hard goods purchases, are postponable. That is to say, it is not absolutely necessary that John Doe buy that second car for June, his wife, this year even though she might like to have it. It is also possible to make the washing machine run just a little longer, or to repair the television set instead of buying a new one. Hence, consumers have a great deal of latitude in stepping up or reducing their spending in this hard goods area.

Major factors of significance in determining whether, in fact, consumers will increase, hold even, or reduce their hard goods spending include: (1) the level and rate of change of disposable personal income, (2) their accumulation of assets, particularly liquid assets, (3) the availability of credit with which new hard goods may be acquired, and (4) the existing age, condition, and size of the stock of durable goods held by the consumers and (5) the state of confidence of consumers. Most of these factors appear to us at the moment to be relatively favorable for possible increased consumer spending in 1963.

The upward adjustment of automobile production schedule rates has already been mentioned. This, of course, is due to the continuing high rate of final purchase of new automobiles by consumers from auto dealers. In the initial third of March, 1963 General Motors Chevrolet and Pontiac divisions reported record sales, while Chrysler had its best early-March sales since 1960. All of this in spite of bad winter weather followed by early spring thaws and flooding.

Encouraging Mid-March Retail Sales Data

The Census Bureau reported in mid-March that retail sales in the week ended March 9 showed the biggest margin of increase over 1962 levels in nearly two months. Total retail sales in that week were estimated to total $4.3 billion, which was 8% higher than in the corresponding week a year ago. Furthermore, this healthy sales increase followed one of 5% for the previous week. Restaurants and general merchandise stores showed the biggest gains in the week ended March 9, with sales rising 10% from 1962. Clothing stores and furniture-appliance stores had a 9% increase, while sales of auto dealers rose 3%. Consumer hard goods like refrigerators, washing machines and the like also showed healthy increases in their early 1963 sales over the preceding year. January 1963 shipments of such appliances showed gains over January 1962 ranging from 12% in cloths dryers to 22% in refrigerators.

It may be that at least some of these substantial increases in sales were due to price cutting by manufacturers, but another part of such rising sales must surely be attributed to continuing increases in personal income of consumers. Wage and salary payments, which is a major source of such disposable personal income, rose in February 1963 by an annual rate of $1.8 billion over January. Furthermore, this was the best monthly gain since April 1962. A good part of this large gain in wage and salary income seemed to reflect the fact that nonfarm employment which usually drops on a seasonal basis in February held almost steady this year.

Although personal income

showed a slight drop from January to February, if one excludes the special Government insurance dividend payment made to veterans in January, there was a monthly gain in personal income of $2 billion. This rise in adjusted personal income resulted not only in increases in hard goods sales to consumers, as already indicated, but also resulted in an increase in the rate of new housing starts. Private new housing starts were at a seasonally adjusted annual rate of 1,280,000 in February, which was an increase of 4% over January. The February rise in new housing starts resulted in a number of observers looking for a strong spring advance in housing construction. Consumer spending, not only on consumer goods and services but also on housing, thus appears to be making its real contribution to economic prosperity.

Liquid Assets and Disposable Income

If we examine consumer spending in relation to disposable personal income (disposable income, of course, is personal income minus personal taxes and non-tax liabilities, in short, take-home pay) we find that the ratio has varied in the last 8 years, according to the Federal Reserve Bank of New York, between 91.5% and 94.5%. In the third quarter of 1962 this ratio of consumer spending to take-home pay was 93.1%. What may seem like a small three percentage points between 91.5% and 94.5%, however, at current levels of disposable income represents about $11½ billion of spending. In short, we are suggesting that not only the level of disposable income but the other factors enumerated, including the matter of consumer confidence, do bear importantly on consumer spending.

Certainly we know that consumer credit in 1962 was fairly easy to come by for good credit risks. The policy of the Federal Reserve System helped this by Free Reserves in excess of $400 million throughout 1962. This monetary policy was generally regarded as being one of fairly easy credit conditions. Even though the Federal Reserve shows signs of relaxing somewhat its policy of such credit ease as indicated in the latest Federal Reserve statistics which show Free Reserves now running around $300 million or less, it still seems to us that most lending institutions will have adequate amounts of funds to loan to help expand consumer spending. Furthermore, consumers themselves are in a highly liquid position as evidenced by the substantial accumulation of liquid assets held by consumers last year. Savings deposits in commercial banks showed a sharp growth throughout the year of 1962, while other liquid assets of consumers also increased.

Government Spending

Let us turn now to expected 1963 levels of government spending. Every year of the postwar period has seen state and local government outlays increase as higher costs and greater responsibilities for education and highways have pushed up state and local government spending. State and local government spending last year as reported in the income-product accounts by the U. S. Department of Commerce, rose nearly 10% from the $50.4 billion spent in 1961 to the $55.0 billion spent in 1962. Since 1950 such state and local government outlays have increased more than two and a half times. The sharp increase in persons of school age and the continuing massive movement from the country to cities and towns have been the factors largely responsible for this rapid rise in the state and municipal spending. 1963 should be no exception to this rising trend of the postwar period. The Federal government, too, will surely add to this expected increase in total government outlays, though the increase for 1963 will probably be somewhat less than the actual increase in 1962.

In the administrative budget for the present fiscal year of 1963 the latest official estimates show federal expenditures of $94.3 billion with budget receipts estimated at being $85.5 billion thus showing a deficit of $8.8 billion. For fiscal year 1964, beginning this July 1, expenditures are projected to increase from $94.3 billion to $98.8 billion, while despite the projected three stage tax cut, budget receipts are estimated as increasing somewhat from $85.5 billion to $86.9 billion, thus increasing the deficit to $11.9 billion. If we look at the consolidated cash budget, which adds trust fund receipts and expenditures to those of the administrative budget, we find total cash payments to the public of $113.2 billion in this fiscal year, of 1963 rising to $119.0 billion for fiscal year 1964, next year, while cash receipts from the public to the Federal government are expected to increase from the $108.8 billion hoped for this year to $111.4 billion assumed for next year. Since receipts of the trust funds are somewhat greater than payments from the trust funds, the deficit in the consolidated cash budget in each of these two fiscal years is somewhat less than that in the administrative budget. The cash budget thus shows a deficit of $8.3 billion in fiscal year 1963 and $10.3 billion for fiscal year 1964.

Tax Cut Stimulation Potential

The main stimulating effect on the economy in calendar year 1963 expected from the Federal government is through tax reforms and tax reductions promised for this year rather than from increases in government spending. In 1962 some liberalization of depreciation allowances and tax grants for increasing capital spending was provided for and may be a partial reason, for example, for the large 13% increase in capital expenditures expected for 1963 in the steel industry. Further cuts in corporate income taxes have been suggested as likely to be enacted in 1963 to take effect Jan. 1, 1964, which should provide further stimulus to business expansion. Across the board cuts in personal income taxes, too, have been promised to take effect in mid-year and if enacted should provide some of the needed steam for higher consumer spending. This new emphasis is thus on the role of the Federal government as an instrument trying to increase private spending and thus bring about higher levels of economic activity rather than by directly increasing government spending. Even though the proposed tax cuts are not expected to actually take effect until July 1 of this year for consumers and Jan. 1, 1964, for corporations some anticipatory spending may be expected to result even before the actual tax cuts go into effect.

Although there may have been little consumer spending, for example, which has been made thus far in anticipation of a promised tax cut, it seems plausible to assume that at least some of the recent step-up in business spending for additional capital goods may be related to such hoped-for tax reductions. If this reasoning is correct, failure of Congress to cut taxes by September, with retroactive provisions back to July 1, 1963, may have measurable deflationary effects on the economy. We are still assuming in our forecast, however, that such tax cuts will occur. If Congress does not in fact reduce taxes, the forecast levels of Gross National Product for this year, particularly that expected in the fourth quarter of this year, should definitely be scaled down.

Detailed Forecast for 1963

After looking at some of the broad trends expected in some of the spending sectors of the American economy for this year, let us look at some detailed projections quarter by quarter for these sectors of the economy throughout the year. This type of detailed projections imposes a discipline of thought and analysis that might not otherwise be possible. If one looks for expansion in the economy for this year, as we do, these detailed projections force one to show exactly how much and where the expansionary forces are assumed to exist. We expect Gross National Product, which attained a level of $555.3 billion in the third quarter of 1962 and then rose sharply to a level of approximately $563 billion in the fourth quarter of 1962 to continue rising throughout 1963 to a fourth quarter annual rate of $587.2 billion. We expect only a modest increase from the fourth quarter of last year to the first quarter of this year of only $5 billion, with a continued slow expansion from the first to the second quarter of 1963 at approximately the same rate of increase. The second half of 1963, however, should see a more vigorous resumption of the upswing, with GNP rising a projected $7 billion from the second to the third quarter of this year. In the last quarter of this year GNP may increase a sharp $9 billion as a result of cumulative expansionary forces, such as rising investment spending sparked in part by continued increases in consumer spending. Perhaps the most important factor of all in this pattern of continued growth throughout the year, as has been suggested in several places, is the strategic role of the consumer. In any given year approximately two-thirds of the Gross National Product is devoted to satisfying the consumer in his purchases of durables, non-durables, and services. An additional amount of National Product also goes really to the consumer in the form of residential housing construction, although we technically satisfy this under Gross Private Domestic Investment.

Personal Consumption Expenditures, therefore, which were at an actual rate of $358.2 billion in the third quarter of 1962 and were estimated to be about $361 billion in the fourth quarter of last year should rise at a fairly steady rate this year to a fourth quarter level in 1963 of $380 billion. All types of consumer spending are expected to increase, so that all kinds of businesses should benefit from increased consumer spending.

Residential Housing Leveling Off

When we turn to Gross Private Domestic Investment we find more modest increases estimated for the fourth quarter of last year and for the fourth quarters of this year over that level actually prevailing in the third quarter of 1962. In the third quarter of 1962 Gross Private Domestic Investment was at a level of $76.3 billion and is expected to rise only to $80 billion by the end of 1963. Some of the reasons for this fairly modest projection of higher levels of investment spending for this are: Residential construction in 1963 is expected to hold or even be below that of this year. The Department of Commerce in its official forecast of housing starts for 1963 has estimated that housing starts will total 1,450,000, which would be up less than 2% from an expected 1,425,000 in 1962. By way of comparison 1962 housing starts were estimated to be 9% higher than those of 1961. Furthermore, some private observers in the housing industry actually expect some decline this year in part because of the new anti-discrimination clause recently placed in FHA regulations. Hence we are expecting that business capital spending will have to overcome this stability, or even slight decline in housing starts this year. Furthermore, we are projecting only a modest net inventory accumulation for this year. Again, as was suggested earlier, however, if economic expansion really begins to accelerate throughout the year capital spending plans of businesses will be revised sharply upward, as they already have been since the surveys of last fall. If anything, our estimates in this particular area may prove to be too modest when the year's results are finally tabulated.

The next component of GNP is that of Net Exports of Goods and Services, which is simply the difference between total exports of goods and services and total imports of goods and services. Our projection does not show much stimulus from this sector of the economy, since any increase in exports this year is likely to be matched or more than matched by an increase in imports of goods and services arising from higher levels of economic activity. Furthermore, American exporters are running into stiff foreign competition not only because of higher prices of American goods resulting from our high rigid cost structures in many industries, but also because of rising tariff walls, which our products must scale before they can reach the final consumers in foreign lands.

Turning to the category of Government Purchases of Goods and Services we may note that our projections call for an increase in Federal Government spending in 1963 less than that actually recorded in 1962. Lest there be any misunderstanding on this point, let it be clearly understood that we are not saying that government spending will be lower in 1963 than it was in 1962 but that there will be a lower rate of increase in Federal government spending this year than there was last year. Furthermore state and local government spending in 1963, as it did in 1962, is expected to increase at a somewhat greater rate than Federal Government spending. Finally it should be noted that the projections given for Federal spending, for example, on goods and services are considerably less than those reported in the Federal budget. The difference, say, between the nearly $65 billion of Federal spending for the next year and the nearly $100 billion reported in the Federal administrative budget represents some $35 billion of transfer payments going from the Federal Government to the state governments in the form of grants in aid and in various subsidy and relief payments to individuals.

Conclusion

The overall picture we are trying to present here is one of substantial economic expansion. 1963 should be a very good year for business though not necessarily a "boom" year. The rate of unemployment should decline somewhat from the recent level of 6.2%, but probably not down to the 4% which is listed as the official Administration objective of "full" employment. Furthermore some increases in prices are to be expected as the year proceeds. These inflationary pressures with the continuing deficit in our balance of payments, along with the gold outflow problem developing therefrom, may lead increasingly to pressures on the Federal Reserve to relax somewhat the present policy of credit ease and to permit interest rates to rise somewhat.

The recent decline in the free reserve position of commercial banks suggests that in fact the Fed is returning to its more traditional countercyclical policies of tightening somewhat on money and credit conditions in the upswing of the business cycle. Hints have already been thrown out by official Administration spokesmen that a cut in taxes by Congress after mid-year would permit the Federal Reserve to allow interest rates to rise somewhat. Although any increase in interest rates would be directed at helping remedy our present deficit in our balance of payments, the sharp division of opinion within the Federal Reserve would probably mean that interest rates would not be increased unless domestic economic activity was increasing at a satisfactory rate.

Hence, any credit tightening in and of itself could probably be construed as a good omen for business prospects for the remainder of the year. The consumer, it turns out in our projections, assumes a key strategic role for it is on him that our optimistic outlook largely depends. If he continues to increase his spending, as we hope and believe that he will, 1963 should go down in the record book as a very good year indeed insofar as economic prosperity is concerned.

The Aerospace Industry— Its Problems and Prospects

Continued from page 3

copter companies, the private plane manufacturers, et al. Probably some 50,000 companies, large and small, are participating in some way in the total U. S. aerospace effort.

According to my calculations, last year five companies each did a billion dollars worth of aerospace business with the U. S. Government — Boeing, General Dynamics, General Electric, Lockheed, and North American Aviation. United Aircraft was very close. Several others did over a half billion dollars of aerospace business last year—the Bell System, Martin, Aerojet, RCA, Sperry Rand, and Douglas. Two well-known investment names playing an important role in aerospace are Westinghouse Electric and Minneapolis-Honeywell.

Review Presidential Administration's Record Since World War II

As an aid in analyzing the present position of the aerospace industry, it is helpful to review the postwar history. A logical breakdown is by presidential administrations and to aid objectivity these can be labeled by Roman numerals—Administration I, 1945-52; Administration II, 1953-60; and Administration III, 1961 to date.

In Administration I, the typical aircraft manufacturer entered the postwar period at only one-tenth its World War II size but with considerable enthusiasm and lots of cash. Practically every company lost heavily on developing commercial transports or private planes. Military aircraft budgets were at subsistence levels but minimal and a disproportionate share of Air Force hardware dollars went for the controversial Convair B-36. In June of 1950 came the Korean War and happy days were here again. The next several years saw long and profitable production runs, with earnings large even after maximum excess profit taxes and renegotiation.

The aircraft companies did very well in the early years of Administration II. The transition was completed to jet bombers and to supersonic fighters. With the elimination of EPT in 1954 and continued large production runs, profits were large and increasing.

Then came the incredible year 1957. Administration II placed an inflexible ceiling on military expenditures, with the result that practically every company had a major cancellation or a severe stretchout. To add insult to injury, the proportion of funds advanced during production was reduced, putting a real financial burden on the industry. Sales and earnings were peaking out for the U. S. aircraft industry at the moment the "beep" of the Russian Sputnik announced the dawn of the space age. It is interesting to note that the Dow-Jones Industrial Average reached its low for the period 1956 to date in that same October of 1957.

Jump in Post-Sputnik Missile Spending

The final years of Administration II were constructive ones on balance for the aerospace industry. Budgets were steadily increased, with billions for the first time going into missiles. A venerable but small civilian government agency was expanded into NASA to direct our country's part in the space race. Most of the individual manufacturers sucessfully made the additional transition from long production runs of aircraft to sharter runs of more advanced planes and to missiles and to work in space.

Earnings of the group, however, were severely reduced by huge losses incurred by four companies on commercial jet plane development and production. Some have called this the aircraft manufacturers' "billion dollar gift to the airlines". The result was heavy red ink for Douglas, Lockheed, and General Dynamics, with dividends being passed (Lockheed resuming the next year). Boeing's chargeoffs were also very large but with the huge B-52 program it showed a profit every quarter and maintained its cash dividend which once had seemed ultraconservative.

Administration III has greatly expanded military and space spending. The present administration, however, has taken the calculated risk of de-emphasizing bombers—with the 1962 closing down of the B-52 and B-58 production lines, the restriction of the B-70 bomber to probably no more than three prototypes, and the recent cancellation of the Skybolt missile. Three "moments of truth" representing potentially billion dollar award contracts came in 1961—with Lockheed receiving the Air Force's new turbofan cargo transport (C-141), North American Aviation being the surprise winner of NASA's huge Apollo moon ship award, and Boeing being selected by NASA for the advanced Saturn rocket booster.

