EDITORIAL | As We See It

Malthusianism seems to have regained an honored position in the list of worries of those who feel it their duty to direct the affairs of mankind. It will be recalled that Thomas Robert Malthus, an English professor, more than a century and a half ago formulated and published a system of demographic ideas which in time pinned the label of "the dismal science" upon economics. What we now term "population explosions" tended to occur from time to time, he contended, during which population outgrew the production of the necessities of life—and starvation, plagues (to say nothing of wars) and the like proceeded to restore a balance between the population of the earth and the means of its subsistence. While the author himself did not concede any such implication, it was soon widely held that his philosophy in effect denied the possibility of much economic progress, and in general doomed mankind to a rather dismal existence.

Beginning a half century or so after Malthus, the development of far greater agricultural production, particularly in North America, tended to push this whole idea of the Professor into the background. There has, however, been a revival of such notions during the past half century or a little less, and the vast volume of writings and discussions of these and kindred matters has brought them back to the attention of the public, or at least to those elements in the public which trouble themselves about such things. In the course of the past two or three decades in particular, recurring waves of uneasiness, not to say dismal forecasts, have been the rule. Population theorists have of late been busy with studies of "population explosions,) while economists and politicians have been moaning about lack of growth in the production of economic goods and services, par-

(Continued on page 21)

Basis for Rising Interest Rates And Equity Prices for This Year

By Dr. James J. O’Leary*, Vice-President and Director of Economic Research, Life Insurance Association of America, New York City

Author cites definite signs of gradually firming interest rate structure in 1963’s second half and of equities rising above historic high. Anticipates: steady, non-spectacular business expansion through 1963; some Federal Reserve credit tightening; $2 billion net increase in demand for, but not supply of, capital compared to 1962; mortgage yields lagging behind bonds but firming by year-end; equities’ rise marked by hesitations and setbacks; and interest rate changes orbiting around monetary-fiscal dictates.

This is a particularly interesting time to discuss the investment outlook. There are good reasons to believe that we are now in the early stages of an important change in the money and capital markets. Since early 1960, when the Federal Reserve Board resolution set in and the Federal Reserve authorities moved to curtail money creation, investors have tended to drift downward and investment officers of life insurance companies and other financial institutions have become more and more concerned about opportunities to place their funds at satisfactory rates. But I believe that an increasing body of evidence suggests that the downturn of interest rates is likely to be halted and reversed somewhat is the second half of this year.

To develop this view, I am planning to address myself to the following questions: (1) What is the investment outlook for general business activity? (2) What are the prospects for the Federal budget, and more specifically, the Administration’s tax program? and (3) What is the outlook for the securities and mortgage markets?

Fundamental to any evaluation of the investment outlook, of course, are some assumptions about the prospective behavior of general business activity. Accordingly, it is helpful to start with an analysis of the general business outlook in order to form a basis for estimating credit demands and for judging the probable direction of Government policy, particularly that of the Federal Reserve authorities.

The current expansion of business activity has been under way since February, 1961 — a little over two years. The expansion in 1961 was brisk and encouraging; in 1962 it moved more gradually and by the second half of the year had reached a plateau. Some of the significant measured are as follows. The Gross National Product rose from an annual rate of $900.8 billion in the first quarter of 1961 to $938.8 billion in the fourth quarter, or 7.5%; however, by the end of 1962 the GNP had risen more slowly to an annual rate of $963.5 billion, or only 4.5% above a year earlier. This same rapid rise in 1961, and then more gradual increase in 1962, appears in the Federal Reserve Board’s index of industrial production. This index jumped from 103.3 in February to 115.6 in December, for a rise of nearly 12%; by the end of 1962, however, it had increased to only 119.5, or just 3.5% above December, 1961. As a matter of fact, from July, 1962 through February of this year the index has levelled out at around 119.5. (Ed. Note: Preliminary seasonally adjusted March index was 120.4.) Similarly, the rate of unemployment of the civilian

(Continued on page 24)
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.