In an unusual and prolonged contest for an advanced bi-service fighter plane dubbed the TFX (tactical fighter experimental), bidders included every aircraft manufacturer. In early 1962 the list was narrowed down to Boeing and the team of General Dynamics and Grumman. Although the military over a period of ten months recommended the Boeing design, the contract was finally awarded to General Dynamics-Grumman. Both designs used a Pratt & Whitney (United Aircarft) engine. The Air Force version is designated F-111A and the Navy (carrier) model the F-111B.

To summarize, if one were to write the top aerospace news stories of the past 15 years, the most dramatic would be the growth in aerospace budgets alone to several times the total prewar budget. A colorful story would detail the mergers and acquisitions that changed or removed many familiar names. One of the aircraft industry's pioneers and the largest company in sales during World War II, Curtiss-Wright, now has only a modest position in the aerospace field. In contrast, a company just organized at the end of World War II has been a pioneer in advanced aircraft and space, McDonnell. The fortunes of two California-based companies have varied. Douglas, once the number one company in the airframe industry, is no longer among the giants in total sales. Lockheed, probably ranking no higher than sixth in World War II sales, is the present number one military contractor. Such other major aerospace companies as Boeing and North American Aviation have become major industrial enterprises while United Aircraft continues as a component of the Dow-Jones Industrial Average. The final news story would undoubtedly be the intention of the U. S. Government to literally reach the moon by the end of this decade.

Successful and Unsuccessful Spending Programs

Before considering present programs, it is interesting to recapitulate postwar projects that have meant a billion dollars or more to the company responsible for design, development and production. Boeing has had at least three—the B-47 medium jet bomber, the B-52 heavy jet bomber, and its tanker program still in production (first the pioneering KC-97 and now the jet KC-135). General Dynamics through Convair has also had three—the B-58 bomber, the combined F-102 and F-106 fighters, and the Atlas ICBM. The Titan ICBM has certainly been a billion dollar program to Martin. The North American F-100 Supersabre, the first of the "century" supersonic fighters, was a billion dollar program as was the Lockheed F-104 Starfighter. McDonnell's early supersonic fighter programs for the Air Force (F-101 Voodoo) and Navy (F-3C Demon) have undoubtedly exceeded a billion dollars. The Republic F-105 Thunderchief is still in production. One of the first programs reaching the billion dollar total and one of the few in the three-billion category was the J-47 engine of General Electric (1950-1955). United Aircraft's production of the J-57 and J-75 powerplants passed the one billion dollar total several years ago.

In addition to these successful programs, we should also look at "boot hill" where once promising programs were ended before their time. It is interesting to note that North American Aviation, with one of the best records in the industry, has had three such programs or more likely four (including the B-70). Its Navaho missile was a casualty of the 1957 purge. The NAA advanced fighter, the F-107, was barely conceived while its F-108 (to use the same GE engine as the B-70) was killed off at an early age. Cut down in its prime was the Boeing Bomarc. Douglas, after having its C-132 and C-133 logistic transports buried, has recently seen its Skybolt laid to rest. The Navy's cancellation of Martin's SeaMaster removed a venerable name from the roster of aircraft producers. Names in the obituary column the past year or two include Missileer, Eagle, Advent. Other projects with promise for both the company and the investor may end up on "boot hill". This is one of the unique hazards for the aerospace investor.

Returning to the brighter side, the two largest present programs cover the second generation, solid propellant ballistic missiles — the Air Force Minuteman ICBM and the Navy Polaris fleet ballistic missile. Appropriations for the Minuteman are now exceeding those for the Polaris—with each program in the billion dollar class and expected to continue in production for years. Lockheed designed and developed the Polaris (the "half-brother" of the Thor and Jupiter) and is its prime contractor. The Minuteman was a basic Air Force design and Boeing was selected to be the principal contractor and systems integrator. North American Aviation, through its electronics subsidiary, also has a major stake in the Minuteman.

In manned aircraft, programs are becoming fewer but more complex and more expensive. The largest single program at the present time is McDonnell's Phantom II, originally developed for the Navy and in production (as the F-4B), and now being procured under a billion dollar plus contract by the Air Force (the F-4C or formally the F-110). No company can match Lockheed in manned aircraft programs — the new C-141, continued orders for the workhorse prop jet Hercules (C-130), the P3V patrol bomber (Navy version of the Electra), and a huge NATO production program covering the F-104. Grumman is also very important in manned aircraft, with several Navy programs (including Hawkeye, Intruder and Tracker) and its Mohawk for the Army. The TFX could be the largest of all.

Paradoxical Development

A somewhat paradoxical development in recent years is the growing importance of U. S. ground forces in aerospace. Today the U. S. Army is a major factor in helicopters, light planes and missiles. In addition to its Airborne Division, the Army is proposing an Air Assault Division where the helicopter might be as ubiquitous as the jeep. In helicopters, including those for the Marines and the Navy, three major contractors are Sikorsky (UAC), Vertol (Boeing), and Bell (Textron). In battlefields and other tactical missiles, Martin and General Dynamics are the present leaders, with Douglas, Raytheon-Northrop, and Sperry also having important contracts.

The past decade has seen rocketry become a multi-billion dollar endeavor. North American Aviation and Aerojet practically divided among themselves production of rocket engines for the first generation ballistic missiles. Today, Aerojet is number one in solid propellant motors, with the first stage of the Polaris and the second stage of the Minuteman. NAA's Rocketdyne Division is the leader in development and production of liquid propelled engines for space work. Two other major factors in rocket engines are Thiokol and Hercules Powder while a lesser but perhaps growing role is being played by United Aircraft, Bell and Lockheed.

In present and tried launch vehicles, built around rocket engines, the leaders are General Dynamics with its Atlas, Douglas with its Thor, and Martin with its Titan 2 (and a Titan 3 under development). History will always show that it was the Army's unsophisticated but efficient Jupiter (Chrysler) that put in orbit the first U. S. satellite. As the second stage for composite vehicles, an outstanding record has been shown by the Lockheed Agena and by the Douglas Delta.

Rocket Boosters' Lag

The fact remains, however, that one of the legacies of Administrations I and II is the painful lag in our ability to match the power of Russian rocket boosters. In round numbers, the U. S. Atlas type booster has a maximum thrust of under 400,000 pounds. This contrasts with Russia's demonstrated space work which would seem to require a booster of over 800,000 pounds. As a preliminary step, the U. S. is working on the early Saturn (Chrysler) as a cluster of eight NAA engines (H-1) to give a total thrust of around 1.5 million pounds. The first real breakthrough, however, will come with NAA's Rocketdyne's F-1, with this single engine having a thrust of 1.5 million. Thus, NASA's advanced Saturn (C-5) will consist of a cluster of five F-1 engines, or a total initial thrust of 7.5 million. The upper stages will consist of the Rocketdyne J-1 hydrogen engine (with a thrust of 200,000). Under either rendezvous concept, the earth or the lunar, the advanced Saturn will have the power to get the U. S. to the moon and back.

For a direct ascent to the moon or for excursions around or possible landing on one of the solar system planets, an even larger booster will be required. Present thinking involves the Nova (no contractor chosen as yet). The Nova would consist of a cluster of eight or more of the F-1 engines while the second stage would be a huge hydrogen engine being developed by Aerojet as the M-1 with a thrust of 1.2 million pounds. Atomic power may be used in an upper stage and the principal project (joint NASA and AEC) is NERVA (Aerojet, Westinghouse Electric and Lockheed). Looking to 1975, plans are for a behemoth engine developing 6-9 million pounds each. A cluster would give a first stage boosting power of 25-60 million pounds, or over 100 times the power of our present Atlas workhorse.

Space Crafts

In space exploration work, the first craft was the NAA X-15, which continues to probe the initial layer of space. The McDonnell Mercury (with its Atlas booster) put the first U. S. astronaut into orbit about a year ago. McDonnell's original and pioneering contract with NASA has now been expanded to the Gemini (twins) as a two-man space vehicle to pave the way for the Apollo. The Air Force will participate in the Gemini program. Practically all U. S. space efforts to date, however, have been through the civilian agency NASA. Thus, the plowshare is literally being placed ahead of the sword.

In other space work, Lockheed is the leader in satellites with its Agena having several possible military reconnaissance uses as well as the Discoverer series for NASA. RCA and GE have pioneered weather satellites and the Bell System communication satellites. The military's first move on its own into space is through the Dyna-Soar, with Boeing the prime contractor. An eventual decision is expected whether this X-20 program will be terminated completely, or carried forward to a major production program, or cut back to the research phase.

The "man-on-the-moon" Apollo program may involve a total of $20 billion before the end of the decade. One division of NAA has a contract for the moon ship itself. For the advanced Saturn booster, another NAA division is developing the basic engine for the first stage (F-1) and a liquid hydrogen engine (J-2) for the upper stages. NAA is also responsible for the second stage. Douglas has the third stage. Boeing will develop and produce the first stage and assist NASA in launchings. Under the present plans of having a "bug" leave the mother ship in the vicinity of the moon for the actual descent, Grumman won the contest for this LEM (lunar excursion module).

Milestones in 1963

The year 1963 will include several milestones in aerospace history. The most fundamental (from the state of the arts, at least) will be the flight test of the NAA B-70, the first plane designed for Mach 3. The Boeing small-to-medium-sized commercial jet, the 727, has just had its initial flight and later this year should be certified for airline use. The new Lockheed C-141 Star-Lifter large military jet cargo plane is scheduled for roll-out by summer and to fly this year. In space, the last of the pioneering Mercury flights will be made and preparations are under way for the Gemini (with its Titan 2 booster). The year 1963 will be unusually important as far as rocket engines are concerned, with further development of the early Saturn with its principle of clustered engines, fabrication of the advanced Saturn, and development of the new generation of rocket engines of F-1, J-2, and M-1.

In addition to these tangible developments, this could be the year of decision for several programs. One of these is will the Centaur become operational, with the General Dynamics and United Aircraft booster conceived as the transition rocket between the Atlas and the Saturn. In military space, as indicated, a basic decision is likely regarding the Boeing Dyna-Soar (X-20). Without the X-20, the Martin Titan 3 would have no major "home." Further development and contracts of an initial modest amount are expected for large solid propellants—more of interest to the Air Force than to NASA.

Supersonic Transport

The year will probably see more talk than action on a possible supersonic transport (SST). A British-French consortium may go ahead with the development of their Concorde (somewhat euphemistic in view of the present relations of the two countries). Thinking in the U. S. centers around a more versatile Mach 3 transport, with attendant complex engineering problems including a skin of titanium or stainless steel rather than aluminum (for the proposed Mach 2 Concorde). As the cost of an SST would be in the billions, it would seem quite likely that nothing tangible will develop for years (no funds are in the fiscal 1964 U. S. budget). During the decade of the 1970's, however, the world airlines may well have planes flying at over 2,000 miles an hour. As far as U. S. companies are concerned, Boeing and North American Aviation have announced plans to team up on future government SST development contracts and it would seem difficult for any other partnership to match these two in combined military and commercial jet experience.

Although 1963 may see no major new DOD contracts, additional major programs are expected to develop. In the aircraft field, projects include the VAX, the Army counterpart of the TFX; a large strategic cargo jet; and new bomber concepts such as a low altitude plane, a high-altitude bomber about half the size as the B-70, and a long endurance sub-sonic aircraft. In missiles, a major program could be the MMRBM (mobile mid-range ballistic missile)—with several phase one contracts let. In the anti-missile missile field, development continues on the Nike (Bell System and Douglas). New field missiles seem likely. Helicopter orders could be sizable within several years. A number of large NASA programs would seem assured.

Financing Media

In a brief rundown of the financial aspects of the aerospace industry, most companies now have long-term debt including convertibles in several cases. The typical company periodically uses sizable short-term bank loans. The aerospace industry has perhaps the smallest ratio of working capital to sales of any industry—from as low as 5% in a recent extreme case to little more than 15% as a maximum. Depreciation provision is consequential for most companies, thus giving reasonably large cash earnings. Capital turnover, traditionally high, is down from the 1953-1957 figure but sales are still 4 to 5 times invested capital. Profit margins are very low — with the median figure for ten aerospace companies being 7.5% in 1955 (including profitable commercial business), 4.5% in 1958, 4.0% in 1960, and around 3.8% pretax in 1962. The return on investment was at the 25% level in 1955 but last year was closer to 10%. With a dividend payout ranging from nothing to about two-thirds, the earnings plowback is averaging around 5%.

Renegotiation of profits made in the early 1950's is a nagging problem. Most leading aircraft companies received assessments for one or more of these years and the cases are presently in the tax courts. In essence, one branch of the government unilaterally wants to take away what another branch had approved years before. The board took particular exception to the very high return on capital of the typical aircraft company in the early 1950's; the tax court in a recent decision stated that the tangible assets should be doubled to reflect know-how, thus cutting in half the indicated ROI. The financial impact of renegotiation assessments is softened by the typical company having been in the top excess profit tax brackets during most of the years in question. Accounting treatment has varied, with the more conservative method being to restate sales and earnings in the years challenged. Renegotiation has been considerably less of a problem in recent years, with clearances already being received through 1959.

Earnings Growth Problem

Despite what I consider to be well defined positives for selected aerospace companies, the group has recognized negatives for the investor. Most companies have shown little or no growth in earnings the past half dozen years. Dividend records leave much to be desired. (Douglas' and General Dynamics' earned surplus are currently insufficient to pay cash dividends.) As indicated, a unique problem is that of the possibility of a major program being cut back or even cancelled. With from three-fourths to virtually all of sales to the U. S. Government, revenues are subject to ups and downs in appropriations and the typical contract has inherently low margins.

In appraising individual companies, the first criterion for any group is management. The second factor, in my opinion, revolves around scientific and engineering capabilities. Specialized development facilities are becoming of increasing importance in the space age and thus recent levels of capital expenditures should be given consideration. Maintaining an orderly financial house is of particular importance. A fundamental intangible is reputation with the military, reflecting in most cases decades of development and production programs. A new factor has been added—position with NASA — and this seems of increasing importance. Finally, the company's orderbook should be broad to hold within bounds the continuous possibility of a contract cancellation.

Positive Future Hopes

The aerospace group has some very definite positive factors for the future. Most companies have successfully completed their transition to the space age. In-house electronic capabilities are extensive. The typical aircraft company has a generation or more of experience in dealing with the Government. Management are old hands at efficient manufacturing. Their scientific and engineering staffs are matched by few other companies. Large commercial jet losses are a thing of the past. Renegotiation is definitely less of a problem, reflecting in part a sizable build-up in net worth the past decade.

Annual aerospace business could well increase some $5 billion from present levels—reflecting in part the lag between appropriations and expenditures. Profit margins could well have reached their botton and begin to inch upward. In fact, some future major programs may be put on a real incentive basis — with the final margin ranging from minus 5% to plus 15%. Based upon present military and space programs and developments within the aerospace industry, typical earnings could well be above the present level within a few years.

In my view, the old line aircraft manufacturers, or as the group is now called "aerospace", have reached a stature entitling these equities to be included in broad portfolios. The risks are specialized and at times can be sizable but dividend return in some cases is above average and prospects of capital gain significant. However, aerospace seems one group where a package concept of investment is preferable to concentrating on only one name.

In conclusion, the aerospace stockholder must be prepared from time to time for the chilly breezes of peace to blow. He should remain confident that the needs of our country will continue to require large military appropriations. In addition, other billions of dollars seem destined to go into space for prestige as well as scientific reasons.

*Based on a talk by Mr. Butler before The Investment Analysts Society of Chicago.

Boys V.-P. of Mercer Mgment

Mercer Management Corporation, 115 Broadway, New York City, has announced the appoint of Thomas L. Boys a Vice-President.

Dealer-Broker Recommendations

Continued from page 8

Depositary Receipts — Study — Currier & Carlsen Inc., 7911 Herschel Ave., La Jolla, Calif. Also available is an analysis of **Interstate Hosts.**

Consolidated Building — Memorandum — Gairdner & Co., Ltd., 320 Bay St., Toronto 1, Ont., Canada. Also available are comparative data on **Canadian Stocks,** and a memorandum on **Consolidated Mining & Smelting.**

Consolidated Cigar — Memorandum—Golkin, Divine & Fishman, Inc., 134 South La Salle St., Chicago 3, Ill.

Continental Insurance — Memorandum—Iselin, Legge, Stonehill & Co., 51 Broad St., New York 4, New York.

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

Cummins Engine—Memorandum —Lawson, Levy, Williams & Stern, 1 Montgomery St., San Francisco 4, Calif.

Dunham-Bush Inc.—Comprehensive Report — Fusz-Schmelzle & Co., 522 Olive St., St. Louis 1, Missouri.

Economics Laboratory Inc. — Memorandum — Kalman & Co., Inc., Endicott Building, St. Paul 1, Minn.

Electronic Associates, Inc.— Analysis — Bregman, Cummings & Co., 4 Albany St., New York 6, New York.

Elmar Electronics — Analysis — Schwabacher & Co., 100 Montgomery St., San Francisco 4, Calif.

Erie Resistor Corp. — Analysis — Fulton, Reid & Co., Inc., East Ohio Building, Cleveland 14, Ohio. Also available is an analysis of **Franklin Electric Co.**

Eversweet Foods, Inc.—Memorandum—McKeown & Co., 209 South La Salle St., Chicago 4, Ill.

Ferro Corp. — Report — Colby & Co., Inc., 85 State St., Boston 9, Mass. Also available are comments on **Coastal States Gas Producing** and **South Penn Oil.**

Fifth Avenue Coach Lines—Comments—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y. Also available are comments on **Olin Mathieson.**

Flintkote — Memorandum — Rittmaster, Voisin & Co., 40 Exchange Place, New York 5, N. Y.

Ford Motor—Bulletin—Bache & Co., 36 Wall St., New York 5, N. Y. Also available are comments on **Consolidated Laundries, Dover Corp., King Seeley Thermos, Avco Corp., U. S. Plywood** and **Miles Laboratories.**

General Motors—Memorandum— Pershing & Co., 120 Broadway, New York 4, N. Y.

General Precision Equipment Corp.—Report—Irving Weis and Company, 505 Park Ave., New York 22, N. Y.

General Tire & Rubber Co. — Bulletin — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available is a report on **Vanadium Alloys Steel Co.**

Getty Group—Analysis—Sartorius & Co., 39 Broadway, New York 6, New York.

Gillette Company — Analysis — Gregory-Massari, Inc., 9465 Wilshire Blvd., Beverly Hills, Calif.

Globe Union — Memorandum — Loewi & Co., Incorporated, 225 East Mason St., Milwaukee 2, Wis.

Also available is a memorandum on **Thermogas.**

Higbee Co.—Memorandum—Hayden, Miller & Co., Union Commerce Building, Cleveland 14, Ohio.

Indian Head Mills—Memorandum —May & Gannon, Inc., 140 Federal St., Boston 10, Mass. Also available are memoranda on **Bird & Son** and **Perini.**

Indiana General—Memorandum— Sincere and Company, 208 South La Salle St., Chicago 4, Ill. Also available is a memorandum on **Dresser Industries.**

Koehring Company — Bulletin — Charles A. Taggart & Co., Inc., 1516 Locust St., Philadelphia 2, Pa.

La Maur Inc. — Memorandum — Ebin, Robertson & Co., Rand Tower, Minneapolis 2, Minn.

Lawyers Title Insurance Corp.— Analysis—J. C. Wheat & Company, 1001 East Main St., Richmond 19, Virginia.

Lindberg Steel Treating Company Inc. — Analysis — Walston & Co., Inc., 111 West Jackson Boulevard, Chicago 4, Ill.

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

Mattel Inc. — Analysis — Rutner, Jackson & Gray, Inc., 811 West Seventh Street, Los Angeles 17, Calif.

National General — Memorandum —Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Nova Scotia Light & Power— Memorandum—C. J. Hodgson & Co., Royal Bank Building, Montreal 1, Que., Canada.

Pet Milk Co. — Memorandum — Kerr & Co., 135 South La Salle Street, Chicago 3, Ill.

Pioneer Home Owners Life Insurance — Memorandum — Brooke, Sheridan, Bogan & Co., Inc., 2 Penn Center Plaza, Philadelphia 2, Pa.

Redwing Carriers, Inc.—Analysis —W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Ridge Tool—Memorandum—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

San Diego Gas & Electric Company—Annual report—San Diego Gas & Electric Company, Secretary's Office, P. O. Box 1831, San Diego 12, Calif.

Standard Products—Memorandum —Prescott & Co., National City Bank Building, Cleveland 14, Ohio.

Super Valu Stores—Memorandum —J. M. Dain & Co., 110 South Sixth Street, Minneapolis 2, Minn.

United Research Inc.—Analysis— Dayton Haigney & Co., Inc., 75 Federal Street, Boston 10, Mass.

Wesco Industries, Inc.—Report— B. S. Lichtenstein and Company, 99 Wall St., New York 5, N. Y.

Weyerhaeuser Company — Report —Pacific Northwest Company, United Pacific Building, Seattle 24. Wash.

IDAC Meeting June 20-23

TORONTO, Canada — The 1963 Annual Meeting of the Investment Dealers Association of Canada will be held at Jasper Park Lodge, June 20-23.

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.

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 Mortgage Insurance Co.
Jan. 10, 1963 filed 31,070 common to be offered for subscription by stockholders on the basis of one share for each five shares held. **Price**—$18. **Business**—A mortgage insurance company. **Proceeds** — For investments. **Office**—300 S. Salisbury St., Raleigh, N. C. **Underwriter**—None.

American Pacific Fund, Inc.
July 9, 1962 filed 94,500 common. **Price**—Net asset value. **Business**—An open-end management company specializing in life, health, casualty and accident insurance. **Proceeds**—For investment. **Office**—1523 Kalakaua Ave., Honolulu. **Underwriter**—American Pacific Management Corp. (same address).

Ampeg Co., Inc.
Oct. 29, 1962 ("Reg. A") $294,000 7% conv. subord. debentures due 1972 and 29,400 common to be offered in units of one $1,000 debenture and 100 shares. **Price**—$1,020 per unit. **Business**—Manufacture of amplifiers and accessory equipment for musical instruments. **Proceeds**—For inventory, equipment, debt repayment and new products. **Office**—1570 W. Blancke, Linden, N. J. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Indefinite.

● **Anadite, Inc.**
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. **Offering**—Imminent.

● **Antenna Systems, Inc. (4/3)**
Sept. 28, 1962, filed 100,000 common. **Price**—$5.50. **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**—Emanuel, Deetjen & Co., New York.

● **Associated Mortgage Co., Inc. (4/22-26)**
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.

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.

Bonanza Gold, Inc.
March 4, 1963 ("Reg. A") 750,000 common. **Price**—20 cents. **Business**—Exploration and development of gold placer claims in Alaska. **Proceeds**—For general corporate purposes. **Office**—E. 15 Walton Ave., Spokane. **Underwriter**—Duval Securities, Spokane.

● **Brewmaster California Corp. (4/15-19)**
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.

● **Bush Hog, Inc. (4/22-26)**
March 19, 1963 filed $1,000,000 of 6½% convertible subordinated debentures due 1973, to be sold by the company; and 200,000 common to be sold by stockholders. The offering will be made in units of one $10 debenture and two common shares. **Price**—$28 per unit. **Business**—Manufacture of farm machinery. **Proceeds**—For debt repayment, inventory, and working capital. **Address**—P. O. Box 1039 Selma, Ala. **Underwriter**—Courts & Co., Atlanta, Ga.

● **Cabot Corp. (4/22-26)**
March 11, 1963 filed 295,140 common. **Price**—By amendment (max. $42). **Business**—Production of carbon black, natural gas, condensate, crude oil and oil field pump-equipment. Company also operates a natural gas utility in West Virginia, and manufactures various materials for use in the rubber, paint, ceramic, and plastic industries. **Proceeds**—For selling stockholders. **Office**—125 High St., Boston. **Underwriters** — Carl M. Loeb, Rhoades & Co., and White, Weld & Co., Inc., New York.

● **Canaveral Hills Enterprises, Inc. (4/15)**
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.

Cash-O-Matic Coupon Corp.
Feb. 15, 1963 ("Reg. A") 800 units, each consisting of 100 common shares and 10 stock purchase warrants. **Price**—$250 per unit. **Business**—Merchandising of coupons by vending machines in supermarkets. **Proceeds**—For equipment, debt repayment and other corporate purposes. **Office**—682 Main St., Stamford, Conn. **Underwriter**—Reese, Scheftel & 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.

Centennial Life Insurance Co.
March 6, 1963 filed 260,000 capital shares. **Price** — By amendment (max. $3) **Business**—Company is engaged in writing life insurance in Oregon and Washington. **Proceeds**—For additional capital and surplus. **Office**—811 S. W. Sixth, Portland, Oregon. **Underwriter**—June S. Jones Co., Portland.

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.

Chesapeake Fund, Inc.
March 5, 1963 filed 100,000 common. **Price** — Net asset value. **Business** — A closed-end investment company. **Proceeds**—For investment. **Office** — 156 South St., Annapolis, Md. **Underwriter**—None.

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.

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 Credit Co. (4/2)**
March 13, 1963 filed $50,000,000 of notes due 1981. **Price**—By amendment. **Business** — Engaged in specialized forms of financing and insurance; company also has several manufacturing subsidiaries. **Proceeds** — For working capital. **Office**—300 St. Paul Place, Baltimore. **Underwriters**—First Boston Corp., and Kidder, Peabody & Co., Inc., N. Y.

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.

Common Market Fund, Inc.
March 7, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8.5%. **Business**—A new mutual fund specializing in securities of foreign and American companies operating in the European Common Market. **Proceeds**—For investment. **Office**—9465 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kennedy, Cabot & Co., (same address).

Consolidated Edison Co. of New York, Inc.
Feb. 26, 1963, filed 1,343,117 common being 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**—$80. **Proceeds**—To repay bank loans, and for construction. **Office** — 4 Irving Place, New York. **Underwriters**—Morgan Stanley & Co., and First Boston Corp., New York.

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 Oil & Gas, Inc.
Feb. 28, 1963, filed $2,482,500 of 6% sinking fund debentures due 1975 (with warrants) to be offered for subscription by common stockholders on the basis of $500 of debentures for each 500 shares held of record March 31. **Price**—At par. **Business**—Company is engaged in the acquisition of oil and gas leaseholds. **Proceeds**—For note repayment and working capital. **Address** — 4150 East Mexico Ave., Denver. **Underwriter**—None.

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. (4/1-5)
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia.

Contact Lens Guild, Inc.
Sept. 19, 1962 ("Reg. A") 75,000 class "A" common. **Price**—$4. **Business**—Manufacture and sale of a patented contact lens. **Proceeds**—For moving expenses, research, inventory, advertising and working capital. **Office**—360 Main St. E., Rochester, N. Y. **Underwriter**—John J. DeGolger Co., Inc., Rochester, N. Y. **Offering**—Indefinite.

● **Continental Device Corp. (4/1-5)**
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 equip-

ment. **Proceeds**—For loan repayment, equipment, and other corporate purposes. **Office**—12515 Chadron Ave., Hawthorne, Calif. **Underwriter**—Carl M. Loeb, Rhoades & Co., Inc. New York.

Copenhagen Telephone Co., Inc. (4/9)
March 20, 1963 filed $15,000,000 sinking fund dollar debentures due 1978. **Price**—By amendment. **Proceeds**—For construction. **Address**—Copenhagen, Denmark. **Underwriters**—Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc.; Lazard Freres & Co., New York.

● **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 registration was withdrawn.

● **Cotton States Life Insurance Co. (4/15)**
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. **Note**—This registration was withdrawn.

● **Crowell-Collier Publishing Co. (4/15)**
March 11, 1963 filed $5,500,000 convertible subordinated debentures due 1983, to be offered for subscription by common stockholders on the basis of $100 of debentures for each 60 shares held of record April 15, with rights to expire April 30. **Price** — At par. **Business** — Publication of various types of educational texts and related materials, and the operation of a home study school and radio broadcasting facilities. **Proceeds** — For working capital and loan repayment. **Office**—640 Fifth Ave., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., N. Y.

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

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.

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 Resources, Inc.
Jan. 16, 1963 ("Reg. A") 67,000 common. **Price** — $3. **Business**—Manufacture of a lightweight structural board and sheet insulating material (wallboard). **Proceeds**—For equipment, leasing of working space, advertising, and working capital. **Office**—42 Broadway, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York.

Dixie Lime & Stone Co.
Sept. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $6.75). **Business**—Mining and processing of crushed granite, lime rock, and agricultural limestone. **Proceeds**—For loan repayment, and working capital. **Office**—11 N. Main St., Ocala, Fla. **Underwriter**—Courts & Co., Atlanta, Ga. **Offering**—Indefinite.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has questioned the accuracy and adequacy of this statement.

Donmoor-Isaacson, Inc.
Feb. 26, 1962 filed 150,000 common, of which 50,000 are to be offered by the company and 100,000 by stockholders. **Price**—By amendment (max. $12). **Business**—Design and manufacture of boys knit shirts, sweaters, and pajamas. **Proceeds**—For working capital. **Office**—1115 Broadway, N. Y. **Underwriter**—Goodbody & Co., New York. **Offering**—Indefinitely postponed.

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NEW ISSUE CALENDAR

April 1 (Monday)

Consultant's Mutual Investments, Inc. ---- Common
(Gerstley, Sunstein & Co.) $5,000,000
Continental Device Corp. ---- Common
(Carl M. Loeb, Rhoades & Co., Inc.) 275,000 shares
Florida Jai Alai, Inc. ---- Common
(Consolidated Securities Corp.) $1,500,000
Freoplex, Inc. ---- Debentures
(Alessandrini & Co., Inc.) $200,000
Manchester Insurance Management & Investment Corp. ---- Common
(Troster, Singer & Co.) $955,293
Sony Corp. ---- Shares
(Smith, Barney & Co., Inc. and The Nomura Securities Co., Ltd.) 300,000 ADS

April 2 (Tuesday)

Commercial Credit Co. ---- Notes
(First Boston Corp. and Kidder, Peabody & Co.) $50,000,000

April 3 (Wednesday)

Antenna Systems, Inc. ---- Common
(Emanuel, Deetjen & Co.) 100,000 shares
General Real Estate Fund ---- Shares
(Baker, Simonds & Co., Inc. and Alex. Brown & Sons) $1,320,000
Hartford Electric Light Co. ---- Bonds
(First Boston Corp., Putnam & Co., and Charles W. Scranton & Co.) $15,000,000
Scripps-Howard Broadcasting Co. ---- Common
(First Boston Corp.) 375,000 shares
Southwestern Electric Power Co. ---- Bonds
(Bids 10:30 a.m. CST) $30,000,000

April 5 (Friday)

Inter-Mountain Telephone Co. ---- Common
(Offering to stockholders—underwritten by Courts & Co.) 146,228 shares

April 8 (Monday)

Financial Federation, Inc. ---- Capital Stock
(Kidder, Peabody & Co. and McDonnell & Co., Inc.) 800,000 shs.
Western Light & Telephone Co., Inc. ---- Common
(Offering to stockholders underwritten by Dean Witter & Co.) 115,339 shares

April 9 (Tuesday)

Copenhagen Telephone Co., Inc. ---- Debentures
(Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc.; Lazard Freres & Co.) $15,000,000
Missouri Pacific RR. ---- Equip. Trust Ctfs.
(Bids 12 noon CST) $4,500,000
Northern Indiana Public Service Co. ---- Bonds
(Bids 11 a.m. CST) $30,000,000
Wisconsin Michigan Power Co. ---- Bonds
(Bids 11 a.m. EST) $6,000,000

April 11 (Thursday)

Australia (Commonwealth of) ---- Bonds
(Morgan Stanley & Co.) $30,000,000

April 15 (Monday)

Arkansas Louisiana Gas Co. ---- Bonds
(Eastman Dillon, Union Securities & Co.) $45,000,000
Brewmaster California Corp. ---- Common
(Miller, Fox & Co.) $300,000
Canaveral Hills Enterprises, Inc. ---- Common
(Willis E. Burnside & Co., Inc.) $500,000
Cotton States Life Insurance Co. ---- Capital Stock
(First Alabama Securities, Inc.) 30,000 shares
Crowell-Collier Publishing Co. ---- Debentures
(Offering to stockholders—underwritten by Carl M. Loeb, Rhoades & Co.) $5,500,000
Great Eastern Insurance Co. ---- Common
(Emanuel, Deetjen & Co. and Zuckerman, Smith & Co.) $1,908,000
Life & Casualty Insurance Co. of Tennessee ---- Com.
(Goldman, Sachs & Co. and Equitable Securities Corp.) 500,000 shares
Mortgage Guaranty Insurance Co. ---- Common
(Hornblower & Weeks and Robert W. Baird & Co., Inc.) 200,000 shares
Natural Gas & Oil Producing Co. ---- Common
(Peter Morgan & Co.) $900,000
Reynolds & Reynolds Co. ---- Class A Common
(Glore, Forgan & Co. and Grant-Brownell & Co.) 120,000 shares
Southeastern Mortgage Investors Tr. ---- Ben. Int.
(Fleetwood Securities Corp. of America) $11,000,000
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)