EDWARD A. SALERNO
Research Dept., A. C. A. Allyn & Co.,
Chicago, Illinois

Ohio State Life Insurance Company

The insurance industry has proven itself again and again to be truly one of growth. Although it is as much a business of personal relationships as any other type of business, it does not face the problems of obsolescence, inventory, labor strife, or market competition. The strength of the industry lies in the varying forces that make up its net income. Most investors are aware that insurance companies pay nominal dividends to stockholders, but this conservative dividend policy has contributed to the growth of the industry, and what has been missed as dividend income has generally been replaced in capital gains.

The retention of earnings is one of the prime reasons stockholders can count on capital gains in insurance companies has more than doubled since 1951.

A most attractive insurance stock at present is 57-year-old Ohio State Life, whose assets, insurance force and earnings have reached new highs last year. Operating in 23 states across the nation, the company's overall financial affairs are sound and well managed. Ohio State Life's broad line of insurance has made it possible for the company to participate in a greater number of industries, and the net return on any one of its $100,000. Net interest earned on investments compared favorably with the industry; expenses have been held very low; mortality favorable and losses, low. In all, the company's record is good and indicates ample capital management.

Early in 1956, the company acquired 4,977 of the 5,000 outstanding shares of Columbus Mutual Life in hopes of consolidating the two companies. The National Association of Insurance Commissioners required that these shares be carried on the books at some 80% of their book value. The merger and surplus were reduced in 1957. This merger did not materialize and the entire shares were sold in December, 1962. With the sale of these shares, assets and surplus were made available which explains the abnormal gains in these two accounts.

Ohio State Life has been steadily admitted as assets have more than doubled since 1951; capital and surplus has more than doubled since 1952; and insurance force has more than doubled since 1953. Insurance written has risen to an annual rate of $83-$90 million, twice the amount written in 1953. Net investment income last year was $43.5 million, an increase of over $1 million since 1956. Investment income this year will be aided by the re-investment of $65 million, which was invested in Columbus Mutual which paid no dividends.

This Week's Forum Participants and Their Selections

Power Corp. of Canada—Charles King, Senior Partner, Charles King Co., New York City.


I. N. B. Q. B.

OVER-THE-COUNTER
INDUSTRIAL STOCK INDEX

25-Year Performance of 35 Industrial Stocks

POLICIES ON REQUEST

National Quotation Bureau

46 Front Street, New York 4, N. Y.

SAN FRANCISCO

N. Q. B.
Some Constructive Dissents About Tax-Exempt Industry

By James F. Reilly, Partner, Goodbody & Co., New York City

A trenchant and expert appraisal of the municipal bond industry's future dwells on the industry's inability to separate its members from one another. The article traces the growth of the industry, and discusses the problems it faces.

The bond industry is discussed in terms of its past, present, and future. The author argues that the industry must change if it is to survive.

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Founded 1858

Members New York Stock Exchange

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

TELEPHONE HANSsov 2-4300 TELETYPE 212-511-4795

Albany Boston Chicago Gloucester

Brooklyn Denver Kansas City New York

CONTENTS

Thursday, April 25, 1963

Articles and News

Basis for Rising Interest Rates and Equity Prices for This Year

James F. O'Leary 1

Some Constructive Dissents About Tax-Exempt Industry

James F. Reilly 3

Role of Bonds and Stocks in Savings Bank Portfolios

Alfred J. Casaza 5

Peabody Coal Company

Ira U. Cobleigh 9

Are We Hooked on the Hook of Plenty?