Associated Mortgage Co., Inc. ---- Common
(Shields & Co., Inc.) 135,205 shares
Bush Hog, Inc. ---- Debentures
(Courts & Co.) $2,800,000
Cabot Corp. ---- Common
(Carl M. Loeb, Rhoades & Co., and White, Weld & Co., Inc.) 295,140 shares
Investors Trading Co. ---- Capital Stock
(Nemrava & Co.) 200,000 shares
Laboratory Procedures Inc. ---- Common
(Charles Plohn & Co. and B. W. Pizzini & Co.) $225,000
Lunar Films, Inc. ---- Common
(Ingram, Lambert & Stephen, Inc.) $718,750
Mil National Corp. ---- Common
(Herbert Young & Co., Inc.) $376,000
Mitsui & Co., Ltd. ---- ADS
(Smith, Barney & Co., Inc. and Nomura Securities Co., Ltd.) 125,000 shares
Mitsui & Co., Ltd. ---- Debentures
(Smith, Barney & Co., Inc. and Nomura Securities Co. Ltd.) $10,000,000
Norfolk & Western Ry. ---- Equip. Trust Ctfs.
(Bids 12 noon EST) $4,500,000
United Camera Exchange, Inc. ---- Common
(Ingram, Lambert & Stephen, Inc.) $300,000
United Saran & Plastic Corp. Ltd. ---- Units
(Brager & Co.) $503,250
Vend-Mart Inc. ---- Common
(M. G. Davis & Co., Inc.) $240,000

April 23 (Tuesday)

Consolidated Natural Gas Co. ---- Debentures
(Bids 11:30 a.m. EST) $35,000,000
Victor Comptometer Corp. ---- Common
(Glore, Forgan & Co.) 250,000 shares
Victor Comptometer Corp. ---- Debentures
(Glore, Forgan & Co.) $15,000,000

April 24 (Wednesday)

Lord Jim's Service Systems, Inc. ---- Common
(Keon & Co.) $100,000
Tampa Electric Co. ---- Bonds
(Bids 11 a.m. EST) $48,000,000

April 25 (Thursday)

Chicago, Rock Island & Pacific Railroad ---- Equip. Trust Ctfs.
(Bids 12 noon CST) $2,625,000

April 29 (Monday)

Holly Sugar Corp. ---- Debentures
(Eastman Dillon, Union Securities & Co.) $10,000,000

May 8 (Wednesday)

Chicago Burlington & Quincy RR. ---- Equip. Trust Ctfs.
(Bids 12 noon CDST) $4,500,000

May 9 (Thursday)

Alabama Power Co. ---- Bonds
(Bids to be received) $16,000,000
Alabama Power Co. ---- Preferred
(Bids to be received) $5,000,000

May 13 (Monday)

Orr (J. Herbert) Enterprises, Inc. ---- Common
(First Alabama Securities, Inc.) $1,050,000

May 14 (Tuesday)

Virginia Electric & Power Co. ---- Bonds
(Bids 11 a.m. EDST) $30,000,000

May 15 (Wednesday)

Chicago Union Station Co. ---- Bonds
(Bids to be received) $49,000,000

May 21 (Tuesday)

Central Illinois Public Service Co. ---- Bonds
(Bids to be received) $10,000,000
Great Northern Ry. ---- Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,600,000

May 22 (Wednesday)

Interstate Power Co. ---- Bonds
(Bids 11:30 a.m. EDST) $6,000,000
Interstate Power Co. ---- Common
(Offering to stockholders—bids 11 a.m. EDST) 154,914 shares

June 6 (Thursday)

Columbia Gas System, Inc. ---- Debentures
(Bids to be received) $25,000,000

June 11 (Tuesday)

Indiana Bell Telephone Co., Inc. ---- Debentures
(Bids 11 a.m. EDST) $20,000,000

June 18 (Tuesday)

Public Service Electric & Gas Co. ---- Bonds
(Bids 11 a.m. EDST) $40,000,000

August 6 (Tuesday)

Indiana & Michigan Electric Co. ---- Bonds
(Bids to be received) $45,000,000

November 7 (Thursday)

Georgia Power Co. ---- Bonds
(Bids to be received) $30,000,000
Georgia Power Co. ---- Preferred
(Bids to be received) $7,000,000

Continued from page 29

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 20, 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 & Hanly, Hempstead, L. I., and Street & Co., Inc., New York. **Note**—This registration was 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.

● **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. **Offering**—Indefinite.

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.

Financial Federation, Inc. (4/8-12)
March 11, 1963 filed 80,000 capital shares. **Price** — By amendment (max. $60). **Business**—A holding company for 11 California savings and loan associations and an insurance agency. Company also assists in the purchase and sales of real estate loans and serves as a trustee under the deeds of trust. **Proceeds**—For selling stockholders. **Office**—615 South Flower St., Los Angeles. **Underwriters**—Kidder, Peabody & Co. and McDonnell & Co., Inc., New York.

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 May.

● **Florida Jai Alai, Inc. (4/1-5)**
June 28, 1962 filed 300,000 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**—Consolidated Securities Corp., Pompano Beach, Fla.

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. (4/1-5)**
Jan. 2, 1963 ("Reg. A") $200,000 of 7% convertible subordinated debentures due March 1, 1975. **Price**—At par. **Business**—Operation of retail meat supermarkets. **Proceeds**—For debt repayment and working capital. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., N. Y.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

Geigher Pipe Supply Inc.
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes, valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo. **Offering**—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 Life Insurance Corp. of Wisconsin
March 6, 1963 filed 311,625 common to be offered for subscription by stockholders on the basis of one new share for each four held. **Price**—By amendment. **Business**—Writing of life and endowment policies. **Proceeds**—For general corporate purposes. **Address** — 8500 W. Capital Dr., Milwaukee. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis.

● **General Real Estate Fund (4/3)**
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.
Dec. 4, 1962 filed 75,000 common. **Price**—By amendment (max. $6). **Business**—Design, manufacture, and marketing of items used in educational institutions such as chalk boards, exhibit cases, etc. **Proceeds**—For general corporate purposes. **Office** — 91 Weyman Ave., New Rochelle, N. Y. **Underwriter**—Federman, Stonehill & Co., New York. **Offering**—Indefinite.

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. (4/15-19)**
April 13, 1962 filed 381,600 common. **Price**—$5. **Business**—Company plans to write certain types of fire and casualty insurance. **Proceeds** — For general corporate purposes. **Office**—116 John St., New York. **Underwriters**—Emanuel, Deetjen & Co., and Zuckerman, Smith & Co., New York.

Greater 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.

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.

Hartford Electric Light Co. (4/3)
March 13, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Price**—By amendment. **Proceeds**—For construction. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters**—First Boston Corp., New York, Putnam & Co., Hartford, and Charles W. Scranton & Co., New Haven, Conn.

Heartland Development Corp.
March 28, 1962 filed 23,300 shares of 5% convertible preference stock to be offered for subscription by stockholders on basis of one preferred share for each 10 common held. **Price**—$12. **Business**—Real estate. **Proceeds**—For general corporate purposes and debt repayment. **Office**—40 Beaver St., Albany, N. Y. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., New York. **Note** — This registration will be withdrawn.

● **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**—Queensway Securities Corp., New York. **Offering**—Imminent.

● **Highland Development Corp.**
Feb. 23, 1963 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Real estate investment in Albuquerque area. **Proceeds**—For general corporate purposes. **Office**—607 San Mateo Blvd., N. E., Albuquerque. **Underwriter**—Hyder & Co., Albuquerque. **Offering**—Imminent.

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.

Holly Sugar Corp. (4/29)
March 7, 1963 filed $10,000,000 convertible subordinated debentures due 1983. **Price**—At par. **Business**—Production of beet sugar and related products, and sale of livestock, beet seed, and fertilizer. **Proceeds**—For a new plant. **Address**—Holly Sugar Bldg., Colorado Springs, Colo. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● **Home Entertainment Co. of America**
Jan. 16, 1963 filed 300,000 common. **Price**—$10. **Business**—Company is 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 mid-April.

Homestead Packers, Inc.
March 13, 1963 filed 5,000 shares of 6% non-cumulative preferred stock, and 5,000 common, to be offered for sale in units of one common and one preferred share. **Price**—$150 per unit. **Business**—Company plans to construct and operate a beef and pork packing plant. **Proceeds**—For construction, equipment, and working capital. **Address**—Beatrice, Nebr. **Underwriter**—None.

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.

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.

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.

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. (4/22-26)**
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. **Note**—This letter was withdrawn.

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.

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

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.

● **Laboratory Procedures Inc. (4/22-26)**
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.

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.

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.

Life & Casualty Insurance Co. of Tennessee (4/15-19)
March 15, 1963 filed 500,000 common. **Price**—By amendment (max. $36). **Business**—Writing of life, accident and health insurance. **Proceeds** — For selling stockholders. **Office**—Life and Casualty Tower, Nashville, Tenn. **Underwriters** — Goldman, Sachs & Co., New York and Equitable Securities Corp., Nashville.

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. (4/24)**
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. **Offering**—Indefinite.

● **Lunar Films, Inc. (4/22-26)**
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**—Indefinite.

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. (4/1-5)
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.

● **Medic Corp.**
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address). **Offering**—Expected in May.

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.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

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.

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 being offered for subscription by stockholders on the basis of one share for each three held of record Dec. 31, 1962, with rights to expire April 15. **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. (4/22-26)
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.

● **Mitsui & Co., Ltd. (4/22-26)**
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.

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.

● **Mortgage Guaranty Insurance Corp. (4/15-19)**
March 11, 1963, 200,000 common. **Price**—By amendment (max. $27). **Business**—Company is engaged in the insuring of lenders from loss on residential loans. **Proceeds**—For investment. **Office**—600 Marine Plaza, Milwaukee. **Underwriters**—Hornblower & Weeks, Chicago, and Robert W. Baird & Co., Inc., Milwaukee.

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 Aviation Corp.
March 14, 1963 filed 253,478 capital shares to be offered for subscription by stockholders on the basis of one new share for each five held of record April 11, 1963. **Price**—By amendment. **Business**—A closed-end investment company specializing in aviation and aerospace stocks. **Proceeds** — For investment. **Office** — 111 Broadway, New York. **Underwriter**—None.

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., 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-

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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. (4/15)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City. **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50c. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. MacPherson & Co., Toronto.

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).

Nordon Corp., Ltd.
March 29, 1963, filed 255,000 capital shares being offered for subscription by stockholders on the basis of one new share for each five held of record March 8, with rights to expire March 31. **Price**—$2.25. **Business**—Acquisition and development of oil and natural gas properties. **Proceeds**—For drilling expenses, and working capital. **Office**—5455 Wilshire Boulevard, Los Angeles. **Underwriter**—Gregory-Massari, Inc., Beverly Hills, Calif.

Northern Indiana Public Service Co. (4/9)
March 5, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For working capital. **Office**—5265 Hohman Ave., Hammond, Ind. **Underwriter**—(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** — April 9 (11 a.m. CST) at 111 West Monroe St. (8th floor), Chicago.

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.

● **Orr (J. Herbert) Enterprises, Inc. (5/13-17)**
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.

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.

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.

Pictronics, Inc.
Feb. 27, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Production of TV documentary films, and the processing of colored kodachrome film. **Proceeds**—For equipment, and working capital. **Office** — 56 Bennett Bldg., Wilkes-Barre, Pa. **Underwriter**—G. K. Shields & Co., New York.

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.

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 late April.

● **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** — Imminent.

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

Reynolds & Reynolds Co. (4/15-19)
March 18, 1963 filed 120,000 class A common. **Price**—By amendment (max. $28). **Business**—Manufacture of business and accounting forms and systems, and allied products. **Proceeds**—For selling stockholders. **Office** — 800 Germantown St., Dayton, Ohio. **Underwriters** — Glore, Forgan & Co., New York, and Grant-Brownell & Co., Dayton.

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.

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.

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.

Scripps-Howard Broadcasting Co. (4/3)
March 12, 1963 filed 375,000 common. **Price**—By amendment (max. $20). **Business**—Company owns and operates four TV stations, three AM radio stations and two FM stations. **Proceeds**—For selling stockholders. **Office**—1121 Union Central Bldg., Cincinnati. **Underwriter** — First Boston Corp., New York.

Seaboard Land Co.
July 25, 1962 filed 200,000 class A common. **Price**—By amendment (max. $2.50). **Business**—Ownership and development of real estate. **Proceeds**—For working capital. **Office**—912 Thayer Ave., Silver Spring, Md. **Underwriter** — North American Seaboard Securities Corp., (same address).

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest. **Price**—$15. **Business** — A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter**—McDonald & Co., Cleveland. **Offering**—Indefinite.

Signalite Inc.
Jan. 29, 1962 filed 126,000 common. **Price**—$4.50. **Business**—Manufacture, sale and development of glow lamps for use as indicators and circuit components. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1933 Heck Ave., Neptune, N. J. **Underwriter**—Milton D. Blauner & Co., N. Y. **Offering**—Postponed.

Sony Corp. (4/1-5)
March 13, 1963 filed 300,000 American Depositary Shares. **Price**—By amendment (max. $20). **Business**—Manufacture of transistorized radio and television receivers, tape recorders, and other electronic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriters**—Smith, Barney & Co., Inc., and The Nomura Securities Co., Ltd., New York.

● **Southeastern Mortgage Investors Trust (4/15-19)**
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.

Southwestern Electric Power Co. (4/3)
March 11, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and debt repayment. **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. **Bids** — Expected April 3 (10:30 a.m. CST) at 20 N. Wacker Drive, Chicago.

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.

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.

Tampa Electric Co. (4/24)
March 15, 1963 filed $48,000,000 first mortgage bonds due May 1, 1993. **Proceeds**—For refunding of outstanding 5% bonds due 1990, loan repayment, and construction. **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) at 90 Broad St., New York. **Information Meeting** — April 19 (11 a.m. EST) same address.

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. **Offering**—Indefinite.

● **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**—To be named. **Offering**—Indefinite.

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.

Tri-Continental Corp.
March 1, 1963 filed 810,740 shares of $2 preferred (par $50) to be offered in exchange for a like number of outstanding $2.70 preferred shares (par $50) on a share-for-share basis. All $2 preferred shares not exchanged by April 22, will be offered publicly. **Price**—By amendment. **Business**—A closed-end investment company. **Proceeds** — To help finance the redemption of unexchanged $2.70 preferred shares. **Office**—65 Broadway, New York. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

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.

Underwriters National Assurance Co.
Feb. 21, 1963, filed 50,000 common, of which 31,176 shares are to be offered by company and 18,824 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.

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. (4/22-26)**
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 Saran & Plastic Corp. Ltd. (4/22-26)**
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.

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.

Utah Power & Light Co. (4/15)
March 11, 1963 filed $15,000,000 first mortgage bonds due 1993. **Proceeds**—To refund a like amount of 5¼% bonds due Oct. 1, 1987. **Office**—1407 West 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** — April 15 (11:30 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—April 11 (2:30 p.m. EST) at same address.

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. (4/22-26)**
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.

● **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. **Note**—This registration will be withdrawn.

Western Futures, Inc.
Feb. 11, 1963 ("Reg. A") 120,000 capital shares. **Price**—$2.50. **Business** — Acquisition and development of land. **Proceeds**—For general corporate purposes. **Office**—2727 N. Central Ave., Phoenix. **Underwriter** — William W. Bones Securities Co., Phoenix.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest **Price**—$4. **Business**—Company plans to qualify as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **Underwriter**—None

● **Western Light & Telephone Co., Inc. (4/8)**
March 12, 1963 filed 115,339 common to be offered for subscription by stockholders on the basis of one new share for each 10 shares held of record April 5, with rights to expire April 24. **Price**—By amendment (max. $35). **Business** — Operation of electric, gas, water and telephone properties in central Kansas, and telephone properties in Iowa and Missouri. **Proceeds**—For general corporate purposes. **Office**—2015 Forest Ave., Great Bend, Kan. **Underwriter**—Dean Witter & Co., Chicago.

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. **Note**—The SEC has issued an order temporarily suspending this issue.

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.

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.

● **William Penn Racing Association**
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutual betting. **Proceeds** — For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

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.

Wisconsin Michigan Power Co. (4/9)
March 13, 1963 filed $6,000,000 of first mortgage bonds due 1993. **Proceeds**—For refunding of 5⅝% bonds due 1989, loan repayment and construction. **Office**—231 West Michigan St., Milwaukee. **Underwriters** — (Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly); Kidder, Peabody & Co.-White, Weld & Co. (jointly). **Bids**—Expected April 9 (11 a.m. EST) in Room 1306, 48 Wall St., New York. **Information Meeting**—April 8 (11 a.m. EST) at Bankers Trust Co., 16 Wall St., New York.

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.

Issues Filed With SEC This Week

★ **Acceptance Corp. of Florida**
March 15, 1963 ("Reg. A") 10,137 common to be offered for subscription by stockholders of record April 1, 1963 on the basis of one new share for each two shares held. Rights will expire April 26, 1963. **Price**—$25. **Business**—A consumer finance company. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—519 N. Magnolia Ave., Orlando, Fla. **Underwriter**—None.

★ **Addison-Wesley Publishing Co., Inc.**
March 14, 1963 ("Reg. A") 2,000 class B common. **Price**—$24. **Business** — Publishing of scientific textbooks. **Proceeds**—For working capital. **Office**—South St., Reading, Mass. **Underwriter**—None.

★ **Arkansas Louisiana Gas Co. (4/15-19)**
March 25, 1963 filed $45,000,000 of first mortgage bonds due 1983. **Price**—By amendment. **Proceeds**—For construction, loan repayment and investment in subsidiaries. **Office**—Slattery Bldg., Shreveport, La. **Underwriter**—Eastman Dillon, Union Securities & Co., N. Y.

★ **Australia (Commonwealth of) (4/11)**
March 22, 1963 filed $30,000,000 of s. f. bonds due 1983. **Price** — By amendment. **Proceeds** — To finance various public works projects in Australia. **Underwriter**—Morgan Stanley & Co., New York.

★ **Citadel Life Insurance Co. of New York**
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $26). **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—To increase capital and surplus. **Office**—444 Madison Ave., N. Y. **Underwriter**—Alex. Brown & Sons, Baltimore.

★ **Consolidated Natural Gas Co. (4/23)**
March 26, 1963 filed $35,000,000 of debentures due April 1, 1988. **Business**—A holding company for six subsidiaries engaged in all phases of the natural gas business. **Proceeds**—For loan repayment, and construction. **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**—April 23 (11:30 a.m. EST) at above address. **Information Meeting**—April 18 (10:30 a.m. EST) at the Bankers Club, 120 Broadway, New York.

★ **Dundee Laboratories, Inc.**
March 14, 1963 ("Reg. A") 10,000 common to be offered for subscription by stockholders on a pro rata basis. **Price**—$10. **Business**—Company has developed and plans to use a TUBE TEST for measuring antibiotic sensitivities. **Proceeds**—For equipment, working capital and debt repayment. **Address**—P. O. Box 1512 Burlington Station, Omaha. **Underwriter**—None.

★ **Economou (Arthur N.) & Co., Inc.**
March 18, 1963 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Commodity price analysis, commodity trading account management, and commodity futures brokerage. **Proceeds**—For expansion. **Office**—902 Wells Bldg., Milwaukee. **Underwriter**—None.

★ **810 South Spring Building Co.**
Feb. 27, 1963 ("Reg. A") 10,000 capital shares to be offered for subscription by stockholders on a pro rata basis. **Price**—$10. **Business**—Management of a 12-story office building. **Proceeds** — For debt repayment and working capital. **Office**—810 S. Spring St., Los Angeles. **Underwriter**—None.

★ **Globe Industries, Inc.**
March 20, 1963 filed 127,500 common, of which 50,000 will be sold for the company, and 77,500 for stockholders. **Price**—By amendment (max. $11). **Business**—

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Manufacture of miniature electric motors, and related items. **Proceeds**—For a new plant, equipment, and inventories. **Office**—1784 Stanley Ave., Dayton. **Underwriter**—McDonald & Co., Cleveland.

★ **Inter-Mountain Telephone Co. (4/5)**
March 21, 1963 filed 146,228 common to be offered for subscription by stockholders on the basis of one new share for each seven held of record April 5, 1963. Rights will expire May 1. **Price**—By amendment (max. $20). **Proceeds**—For loan repayment and expansion. **Address**—Sixth & Crumley Sts., Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta.

★ **Interstate Power Co. (5/22)**
March 21, 1963 filed 154,194 common to be offered for subscription by stockholders on the basis of one new share for each 26 held of record May 22, 1963. **Price**—By amendment (max. $24). **Proceeds**—For loan repayment and construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters** — (Competitive.) Probable bidders: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Ladenburg, Thalmann & Co.; White, Weld & Co. **Bids**—May 22 (11 a.m. EDST) at One Chase Manhattan Plaza 23rd Floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th Floor), New York.

★ **Interstate Power Co. (5/22)**
March 21, 1963 filed $6,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and construction. **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. **Bids**—May 22 (11:30 a.m. EDST) at One Chase Manhattan Plaza (23rd Floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th Floor), New York.

★ **Kentucky Central Life Insurance Co.**
March 21, 1963 filed 500,000 class A common. **Price**—By amendment (max. $25). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For investment. **Address**—Anchorage, Ky. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

★ **Key Training Service, Inc.**
March 26, 1963 filed 47,500 common, of which 40,000 are to be offered by company and 7,500 by a stockholder. **Price**—$6.50. **Business** — Publishing of home study courses through franchised dealers. **Proceeds**—For general corp. **Office**—407 Lincoln Rd., Miami Beach. **Underwriters**—Seymour Blauner Co. and Sheldon Securities Corp., N. Y.

★ **Lenox, Inc.**
March 25, 1963 filed 172,500 common, of which 25,700 shares are to be offered by company and 146,800 by stockholders. **Price**—By amendment (max. $18). **Business**—Manufacture and marketing of plastic and china dinnerware and gift ware. **Proceeds**—For general corporate purposes. **Address**—Prince & Mead Sts., Trenton, N. J. **Underwriter**—Hemphill, Noyes & Co., N. Y.

★ **Mack Shirt Corp.**
March 20, 1963 filed 102,060 class A common. **Price**—By amendment (max. $20). **Business**—Design, manufacture, sale and distribution of shirts for men and women; also women's slacks and shorts. **Proceeds**—For selling stockholders. **Office**—412 E. Sixth St., Cincinnati. **Underwriter**—W. E. Hutton & Co., N. Y.

★ **Modern Pioneers' Life Insurance Co.**
March 7, 1963 ("Reg. A") 31,661 common to be offered for subscription to stockholders on a pro-rata basis. **Price**—$2. **Business**—Life insurance. **Proceeds**—To increase capital and surplus. **Office** — 811 N. 3rd St., Phoenix. **Underwriter**—Associated General Agents of North America, Inc.

★ **Pacific Mines, Inc.**
March 14, 1963 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Mining of iron ore. **Proceeds**—For debt repayment, and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

★ **Pacific Northwest Bell Telephone Co. (4/16)**
March 22, 1963 filed $50,000,000 of debentures due April 1, 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**—April 16 (11 a.m. EST) in Room 2315, 195 Broadway, New York.

★ **Peterson, Howell & Heather, Inc.**
March 26, 1963 filed 33,383 class A common. **Price**—By amendment (max. $35). **Business**—Furnishing of Automobile service in the U. S. and Canada. **Proceeds**—For general corporate purposes. **Office**—2521 N. Charles St., Baltimore. **Underwriter**—Alex. Brown & Sons, Baltimore.

★ **Roberts Co.**
March 21, 1963 filed 130,000 common, of which 70,000 will be offered by company, and 60,000 by stockholders. **Price**—By amendment (max. $11) **Business**—Manufacture of products used in the installation of wall-to-wall carpeting, specialized industrial adhesives, metal folding doors, and weatherproofing products. **Proceeds** — For loan repayment and working capital. **Office**—600 North Baldwin Park Blvd., City of Industry, Calif. **Underwriters**—Reynolds & Co., Inc., New York, and Lester, Ryons & Co., Los Angeles.

★ **Robotomics Enterprises, Inc.**
March 8, 1963 ("Reg. A") 8,000 capital shares. **Price**—$12.50. **Business**—Manufacture and sale of compact transistorized decade counters and systems. **Proceeds**—For equipment, inventory, advertising and working capital. **Office**—4505 N. 16 St., Phoenix. **Underwriter**—None.

★ **Victor Comptometer Corp. (4/23)**
March 25, 1963 filed $15,000,000 of s. f. debentures due 1988; also 250,000 common to be offered by stockholders. **Price**—By amendment (max. $12 for stock). **Business**—Manufacture of adding machines, printing calculators and other office machines; also business forms and golf products. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—3900 N. Rockwell St., Chicago. **Underwriter**—Glore, Forgan & Co., Chicago.

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."

Central Mutual Fund, Inc.
100,000 capital shares offered at net asset value (initially $10.75) plus a 2% sales commission by C. N. Agency, Inc., Jacksonville, Ill.

Colonial Board Co.
37,500 units offered at $49 per unit by Putnam & Co., Hartford, and associates. Each unit consisted of one share of $1.50 cumulative preferred stock, two common and a warrant to purchase one additional common share.

General Telephone & Electronics Corp.
$50,000,000 of 4½% sinking fund debentures due March 1, 1988 offered at 101%, to yield 4.43%, by Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., New York, and Mitchum, Jones & Templeton, Inc., Los Angeles.

Pak-Well Paper Industries, Inc.
153,620 Class A common offered at $11.50 per share by Francis I. duPont & Co., New York.

Puerto Rican Cement Co., Inc.
600,000 common offered at $19.50 per share by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Robins (A. H.) Co., Inc.
350,000 common offered at $29 per share by Goldman, Sachs & Co., and Smith, Barney & Co., Inc., New York.

St. Johnsbury Trucking Co., Inc.
209,440 common offered at $16 per share by Hornblower & Weeks, New York (Issue was exempted from SEC registration).

Socony Mobil Oil Co., Inc.
$200,000,000 of 4¼% debentures due April 1, 1993 offered at 100½% and accrued interest, to yield 4.22% by Morgan Stanley & Co., New York.

Texas Electric Service Co.
$22,000,000 of 4⅜% first mortgage bonds due April 1, 1993, offered at 101.766% and accrued interest, to yield 3.27% by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Prospective Offerings

Alabama Power Co. (5/9)
March 8, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $16,000,000 of 30-year 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 Bros; 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.

Arizona Bank (Phoenix)
March 12, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 51,834 $5 par shares on the basis of one new share for each 14 held of record March 15, with rights to expire March 29. **Price** — $29.50. **Proceeds** — To increase capital funds. **Office** — 44 West Monroe St., Phoenix. **Underwriter**—William R. Staats & Co., Los Angeles.

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 Dr., Chicago.

Chicago Burlington & Quincy RR (5/8)
March 18, 1963 the company announced plans to sell $4,500,000 of equipment trust certificates in May. Two additional issues, totaling about $10,200,000, are tentatively scheduled for Aug. 1, and Oct. 1. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 8 (12 noon CDST) at above address.

★ **Chicago, Rock Island & Pacific RR. (4/25)**
March 27, 1963 the company announced plans to sell $2,625,000 of equipment trust certificates. **Office**—139 W. Van Buren St., Chicago. **Underwriters**—(Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—April 25 (12 noon CST) at above address.

● **Chicago Union Station Co. (5/15)**
March 19, 1963 it was reported that this company, owned by four major railroads, plans to sell $20,000,000 of 1-10 year serial bonds and $29,000,000 of sinking fund bonds due 1988. **Proceeds** — To repay bank loans, and refund outstanding first 3⅛% and first 2⅞% bonds maturing July 1, 1963. **Office**—210 So. Canal St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Blyth & Co. **Bids**—Expected May 15.

Columbia Gas System, Inc. (6/6)
March 18, 1963 the company stated that it has made tentative plans to sell $25,000,000 of 25-year debentures in June, for possible refunding operations. It has definite plans to sell $25,000,000 of debentures in October to raise money for construction. **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. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected June 6.

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 current rights offering, 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.

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
March 4, 1963 stockholders voted to increase 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 of record March 4, with rights to expire April 2. **Price**—$40. **Proceeds**—To increase capital funds. **Office**—127 Madison Ave., Memphis 1, Tenn. **Underwriter**—None.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Food Fair Properties, Inc.
May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Allegheny Ave., Philadelphia. **Underwriter**—To be named The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
March 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms must be approved by Interhandel stockholders and the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: 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).

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. (5/21)**
March 2, 1963 it was reported that the company plans to sell $6,600,000 of equipment trust certificates. **Office**—39 Broadway, New York. **Underwriters** — (Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected May 21 (12 noon EDST) 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.

Hawaiian Electric Co., Ltd.
March 5, 1963 it was reported that this company plans to sell about $14,000,000 of first mortgage bonds in the third quarter. **Office**—900 Richards St., Honolulu. **Underwriters** — Dillon, Read & Co. Inc., New York and Dean Witter & Co., San Francisco.

● **Hawaiian Telephone Co.**
March 25, 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, it is expected that the common will be offered on a rights basis to stockholders. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

Indiana Bell Telephone Co., Inc. (6/11)
March 4, 1963 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of debentures in June, marking its first sale of debt securities. **Office**—240 No. Meridian St., Indianapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected June 11 (11 a.m. EDST) at 195 Broadway, New York. **Information Meeting**—June 6 (2:30 p.m. EDST) at same address.

Indiana & Michigan Electric Co. (8/6)
March 12, 1963 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $45,000,000 of first mortgage bonds due 1993. **Office**—2101 Spy Run Ave., Fort Wayne, Ind. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co. Inc.; First Boston Corp. **Bids**—Expected Aug. 6 at American Electric Power Co., 2 Broadway, New York.

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.
March 12, 1963 the company announced plans to sell $14,000,000 of first mortgage bonds in September. **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.

Japan (Government of)
March 20, 1963 it was reported that the Diet is considering the Government's budget for fiscal 1964, which includes plans to sell $60,000,000 of external loan bonds and $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year April 1, 1963 to March 31, 1964. If approved, it is expected that $30,000,000 of the external loan bonds would be offered in May. **Underwriters**—To be named. The last sale of external loan bonds in February 1959, was underwritten by First Boston Corp. The last issue of Tokyo bonds in March 1927, was handled by Kuhn, Loeb & Co., and associates.

Jersey Central Power & Light Co.
March 12, 1963 it was reported that this subsidiary of General Public Utilities Corp., plans to sell $10,000,000 of 30-year bonds and $9,000,000 of 25-year debentures in the fall. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder Peabody & Co.; Harriman Ripley & Co.

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).

Michigan Wisconsin Pipe Line Co.
March 12, 1963 the company stated that it is considering the issuance of about $25,000,000 of bonds in the third quarter, to refund a like amount of outstanding 6¼% first pipe line bonds due June 15, 1977. Action is contingent upon successful completion of its rate case now pending with the FPC. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co.

Missouri Pacific RR (4/9)
Feb. 13, 1963 it was reported that this road plans the sale of about $4,500,000 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**—April 9 (12 noon CST) in St. Louis.

Missouri Pacific RR
March 13, 1963 it was reported that this road plans the sale of $4,500,000 of equipment trust certificates in late May or early June. This will be the second installment of a total $9,000,000 issue. **Address**—Missouri Pacific Bldg., St. Louis 3, Mo. **Underwriters**—(Competitive). Probable bidders: Salmon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

★ **National Uni-Pac, Inc.**
March 27, 1963 it was reported that the company plans to file a registration statement covering 150,000 common. **Price**—$4. **Business**—The sale or lease of coin operated vending machines. **Proceeds** — To redeem outstanding debentures, and for other corporate purposes. **Office**—15 Peachtree St., N. W. Atlanta, Ga. **Underwriter**—To be named.

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. (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**—April 22 (12 noon EST).

Northern Illinois Gas Co.
March 8, 1963 the company reported that it plans to raise $90,000,000 from outside sources to finance its $200,000,000 five-year construction program. Of this amount, $20 - $25,000,000 will probably be obtained through the sale of bonds later this year. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.-Equitable Securities Corp. (jointly); Glore, Forgan & Co.

Northern Natural Gas Co.
Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of debt securities sometime in 1963 or 1964. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Northern States Power Co. (Minn.)
Jan. 11, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly).

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 Power & Light Co.
Nov. 28, 1962 it was reported that the company plans to issue $30,000,000 of first mortgage bonds in June 1963. **Proceeds**—To repay outstanding loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly).

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 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).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co. The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Public Service Electric & Gas Co. (6/18)
March 4, 1963 it was reported that this company plans to sell $40,000,000 of first mortgage bonds due 1993. **Proceeds** — For construction. **Office** — 80 Park Place,

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Newark, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.-Blyth & Co.-Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids** — Expected June 18 (11 a.m. EDST) at above address. **Information Meeting** —June 13 (2 p.m. EDST) at One Chase Manhattan Plaza, New York.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Snelling & Snelling, Inc.
Nov. 20, 1962 it was announced that the company plans its first public offering of stock. **Business**—Operation of a nationwide network of franchised personnel consultants with offices in 35 major cities. **Proceeds**—For expansion. **Office**—1530 Chestnut St., Philadelphia. **Underwriter**—To be named.

★ Southern California Edison Co. (5/22)
March 25, 1963 the company announced plans to sell $60,000,000 of first and refunding mortgage bonds, series Q, due May 15, 1988. **Proceeds** — To refund $32,400,000 of outstanding bonds, and for construction. **Office** — 601 West Fifth St., Los Angeles. **Underwriters** — (Competitive.) Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.- Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—May 22 (8:30 a.m. PDST) at above address.

● Southern California Edison Co.
March 25, 1963 the company stated that it will require about $60,000,000 of new money in 1964 and again in 1965. **Office**—601 West Fifth St., Los Angeles. **Underwriters** — (Competitive.) Probable bidders: Halsey, Stuart & Co. Inc., First Boston Corp., and Dean Witter & Co. (jointly), Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Bros. & Hutzler (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Railway Co.
Jan. 15, 1963 stockholders authorized the company to issue $50,000,000 of general mortgage bonds. **Proceeds**—To acquire stock of Central of Georgia Ry.; retire first mortgage 3¾% bonds of Atlanta & Charlotte Air Line RR.; reimburse the treasury for capital expenditures and provide for additional capital expenditures. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly).

● Southern Union Gas Co.
March 27, 1963 it was reported that this utility plans to sell $5,000,000 of preferred stock and $5,000,000 of debentures in the first half of 1963 to help finance its $11,750,000 construction program. **Office**—1507 Pacific Ave., Dallas. **Underwriters**—Snow, Sweeny & Co., Inc., New York, and A. C. Allyn & Co., Chicago.

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 Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

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.

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 Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

Wisconsin Public Service Corp.
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **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.

S-L Mortgage Portfolios More Risky: McMurray

Federal Home Loan Bank Board Chairman, discussing quality of credit, contends rise in rate of mortgage foreclosures indicates ratio of surplus and reserves to savings associations' share accounts must be strengthened.

The need for increased attention by the savings and loan industry to the principles of sound business management was stressed by Federal Home Loan Bank Board Chairman Joseph P. McMurray, speaking before the 30th Anniversary Meeting of the Stockholders of the Federal Home Loan Bank of Cincinnati at the Sheraton-Gibson Hotel at Cincinnati on March 26. Growth has been so rapid in the past that the industry has not paid sufficient attention to the soundness of its gains in recent years, Mr. McMurray cautioned.

Joseph P. McMurray

Stating that the quality of credit is a matter of widespread concern among all kinds of lenders, including those specializing in mortgages, the Board Chairman added, "Experience shows that the history of long upswings of business activity has been characterized by a progressive deterioration in the quality of credit. The question here then is, shall we as individuals or as a group allow ourselves to be carried along by the tides of time and the stage of our economic development and commit the same errors that have been committed in the past? I think this would be a denial of many of the things that we espouse in our private, if not our professional, lives.

"We ought to be able to learn from the past. The fact that you or someone else or all of you collectively have not yet been singed by the reduction in terms on mortgages is no reason to be complacent. This is an area to which you and we are going to have to give very serious consideration and attention. While individual institutions may claim that they have a less risky position than the average institution because they have a high proportion of VA and FHA mortgages, the fact remains that portfolios have obviously become more risky. If this were not the case, we could not account for the rise in rate of foreclosures which all lenders have experienced and which, I assume, savings and loan associations have experienced too. Today, therefore, we actually need a higher ratio of reserves and surplus to share accounts than we did 10 or 15 years ago.

"The question of capital adequacy is one that has plagued the financial field for many years. There have been a variety of attempts in the banking field to develop a sophisticated formula for measuring capital adequacy. Some contain instructive lessons which, apparently, have been learned by various savings and loan managers as reflected in letters that we receive in the Board's offices. Whether or not you prefer a sophisticated or a naive formula, one thing is clear—the ratio of surplus and reserves to share accounts has been declining for some time.

"This is buttressed further by the fact that the ratio of loans to purchase price has increased perceptibly every year for some years. No matter what kind of formula we choose then, the average association should increase its ratio of net worth to share accounts. The increased risk is all too evident, and if some action is not taken by the associations along these lines, the support that they have in Congress and among other government agencies for broadened lending and investing powers and other privileges will inevitably decline. So here, too, you face a challenge—a challenge that is not independent of the cost of money and the rate of return on mortgages."

The Chairman also referred to the matter of expenses, stating that management faces a real challenge in this respect. He noted that the average expense ratio for the Nation is 1.4%, but pointed out that there are a number of States, some with fair growth rates, which have average ratios of 1.1% for all or a substantial group of associations.

Turning to the subject of liquidity, Mr. McMurray said, "At the end of the war, associations had an unbelievably high ratio of cash and governments to share accounts—about 40% of your share accounts being in the form of cash and government securities. The banks, relatively, were in a comparable position, having had, at that time, very low loan ratios. It was inevitable that all of our financial institutions should have had an increase in their loan ratios and a reduction in their cash and governments as the economy expanded.

"While the average ratio of cash and governments for associations is currently about 11 to 12%, it is somewhat less than satisfactory in a good many individual cases. It barely escapes touching the legal minimum for a great many institutions. This is not a very satisfactory situation, particularly in a period when the risk of mortgage lending has increased substantially."

Mr. McMurray said that the Board had responded to the criticism that the savings and loan industry was not supervised with sufficient firmness by taking a number of actions to tighten supervision. "I think, in terms of regulation, one of the important things we have done is to limit loans to one borrower. That regulation, incidentally, becomes effective today. We have taken a variety of other steps which I need not mention now. We have proposed or are proposing legislation which will further improve the supervisory environment. It is in this connection that I think your assistance and your understanding are essential and important.

"Let me say that in large measure your stature as individuals and as an industry rests with you. You can best give this expression by endorsing the endeavors of the Board to create an environment which enforces probity upon those who would not behave with circumspection unless they were compelled to do so. Let me say, too, that without this kind of probity, many of the aims to which you aspire will be outside your reach. It has taken great endeavor by the Board and our staff to convince other agencies of government and interdepartmental committees that the Board is proceeding along a course that will induce the type of behavior that I have been talking about. Without such a program for action, we would never have had the expansion of lending on multi-family dwellings and we would never receive some endorsements that we are about to gain."

American Gas Association Plans To Move April 1

The American Gas Association will be the first tenant to move into 605 Third Ave., New York City, on April 1. A. G. A. will be leaving the Graybar Building, 420 Lexington Ave., where it has had its headquarters for 35 years.

The national trade association of the gas industry will occupy the entire fourth floor of the new building. The 44-story structure is the latest completed addition to the fast-changing Third Avenue skyline.

A. G. A., which was formed in 1918, has had its headquarters in the Graybar Building since 1927. The association also operates testing and research laboratories in Cleveland and Los Angeles and an office in Washington.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

	Date	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Mar. 23	2,330,000	2,225,000	2,086,000	2,394,000
Index of production based on average weekly production for 1957-1959	Mar. 23	125.1	119.4	112.0	128.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 15	7,437,060	7,459,810	7,440,510	7,363,310
Crude runs to stills—daily average (bbls.)	Mar. 15	8,673,000	8,813,000	8,884,000	8,271,000
Gasoline output (bbls.)	Mar. 15	29,819,000	29,447,000	30,812,000	29,187,000
Kerosene output (bbls.)	Mar. 15	3,433,000	3,061,000	3,890,000	3,065,000
Distillate fuel oil output (bbls.)	Mar. 15	15,857,000	15,852,000	16,120,000	14,351,000
Residual fuel oil output (bbls.)	Mar. 15	6,280,000	6,470,000	6,469,000	6,123,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Mar. 15	211,865,000	211,754,000	204,942,000	207,952,000
Kerosene (bbls.) at	Mar. 15	20,973,000	22,242,000	24,243,000	23,985,000
Distillate fuel oil (bbls.) at	Mar. 15	81,526,000	83,402,000	99,826,000	89,989,000
Residual fuel oil (bbls.) at	Mar. 15	43,245,000	43,522,000	45,770,000	38,064,000
Unfinished oils (bbls.) at	Mar. 15	81,132,000	81,660,000	81,256,000	80,544,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 16	517,213	517,757	512,084	545,434
Revenue freight received from connections (no. of cars)	Mar. 16	506,074	520,207	501,062	521,228
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 16	7,100,000	*7,385,000	8,215,000	8,328,000
Pennsylvania anthracite (tons)	Mar. 16	380,000	363,000	333,000	360,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Mar. 21	$522,500	$463,700	$527,300	$292,800
Private	Mar. 21	312,800	258,700	332,000	186,700
Public	Mar. 21	209,700	205,000	195,300	106,100
State and Municipal	Mar. 21	203,500	172,300	171,200	94,400
Federal	Mar. 21	6,200	32,700	24,100	11,700
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Mar. 16	103	92	89	99
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 23	16,860,000	16,845,000	17,489,000	15,879,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 21	295	348	310	351
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 18	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Mar. 18	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	Mar. 18	$27.50	$27.50	$27.83	$31.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 22	30.600c	30.600c	30.600c	30.600c
Export refinery at	Mar. 22	28.450c	28.425c	28.425c	28.525c
Lead (New York) at	Mar. 22	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	Mar. 22	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	Mar. 22	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Mar. 22	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Mar. 22	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Mar. 22	109.250c	109.125c	108.125c	123.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 26	89.94	90.23	90.09	88.50
Average corporate	Mar. 26	89.23	89.23	89.23	86.78
Aaa	Mar. 26	93.23	93.23	93.23	90.63
Aa	Mar. 23	91.34	90.91	90.77	88.54
A	Mar. 26	89.51	89.51	89.37	86.24
Baa	Mar. 26	83.79	83.79	83.79	82.15
Railroad Group	Mar. 26	86.91	86.65	86.38	84.04
Public Utilities Group	Mar. 26	90.63	90.63	90.63	87.59
Industrials Group	Mar. 26	90.48	90.63	90.63	88.95
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 26	3.77	3.72	3.74	3.84
Average corporate	Mar. 26	4.47	4.47	4.47	4.65
Aaa	Mar. 26	4.19	4.19	4.19	4.37
Aa	Mar. 26	4.32	4.35	4.36	4.52
A	Mar. 26	4.45	4.45	4.46	4.69
Baa	Mar. 26	4.88	4.88	4.88	5.01
Railroad Group	Mar. 26	4.64	4.66	4.68	4.86
Public Utilities Group	Mar. 26	4.37	4.37	4.37	4.59
Industrials Group	Mar. 26	4.38	4.37	4.37	4.49
MOODY'S COMMODITY INDEX	Mar. 26	369.8	366.8	369.7	367.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 16	348,758	383,719	327,632	320,552
Production (tons)	Mar. 16	359,677	353,698	350,760	357,627
Percentage of activity	Mar. 16	97	95	95	97
Unfilled orders (tons) at end of period	Mar. 16	483,509	496,459	445,771	467,678
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Mar. 22	112.77	*112.89	113.86	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	Mar. 1	2,429,930	2,183,200	2,846,980	2,020,040
Short sales	Mar. 1	439,480	459,770	651,620	451,290
Other sales	Mar. 1	1,983,420	1,563,260	2,164,110	1,655,180
Total sales	Mar. 1	2,422,900	2,023,030	2,815,730	2,106,470
Other transactions initiated off the floor—					
Total purchases	Mar. 1	350,790	445,500	556,310	245,650
Short sales	Mar. 1	31,300	36,200	40,200	14,900
Other sales	Mar. 1	371,240	367,100	480,250	215,460
Total sales	Mar. 1	402,540	403,300	520,450	230,360
Other transactions initiated on the floor—					
Total purchases	Mar. 1	880,333	800,885	1,154,027	629,485
Short sales	Mar. 1	91,270	121,104	122,770	56,370
Other sales	Mar. 1	742,095	736,340	993,409	859,505
Total sales	Mar. 1	833,365	857,444	1,116,179	915,875
Total round-lot transactions for account of members—					
Total purchases	Mar. 1	3,661,053	3,429,585	4,557,317	2,895,175
Short sales	Mar. 1	562,050	617,074	814,590	522,560
Other sales	Mar. 1	3,096,755	2,666,700	3,637,769	2,730,145
Total sales	Mar. 1	3,658,805	3,283,774	4,452,359	3,252,705
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	Mar. 1	1,392,110	1,207,296	1,596,474	1,542,938
Dollar value	Mar. 1	$69,167,715	$57,923,333	$77,624,577	$80,715,763
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Mar. 1	1,744,262	1,504,158	1,838,835	1,553,125
Customers' short sales	Mar. 1	25,372	17,910	12,444	10,008
Customers' other sales	Mar. 1	1,718,890	1,486,248	1,826,391	1,543,117
Dollar value	Mar. 1	$84,599,491	$71,908,195	$87,613,091	$78,075,868
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 1	709,960	597,010	672,370	490,530
Short sales	Mar. 1	------	------	------	------
Other sales	Mar. 1	709,960	597,010	672,370	490,530
Round-lot purchases by dealers—Number of shares	Mar. 1	312,810	275,250	417,010	480,960
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	Mar. 1	872,850	863,500	1,026,370	632,520
Other sales	Mar. 1	18,772,420	16,514,930	20,989,530	14,815,130
Total sales	Mar. 1	19,645,270	17,378,430	22,015,900	15,447,650
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Mar. 19	99.9	100.0	100.2	100.6
Farm products	Mar. 19	95.6	*95.4	97.0	98.7
Processed foods	Mar. 19	99.1	*99.1	100.2	101.3
Meats	Mar. 19	88.6	88.8	92.1	95.6
All commodities other than farm and foods	Mar. 19	100.6	100.7	100.6	100.7

*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. (na) Not available.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of December:			
Total domestic production (barrels of 42 gallons each)	262,084,000	255,109,000	259,009,000
Domestic crude oil output (barrels)	228,824,000	223,220,000	226,635,000
Natural gasoline output (barrels)	33,249,000	31,876,000	32,361,000
Benzol output (barrels)	11,000	13,000	13,000
Crude oil imports (barrels)	31,349,000	33,266,000	29,221,000
Refined product imports (barrels)	37,236,000	31,578,000	30,980,000
Indicated consumption domestic and export (barrels)	351,636,000	320,813,000	342,554,000
AMERICAN RAILWAY CAR INSTITUTE—Month of February:			
Orders of new freight cars	5,976	4,098	1,466
New freight cars delivered	3,074	2,445	2,690
Backlog of cars on order and undelivered (end of month)	19,952	17,565	17,736
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Total new construction	3,955	*4,304	3,773
Private construction	2,900	*3,131	2,679
Residential buildings (nonfarm)	1,532	*1,754	1,472
New housing units	1,140	*1,306	1,078
Additions and alterations	294	*326	298
Nonhousekeeping	98	102	96
Nonresidential buildings	869	899	835
Industrial	235	241	224
Commercial	368	382	346
Office buildings and warehouses	217	227	183
Stores, restaurants and garages	151	155	163
Other nonresidential buildings	266	276	265
Religious	75	80	76
Educational	48	50	48
Hospital and institutional	77	77	69
Social and recreational	48	51	52
Miscellaneous	18	18	20
Farm construction	94	*92	90
Public utilities	385	*383	355
Telephone and telegraph	79	*73	66
Other public utilities	306	310	289
All other private	20	23	17
Public construction	1,055	*1,173	1,004
Residential buildings	68	*69	83
Nonresidential buildings	355	*384	353
Industrial	(na)	*30	31
Educational	208	233	208
Hospital and institutional	28	*30	27
Administrative and service	42	45	45
Other nonresidential buildings	46	*46	42
Military facilities	(na)	(na)	70
Highways	(na)	*338	241
Sewer and water systems	121	*131	114
Sewer	73	*79	68
Water	48	52	46
Public service enterprises	24	27	27
Conservation and development	(na)	*102	89
All other public	26	28	27
BUSINESS FAILURES—DUN & BRADSTREET INC.—Month of February:			
Manufacturing number	199	244	216
Wholesale number	136	136	151
Retail number	629	582	625
Construction number	228	183	251
Commercial service number	112	113	110
Total number	1,304	1,258	1,353
Manufacturing liabilities	$26,971,000	$56,054,000	$25,023,000
Wholesale liabilities	11,918,000	36,506,000	9,236,000
Retail liabilities	26,098,000	29,552,000	24,611,000
Construction liabilities	22,530,000	31,113,000	26,495,000
Commercial service liabilities	7,198,000	7,738,000	5,134,000
Total liabilities	$94,715,000	$160,963,000	$90,499,000
COAL OUTPUT (BUREAU OF MINES)—Month of February:			
Bituminous coal and lignite (net tons)	33,065,000	36,160,000	32,970,000
Pennsylvania anthracite (net tons)	1,376,000	1,611,000	1,519,000
COPPER INSTITUTE—For month of February:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	107,931	*115,149	112,253
Refined (tons of 2,000 pounds)	141,243	130,883	146,709
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	123,176	*134,995	125,377
Refined copper stocks at end of period (tons of 2,000 pounds)	115,890	114,112	77,962
COTTON GINNING (DEPT. OF COMMERCE):			
March, 16 running bales	14,859,925	------	14,324,508
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of February:			
Weekly earnings—			
All manufacturing	$97.20	$97.44	$95.20
Durable goods	105.82	*106.08	103.53
Nondurable goods	86.02	*86.46	84.28
Hours—			
All manufacturing	40.0	40.1	40.0
Durable goods	40.7	*40.8	40.6
Nondurable goods	39.1	*39.3	39.2
Hourly earnings—			
All manufacturing	$2.43	$2.43	$2.43
Durable goods	2.60	2.60	2.61
Nondurable goods	2.20	2.20	2.16
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of February (1957-59 = 100)	74.9	74.0	78.8
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of February (000's omitted):			
Ordinary	$4,571	$4,108	$4,280
Industrial	560	972	565
Group	1,121	513	1,080
Total	$6,252	$5,593	$5,925
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK—Month of February	£39,646,000	£41,569,000	£41,904,000
NEW YORK STOCK EXCHANGE—			
As of February 28 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$4,355,000	$4,236,000	$4,100,000
Credit extended to customers	23,000	28,000	34,000
Cash on hand and in banks in U. S.	422,000	414,000	421,000
Total of customers free credit balances	1,191,000	1,199,000	1,190,000
Market value of listed shares	354,325,151	363,215,228	383,423,559
Member borrowings of U. S. Govt. issues	843,000	[illegible]	[illegible]
Member borrowings on other collateral	3,175,000	3,025,000	2,940,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Dec.	7,221	7,553	6,151
PORTLAND CEMENT (BUREAU OF MINES)—Month of January:			
Production (barrels)	18,289,000	22,940,000	17,051,000
Shipments from mills (barrels)	14,418,000	16,607,000	13,525,000
Stocks at end of month (barrels)	42,261,000	38,511,000	39,792,000
Capacity used (per cent)	47	59	46

The State of TRADE and INDUSTRY

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past strike-hedge patterns. But the 90 days of grace created by mandatory advance notice made it possible for users to delay their plans.

The inventory buildup is coming on top of an apparent strengthening of demand for steel for direct consumption. The major markets are holding up well, and seasonal factors are coming in for more attention. Bad weather in much of the country has delayed construction and farm markets. But momentum is picking up in these areas as the weather warms.

With new orders coming in at a pace similar to that of the 1962 buildup, steel operating rates are likely to move up substantially in April.

Inventory hedging is taking two forms. The big, (and well-financed) users are ordering now for their own stockpiles. Some automotive tonnage, for example, is being shipped directly to warehouses for storage. Smaller consumers are counting heavily on advance ordering for protection if and when a notice to reopen the contract is given. Virtually all steel users are now forced to order further ahead.

Products most likely to get tight are wide sheets, galvanized, and wide plates. Some sheet mills, particularly in the Midwest, are running at close to capacity now. Buyers in the Midwest are now placing orders for sheet with out-of-area mills.

First Quarter Auto Output Seen Reaching 9.1% Gain Over Year Ago Quarter

Auto production in the U. S. last week rose 2.4% from a week ago, *Ward's Automotive Reports* said.

The statistical agency said 154,346 cars were scheduled for final assembly through March 23, 1963, compared with 150,963 units produced in the prior week. In the corresponding week of a year ago, 140,423 cars were made.

Ward's also said that output for entire March, and similarly, for the entire first quarter of the year is now certain to be third-best in history. About 640,000 units are expected for the month and the first-quarter total will reach 1,928,000, rising 9.1% from a year ago.

Of last week's passenger car making, General Motors accounted for approximately 55.2%; Ford Motor Co., 24.0%; Chrysler Corp., 13.1%; American Motors, 6.8%, and Studebaker 0.9%.

Rail Freight Drops 5.2% Below Year-Ago Week

Loading of revenue freight in the week ended March 16, totaled 517,213 cars, the Association of American Railroads announced. This was a decrease of 544 cars or one-tenth of 1% below the preceding week. Flood conditions seriously affected coal loading in the Pocahontas and Southern districts.

The loadings represented a decrease of 28,221 cars or 5.2% below the corresponding week in 1962, but an increase of 10,630 cars or 2.1% above the corresponding week in 1962, but an increase of 10,630 cars or 2.1% above the corresponding week in 1961.

There were 15,617 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended March 9, 1963 (which were included in that week's over-all total). This was an increase of 1,814 cars or 13.1% above the corresponding week of 1962 and 4,648 cars or 42.4% above the 1961 week.

Cumulative piggyback loadings for the first 10 weeks of 1963 totaled 138,724 cars for an increase of 15,901 cars or 12.9% above the corresponding period of 1962, and 37,567 cars or 37.1% above the corresponding period in 1961. There were 61 Class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 58 in the corresponding week in 1961.

Weather Blamed for Truck Tonnage Decline

Intercity truck tonnage in the week ended March 16 was 1.3% below the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 0.9% behind the volume for the previous week of this year. Both the year-to-year and week-to-week decreases can be attributed to the occurrence of snow, floods and tornadoes, at different points over the country, in the reported week.

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 11 localities, with 23 points reflecting decreases from the 1962 level. Trucking centers at five points registered tonnage gains ranging from 11.1 to 22.8%, while one area, St. Louis, reflected a decrease of 12.6%.

Compared with the immediately preceding week, 15 metropolitan areas registered increased tonnage, while 19 areas reported decreases.

Lumber Data Unavailable

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

Electric Output Rises to 6.2% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 23, was estimated at 16,860,000,000 kwh., according to the Edison Electric Institute. Output was 15,000,000 kwh. more than the previous week's total of 16,845,000,000 kwh., and 981,000,000 kwh. above the total output of the comparable 1962 week, or an increase over the year ago week of 6.2%.

Downswing in Failures From Week-Earlier Peak

After surging to a nine-month high of 348 in the preceding week, business failures dropped to 295 in the week ended March 21, reported Dun & Bradstreet, Inc. Casualties slipped appreciably lower than a year ago when 351 occurred or in 1961 when there were 359. As well, they fell 16% short of the pre-war toll of 350 in the comparable week of 1939.

Failures involving liabilities of $100,000 or more edged to 45 from 51 last week but remained higher than a year earlier when 37 concerns succumbed in this size group. The week's downturn was concentrated among casualties with losses under $100,000 which dropped to 250 from 297 in the previous week and 314 last year.

Manufacturing failures plunged to 44 from 68 a week earlier, retailing to 143 from 167, and service to 21 from 33. On the other hand, the toll among construction contractors changed little, inching to 51 from 53, and the toll among wholesalers took a contrasting increase to 36 from 27. No industry or trade group except wholesaling had as many casualties as last year.

In seven of the nine major geographic regions, business tolls declined in the week just ended. Failures in the Middle Atlantic States dipped to 71 from 84, in the South Atlantic to 41 from 51, in the East North Central to 76 from 82, and in the Pacific to 58 from 66. The only exceptions to this general trend were the West South Central States, steady at 15, and the Mountain States, up to 11 from 7. Regional trends from comparable 1962 levels, however, were mixed. Tolls dropped from last year in five areas, with the steepest decline in the Middle Atlantic Region. In four areas, casualties ran above year-ago levels: the East North Central, South Atlantic, West South Central and Mountain States.

Canadian failures held at 51, about the same as last week's 50, but exceeded strongly the 31 reported in the similar week of 1962.

Wholesale Food Price Index Inches Up This Week

After slipping fractionally a week ago, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., moved up 0.3% to $5.79 on March 26 from $5.77 in the prior week. So far in March, the index has not varied by more than one or two cents from week to week. It remained 1.9% below the comparable 1962 level of $5.90.

The steepest climb occurred in sugar prices. Also quoted higher at wholesale markets were flour, bellies, lard, cottonseed oil, cocoa, steers, hogs and lambs. Price declines were registered in only five items—corn, rye, oats, barley and hams—but they came close to balancing the more numerous increases.

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.

Wholesale Commodity Price Index Inches Up From Two-Year Low

Although grain and silver prices eased, the general wholesale commodity price level inched up this Monday to 267.48, reported Dun & Bradstreet, Inc. Slight increases from a week earlier in the wholesale cost of lard, sugar and lambs lifted the index fractionally above the two-year low about which it has been hovering the last three weeks.

The Daily Wholesale Commodity Price Index edged to 267.48 (1930-32=100) on Monday, March 25, from 267.36 last week, but continued below its comparable month-ago level of 268.32 and year-ago level of 272.76.

Some Headway in Spring Buying

Despite cold rains and heavy wind storms, retail purchases scored moderately good gains in the week ended this Wednesday. Over-all volume continued to run ahead of last year's pace, although unexplainable lagging was reported in West Coast States. Spring interest bloomed strongest for childrens wear, millinery, decorative home furnishings, and piece goods. Garden and lawn equipment sales perked up appreciably in warmer areas, along with housewares, hardware, building materials. Consumers were buying autos at the fastest rate for March since 1956.

The total dollar volume of retail trade in the week ended Wednesday, March 20, ranged from 4 to 8% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: Pacific and Mountain —1 to +3; East South Central 0 to +4; New England +1 to +5; East and West North Central +2 to +6; South Atlantic +3 to +7; West South Central +5 to +9; Middle Atlantic +6 to +10.

Nationwide Department Store Sales Rise 4% Above 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 4% the week ended March 16, compared with the like period in 1962.

In the four-week period ended March 16, 1963, sales gained +3% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended March 16, advanced 8% 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. The bargainers agreed to a settlement Friday, March 8, but on March 17 the N. Y. printers' rank-and-file rejected the publishers' contract by 1,621 to 1,557 votes.

Last Sunday, March 24, 1963, the "Big Six" reversed its previous week's vote. As of this writing, all other unions have also accepted new contracts with the newspaper publishers and publication of all newspapers is expected to commence today with the exception of the *New York Post* which had separately resumed publication last Feb. 28.

Other than the *New York Post's* Feb. 28 resumption of publication, New York City was without any major newspaper since Dec. 8. One can only speculate as to what department store sales might have been in the absence of the strike which, also, occurred in Cleveland two days earlier. Cleveland's weekly department store sales for the four-weeks ending March 16 were 2% below that for the same year-ago period but were up 3% last week compared to the year-ago week. New York City's department store sales were up 4% and 8% respectively.

For the year to the latest statement week (Jan. 1 to March 16, 1963), the two cities fell behind the overall average for the country as a whole in their sales' performance over the comparable period last year. The U. S. total year-to-year gain was 4% in the two and one-half months whereas Cleveland fell behind 1% and New York City's rise in sales was but 2%.

In contrast to the FRB department stores' 3% sales gain in the four weeks ending March 16, the Commerce Department reported *total retail sales,* unadjusted for seasonal variations, for the same four week period rose 7% compared to last year's level. The year-ago percent change for the current March 16th showed a similar gain of 7%. Retail sales "inched" to new records in both January and February, and March data encouragingly augur well for the trend to continue this month.

Appointed to Arbitration Panel

The American Arbitration Association has announced the appointment of four executives to its National Panel of Arbitrators. They are: Ezra J. Denerstein, senior vice president of Standard Financial Corp., New York; James L. Murphy, general partner in Reynolds & Co., San Francisco; Elias A. Sadallah, vice-president of Manufacturers Hanover Trust Co., New York, and James H. Shoemaker, vice president of the Bank of Hawaii, Honolulu.

The American Arbitration Association, which was founded in 1926, is a non-profit organization devoted to advancing the knowledge and use of voluntary arbitration. Its tribunals annually service over 7,000 labor-management, commercial and international trade disputes and automobile accident claims. For this purpose, AAA maintains a National Panel of Arbitrators consisting of experts in all trades and professions as well as leading specialists in labor-management relations. Association activities have been endorsed by the courts, public officials, civic and professional organizations and labor and management groups as a means of preserving good will in business relations and as a way of avoiding strikes.

George Christie Is Senior Economist for F. W. Dodge Corp.

George A. Christie has been appointed senior economist and head of the F. W. Dodge Corporation economics staff, Wallace F. Traendly, president of the construction news and marketing specialists, announced.

Mr. Christie succeeds Dr. Gordon W. McKinley who has been appointed to the newly created position of Vice-President-economics of the McGraw-Hill Publishing Company.

Mr. Christie has been a member of F. W. Dodge's economics staff since July, 1962. In addition to his duties of analyzing and forecasting economic conditions, especially as they apply to the construction industry, Mr. Christie is editor of *Building Business,* a monthly bulletin published by Dodge. He also writes two articles monthly for ARCHITECTURAL RECORD called "Construction Trends," one for the United States and one for the 11 states west of the Rocky Mountains.

Before joining Dodge, Mr. Christie was financial economist for Lehn & Fink Products Corporation, and before that a member of the Prudential Insurance Company's economics staff.

TAX-EXEMPT BOND MARKET

Continued from page 6

est cost, was made by Halsey, Stuart & Co., Inc. and associates.

Other major members of the winning group include Merrill Lynch, Pierce, Fenner & Smith, A. C. Allyn & Co., Inc., Goodbody & Co., Hornblower & Weeks, Wertheim & Co., Ladenburg, Thalmann & Co., J. C. Bradford & Co., Weeden & Co., Inc., Dominick & Dominick, Leedy, Wheeler & Alleman and Pierce, Carrison, Wulbern, Inc.

This block of bonds carried a 3.65% coupon and were offered at a dollar price of 101⅜ to yield approximately 3.55%. Investor demand was immediate with all of the bonds sold during the order period and the account marked closed. It is interesting to note that one of the leading services had seen fit to designate a low credit rating on this issue. However, it would seem that many buyers had found the security to be completely acceptable. The result was an immediate sellout upon reoffering.

Upper St. Clair Township School Authority, Pennsylvania sold, through negotiation, an issue of $3,847,000 Refunding School Revenue (1963-1986) bonds to the account headed by *Chas. G. Peelor & Co.* at a net interest cost of 3.38%.

Other members of this account include Halsey, Stuart & Company, Inc., Goldman, Sachs & Company, Thomas & Company, B. J. Van Ingen & Company, Inc., John Nuveen & Company, Ira Haupt & Company, Blair & Company, Inc., Stroud & Company, Singer, Deane & Scribner, Moore, Leonard & Lynch, A. E. Masten & Company, Cunningham, Schmertz & Company, Inc., Bache & Company, Schaffer, Necker & Company and Hess, Grant & Remington.

Reoffered to yield from 1.65% to 3.50%, all of the bonds were sold and the account marked closed.

Week's Major Transaction

Tuesday was an active day with four important issues up for public bidding. The largest loan of this week, $41,600,000 Commonwealth of Massachusetts (1964-2002) bonds, attracted two bidding groups with the syndicate headed jointly by the *Chase Manhattan Bank, Halsey, Stuart & Company, Inc., Lehman Brothers* and *Phelps, Fenn & Company* the high bidder at a net interest cost of 2.846%. The other bid, a 2.852% net interest cost, came from the First National City Bank, First National Bank of Chicago, Bankers Trust Company and First Boston Corporation and associates.

Other major members of the successful syndicate include Chemical Bank New York Trust Company, Salomon Brothers & Hutzler, Blyth & Company, Goldman, Sachs & Company, The Northern Trust Company, Eastman Dillon, Union Securities & Company, The Philadelphia National Bank, R. W. Pressprich & Company, Blair & Company, Inc., First National Bank of Boston, Mercantile Trust Company, St. Louis, Seattle-First National Bank, Ladenburg, Thalmann & Company, Bear, Stearns & Company, Carl M. Loeb, Rhoades & Company, Shields & Company, Hornblower & Weeks, Equitable Securities Corporation, B. J. Van Ingen & Company, Inc., Wertheim & Company, G. H. Walker & Company, Hemphill, Noyes & Company, Weeden & Company, Connecticut Bank and Trust Company and First of Michigan Corporation.

Reoffered to yield from 1.50% to 3.25% for 2.80% and 3% coupons, initial investor demand has been light, with the present balance in syndicate $15,005,000.

The *Chase Manhattan Bank* and associates submitted the best bid, a 3.0778% net interest cost for $10,260,000 Macomb County, Michigan Drainage District (1964-1993) bonds. The runner-up bid, a 3.1479% net interest cost, was made by the account headed jointly by First of Michigan Corporation, Blyth & Company and Braun, Bosworth & Company.

Other members of the winning group include the Continental Illinois National Bank and Trust Company, First National Bank of Oregon, the First Western Bank and Trust Company, Paribas Corporation, Gregory & Sons, Dick & Merle-Smith, Federation Bank and Trust Company, Fidelity Union Trust Company, Newark, First National Bank of Memphis, Walston & Company, Mercantile National Bank, Dallas, and National Bank of Commerce, Seattle.

The bonds were offered to yield from 1.60% in 1964 to 3.40% in 1991 and once again investor demand was hard to uncover, with only $2,400,000 of the bonds sold. The 1992 and 1993 maturities carried a ⅛ of 1% coupon and were offered at a 4.15% yield and are presently available.

High Popularity Reflected in Volume of Bids

Charlotte, North Carolina, an infrequent borrower, awarded $8,000,000 various purpose (1964-1990) bonds to the *Wachovia Bank and Trust Company* and associates on a net interest cost bid of 2.9163%. The runner-up bid, a 2.93% net interest cost, came from the account headed jointly by Morgan Guaranty Trust Company and the First National Bank of Chicago and there were also ten additional groups which bid for this popular issue.

Associated with the Wachovia Bank and Trust Company as major underwriters are Mellon National Bank and Trust Company, Dominick & Dominick, First National Bank in St. Louis, Republic National Bank, Dallas, Industrial National Bank of Rhode Island and First National Bank of Memphis.

Scaled to yield from 1.55% in 1964 to 3.05% in 1987, initial demand has sold the balance down to $3,900,000. The 1988 to 1990 maturities carried a 1/10 of 1% coupon and were sold pre-sale.

The final sale on Tuesday involved $3,281,000 Huntington and Smithtown, New York, Union Free School District No. 10 (1964-1992) bonds with the account headed by *Bankers Trust Company* submitting the best bid, 100.139 for a 3.10% coupon. The runner-up bid, 100.06 also for a 3.10% coupon came from the account headed jointly by Franklin National Bank of Long Island and Eastman Dillon, Union Securities & Company.

Other members of the successful account are First National City Bank, Morgan Guaranty Trust Company, Merrill Lynch, Pierce, Fenner & Smith and the Federation Bank and Trust Company. Reoffered to yield from 1.70% to 3.30%, the present balance is $2,025,000.

Wednesday was another big day, with three issues of importance on the calendar. The group formed by *White, Weld & Company, Blyth & Company, Glore, Forgan & Company and Merrill Lynch, Pierce, Fenner & Smith* submitted the best bid, a 3.3959% net interest cost for $15,000,000 Electric Revenue (1965-1999) bonds of the Puerto Rico Water Resources Authority. Second best bid for the bonds, a 3.404% net interest cost, came from The First Boston Corporation and associates.

The securities are offered at prices to yield from 1.80% to 3.45% for various coupons. Initial bank and insurance company demand has been fair, with the present balance totaling $9,250,000.

Columbus Issue Off to Good Start

A large syndicate headed jointly by *Harris Trust and Savings Bank, Chase Manhattan Bank, Continental Illinois National Bank and Trust Company, Bankers Trust Company* and *First National Bank of Chicago* submitted the best bid, a 2.952% net interest cost, for $18,178,000 Columbus, Ohio, various purpose limited and unlimited tax (1964-1998) bonds. The second best bid for the offering, a 2.958% net interest cost, came from the syndicate headed by Halsey, Stuart & Company, Inc., and Smith, Barney & Company.

The bonds are reoffered to yield from 1.60% in 1964 to 3.25% in 1988 and initial sales have amounted to about $13,000,000. The bonds maturing from 1989 to 1998 were sold pre-sale.

This week's final notable offering was $4,355,000 City of Salem, Oregon, general obligation (1968-1985) bonds. The account headed by *Blyth & Company* was the successful bidder at a net interest cost of 2.8991% which just covered the second bid which figured a 2.8999% net interest cost made by The Northern Trust Company and associates.

Other major members of the winning account include The First Boston Corporation, Seattle-First National Bank, Harriman Ripley & Company, Inc. and R. W. Pressprich & Company.

The bonds were offered to yield from 2.15% in 1968 to 3.05% in 1985 and first day orders have amounted to about $3,160,000. The 1986 maturity carried a 1/10 of 1% coupon and was offered at a 4.00% yield.

Slight Decline in Dollar Bond Prices Due to Profit-Taking

The dollar quoted long term toll highway, toll bridge, public utility, authority and other so-called revenue bond issues have given a little ground, on the average, during the last week. Those issues which have met with unusual investor interest recently have met with some profit taking. Grant County, Washington PUD 3⅞s; Illinois Toll Road 3¾s; Indiana Toll Road 3½s; Kansas Turnpike 3⅜s; New Jersey Turnpike 3⅜s; Pennsylvania Turnpike 3.10s; Texas Turnpike 2⅞s; Virginia Toll 3s and other issues fell off from ½ to 1 point in this week's dealings. The *Commercial and Financial Chronicle's* Revenue Bond Index moved from 3.369% a week ago to 3.389% on March 27. The increased yield represents an average market setback of about ⅜ of a point. Some little further correction may occur before a turnabout is effected.

As the weather shows improvement, further revenue gains seem likely to be recorded by most of the toll roads and bridges. The past winter, one of our severest, did not break the record of financial progress being made by most of these projects. Net gains as against previous years were regularly racked up. In the months ahead we expect that most of these closed end toll road issues will reflect a better market performance than the general market.

Current News in the Field

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

NEW FIRMS

ALBUQUERQUE, N. Mex. — The firm name of Hyder, Rosenthal & Company, 112 Second Street, Southwest, has been changed to **Hyder and Company.**

BROOKLYN, N. Y.—**Sol E. Perry,** 845 Flatbush Avenue.

BROOKLYN, N. Y.—**Trio Financial Planning,** 157 Warren Street.

COLUMBUS, Ohio—**Bernard and Company,** 64 East Broad Street. John A. Bernard is proprietor.

COLUMBUS, Ohio—**Hallmark Securities Company,** 1395 Grandview Avenue. Karl J. Oppenheim is a principal.

IAEGER, W. Va.—**Bailey & Cooke,** R. Bruce Cooke is a principal of the firm.

MIAMI, Fla.—The firm name of Givens, Marx & Co., Inc., Ainsley Building, has been changed to **R. B. Marx & Co., Inc.**

NEW YORK CITY — **Arnold Securities Corp.,** 170 Broadway.

NEW YORK CITY—**Dalman, Inc.,** 28 Platt Street.

NEW YORK CITY—**Edulian and Fabrikant,** 125 East 50th Street. Partners are Arthur V. Edulian and Martin Fabrikant.

NEW YORK CITY—**Maxwell Ohlman & Company,** 120 Broadway. Partners are Maxwell Ohlman and Miriam F. Ohlman.

NEW YORK CITY—**Vogel-Lorber, Inc.,** 176 Broadway.

ROCHESTER, N. Y.—**Key Equity Planning, Inc.** 3321 St. Paul Blvd.

STORM LAKE, Iowa — **Fidelity Securities Corporation,** 5th & Cayuga Streets. Richard Gaffney is a principal of the firm.

TACOMA, Wash. — **Forrester Investment Brokers, Inc.,** 913 Pacific Avenue. Paul Hebert is a principal of the firm.

TEANECK, N. J.—The firm name of Espy & Wanderer, Inc., Garden State National Bank Building, has been changed to **T. F. Wanderer & Company, Inc.**

WANTAGH, N. Y.—**New Industry Capital Corp.** 1228 Wantagh Ave.

NEW BRANCHES

BORGER, Texas—**Uhlmann & Co., Inc.,** 531 North Deahl. Billy R. Balance is registered representative in charge.

BRISTOL, Va.—**Bache & Co.** 903 Park Street. Walker M. Slaughter, Jr. is resident manager.

CLEVELAND HEIGHTS, Ohio—**Hallmark Securities Company,** 2490 Lee Boulevard.

DANVILLE, Calif. — **Beckman & Co., Inc.,** 220 Linda Mesa Avenue. Robert G. Parker is in charge of the new office.

ELK GROVE, Calif.—**Beckman & Co., Inc.,** 8996 Elk Grove Blvd. Bryan Miles is manager.

FAIRFIELD, Conn. — **Lubetkin, Regan & Kennedy,** 85 Meadowcrest Drive. Marshall R. Friedman is representative in charge.

HACKENSACK, N. J. — **Montgomery, Scott & Co.,** 214 Main St. Robert F. Gerrie is resident manager. He formerly was manager of the local office of Joseph Walker & Co.

MARIETTA, Ga. — **McNeel and Company,** 423 South Four Lane Highway. Lowery T. Hagood, Jr. is resident manager.

MORGANTOWN, W. Va.—**Bache & Co.,** Monongahela Building. Peter MacCurrach, Jr. is resident manager.

PUTNEY, Vt. — **F. S. Moseley & Co.,** R.F.D. No. 2, Dumberston Center. David S. McBean is representative in charge.

DIVIDEND NOTICES

CLASSIFIED

WASHINGTON AND YOU

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

WASHINGTON, D. C.—There are many thousands of stockholders in newspapers in this country. They have watched the long strikes by printers in New York and Cleveland with an apprehensive eye.

Newspapers, regardless of their strength and character and public performance, operate in a highly sensitive area of our economy. Their income usually rises and falls with the up and down economy of the community.

Recently a highly placed newspaper executive in New York was a little depressed as he talked with a group of friends in the Nation's Capital. The publishing official has devoted his life to the newspaper publishing field.

He expressed serious doubt in his private conversation that all the existing New York newspapers could survive as a result of the new contract terms which brought an end to the long strike. At the same time, he was concerned for the stockholders in some of the newspapers which are links in national newspaper groups.

1,760 Dailies

Here is Washington, long hearings are underway before the Celler Antitrust Subcommittee of the House Judiciary Committee concerning newspaper and news media ownership. The hearings, like most hearings, have brought out that not all of the daily newspaper business in this country, is all black or all white.

Stanword Smith, general manager of the American Newspaper Publishers Association, a trade organization, testified recently that the newspaper business is actually a growing and enterprising medium of news and advertising. The ANPA spokesman said the records show there are 1,760 daily newspapers in the United States and they have an all-time high of 59,848,688 daily circulation. Furthermore, the number of cities served by local daily newspapers has increased to a high of 1,461.

Chairman Emanuel Celler and some of his colleagues on the committee and in the Federal Government in Washington say they are concerned with the declining number of cities without competing newspapers. Chairman Newton N. Minow of the Federal Communications Commission contends that lack of competing newspapers is a "disturbing trend." Mr. Minow's first interest, of course, is for radio and television.

Newsprint Prices Stable

Chairman Celler is apparently convinced that newsprint prices in the past have had a substantial part in more and more newspaper mergers. When ANPA General Manager Smith was on the witness stand, the New York Congressman probed a great deal in the area of newsprint prices.

However, Mr. Smith brought out that the price of newsprint has not gone up since 1957. J. W. Markham, Professor of Princeton University's Economics Department, said a study shows that the rising cost of newspaper publication is labor costs.

Between 1947 and 1961 newsprint consumption rose 54%, and the number of employees increased by 45%, Professor Markham declared.

Congressman Celler Blames "Newsprint Cartel"

The newsprint industry in Canada and the U. S. sharply dislike the comment that Chairman Celler made at one of the hearings. Representative Celler wanted to know if the American Newspaper Publishers Association had done anything about what Mr. Celler called the "newsprint cartel" which "holds the newsprint business in a sort of a vise."

The newsprint industry vigorously denies that a "newsprint cartel" exists. Most of the newsprint used in this country is imported from Canada, but more and more is being made in this country because the source of pulpwood is increasing all the time. More and more hardwood is being used to make paper. A number of large paper mills in the Far South are manufacturing newsprint.

Chairman Celler, in pressing for information relative to newsprint, inquired as to whether the ANPA had ever made a complaint to the Department of Justice concerning the prices of newsprint. No complaint has been made, said the spokesman. Whereupon Chairman Celler maintained that the publishers association should conduct a sweeping inquiry into newsprint prices.

It was brought out in the testimony that the cost of newsprint per ton was $51 a ton at the beginning of the war year of 1943, and by the end of that year the price had climbed to $59. However, the prices continued to rise, and by 1957 the cost was $135 a ton.

Publishers Linked to "Conspiracy"

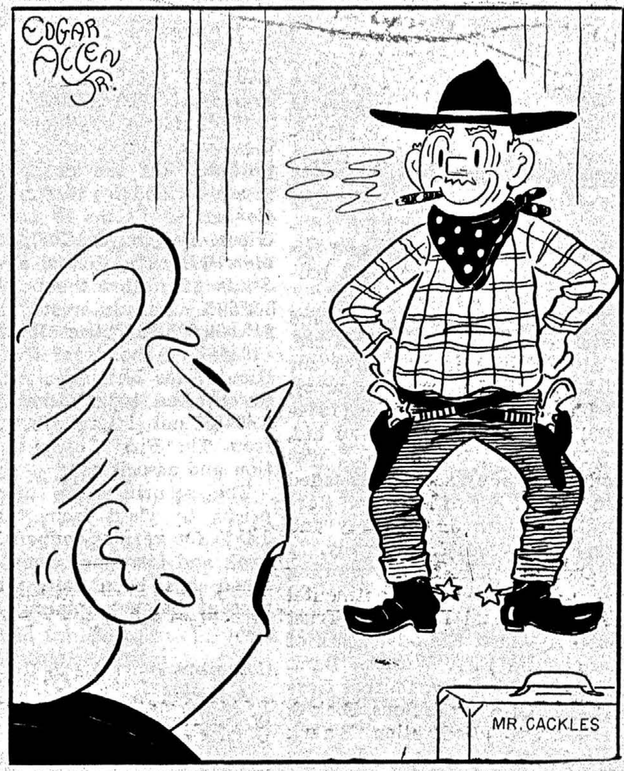
Mr. Celler indicated he thinks some newspaper publishers are a part of what he described as "this cartel."

"I do not know," said Chairman Celler, "and I do not think you can point out any kind of a product that has had such advancements and such enhancements in price as has newsprint in 20 years."

Chairman Celler insists that the hearings, which will last several additional days in Washington, and later scheduled in some scattered cities, are designed solely to determine the cause of the decline in the number of newspapers.

The President of the Times Mirror Company of Los Angeles, Norman Chandler, told the Congressional Committee that his company decided to stop publication of the afternoon "Mirror" simply because the newspaper had cost his company $25,728,285 since its founding in 1948 to Jan. 5, 1962.

For several years, Mr. Chandler's profitable morning "Los Angeles Times" has carried more total advertising lineage than any newspaper in America.



"I KNOW you are going to the Texas Group of the I. B. A. Convention in Dallas—but do you mind a little suggestion?"

Practices of Labor Unions Raised By Industry Spokesman

The ANPA came up with a prepared statement concerning labor union practices that Congress repeatedly shies away from. It is a subject right down the Celler Antitrust Committee's legislative alley, but it is unlikely anything will be done about it at this session.

"We suggest," said the ANPA to the House Judiciary Subcommittee, "that in light of the unfortunate events of the past few months involving strikes against several large newspapers that the Subcommittee has a duty to reach a determination as to whether these labor union exemptions from the antitrust laws are compatible with the current national public interest.

"We know of no way in which the Subcommittee can investigate increasing costs of labor in newspaper publishing without an inquiry into this field. It may be determined that the labor unions' demands have been reasonable and that their approach to collective bargaining has in no way violated antitrust principles. Were a conclusion to the contrary reached, the Subcommittee could then decide what kind of legislation it would recommend to correct the abuses disclosed.

"An investigation of competition among daily newspapers and with other media of mass communications could not be complete without a thorough inquiry into these areas encompassing labor union power and practices relevant to our national antitrust policy."

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

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 5, 1963 (Toronto, Canada)
Toronto Bond Traders Association 31st Annual Dinner at the King Edward Sheraton Hotel.

April 17-21, 1963 (Syracuse, N. Y.)
American Bar Association Regional Meeting.

April 26, 1963 (New York City)
Security Traders Association of New York Annual Dinner in the Grand Ballroom, Waldorf-Astoria Hotel.

CHRONICLE's Special Pictorial Section May 9.

May 6-7, 1963 (Richmond, Va.)
Association of Stock Exchange Firms Spring Meeting of the Board of Governors at the John Marshall Hotel.

May 8-11, 1963 (White Sulphur Springs, W. Va.)
Investment Bankers Association Board of Governors Meeting at the Greenbrier.

May 12-15, 1963 (Chicago, Ill.)
Financial Analysts Federation annual convention at the Palmer House.

May 13-15, 1963 (Washington, D. C.)
National Association of Mutual Savings Banks 43rd annual conference at the Sheraton Park Hotel.

May 16-17, 1963 (Cincinnati, O.)
Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and Dinner May 16 at the Queen City Club; Outing May 17 at the Losantiville Country Club.

May 16-17, 1963 (Nashville, Tenn.)
Nashville Association of Securities Dealers annual spring party at the Hillwood Country Club and Belle Meade Country Club, respectively.

May 17, 1963 (Baltimore, Md.)
Baltimore Security Traders Association 28th annual spring outing at the Country Club of Maryland.

May 23, 1963 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day at the Omaha Country Club (preceded May 22nd by cocktails and a dinner.)

May 30-31, 1963 (Atlanta, Ga.)
Georgia Security Dealers Association Spring Party. A Cocktail Party and Dinner will be held May 30, with Outing on May 31.