David E. Fawville 10

Business Community Must Take an Aggressive Stance

F. J. Jenkins 12

Florida's Land Boom—Past and Present

Roger W. Babson 12

Non-Bond Banking Policy—A Formula for Stagnation

James J. Saxon 13

We No Longer Can Delay Stopping Our Dollar Drain

Leland J. Pritchard 14

How the Commercial Banker Sees the Mortgage Banker

Kurt F. Flexner 15

SEC Officials to Discuss Stock Market Study

23

SBIC Attorneys to Hold Seminar

26

Regular Features

As We See It

(1) Bank and Insurance Stocks

18

Banking Comments

27

Dealer-Broker Investment Recommendations

8

Eminz: "U. K.'s Stock Market Outlook Until Election Time"

4

From Washington Ahead of the News

4

Indications of Current Business Activity

28

Market... and You (The)

17

Mutual Funds

26

News About Banks and Bankers

18

Observations

27

Our Reporter on Governments

24

Public Utility Securities

32

Securities Now in Registration

22

Prospective Security Offerings

29

Security I Like Best (The)

2

Security Salesman's Corner

22

State of Trade and Industry (The)

16

Tax-Exempt Bond Market

6

Washington and You

44

There is a need for the commercial and financial community to take an aggressive stance regarding the tax-exempt bond industry.

The author argues that the industry must adapt to changing economic conditions in order to survive.

The article concludes with a call to action for the business community.

The author emphasizes the importance of the tax-exempt bond industry and the need for its members to work together to address the challenges it faces.
**OBSERVATIONS...**

**BY MILFRED MAY**

**REGULATION TODAY**

(The third article in a series commenting on THE SPECIAL STUDY OF SECURITIES)

Better Market Portrait Needed

Because of the enormous number of proposals, the amount of coverage by the SEC's Special Study of Securities Markets, broad allegations of SEC and savings and loan associations only an abandoned casualty.

A leading phase of such omission is the fish-eye lens-like evaluative appraisal of the vaunted role of Stock Exchange liquidity, proof of the economy's capital financing needs.

Fortunately, the opportunity remains to fill this educational void through the currently a-borning SEC-Industry Liaison Group on the subject of the Stock Exchange, with that industry's representatives comprising the Secretary.

Thus, the Federal Reserve Bank of New York Stock Exchange, Etherton of the American Exchange, and Day of the Midwest market. With this Committee understood as being averse to interest in analyzing, any question could be dealt with through a one-and-only definitive full-report.

**Vital Break-Down**

In inquiring into the speculative Stock Exchange's role as a provider of the nation's capital financing requirements, one must, for example, take into account for speculative purposes the portion of new offerings which is devoted to bailing out existing issues.

But, the task of isolating that speculative machinery for the benefit of "inflared" cashing-in is shown in the following table:

<table>
<thead>
<tr>
<th>Dollars of Money</th>
<th>Issuing Company</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>10</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>10</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>10</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>10</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>10</td>
</tr>
</tbody>
</table>

(tree and figure details)

**FROM WASHINGTON...**

**...Ahead of the News**

**BY CARLISLE BARGERON**

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.

The Kennedy organization is moving strongly toward the nomination of New York safe for the President in next year's national election. Not only are the positions of the President's brother-in-law, Steven E. Smith, been called upon to help the campaign, but also the President's瓷 mounting efforts to have the companies along with the other securities take over the minimum share of issues traded on the NY Stock Exchange.
The role of bonds in savings bank portfolios has shrunk drastically during the past 15 years. Not only has the entire gain in deposits and surplus since 1947 been invested in mortgages, but savings banks have actually reduced their total bond holdings by over $2 billion since that time and reinvested the proceeds in additional mortgages.

As a result, bonds today make up only 25% of the investments of the nation's savings banks, whereas they accounted for almost 75% in 1962. The chief reason for this great shift in the asset composition of savings banks has been the pressure for higher earnings to permit payment of competitive interest rates on deposits. Mortgage loans have offered substantially higher yields than have bonds, thus leading banks to the conclusion that if the interest rates were well above those of the marketable bonds, no money could be made by holding bonds.

We may expect, therefore, that bonds will constitute a gradually declining proportion of savings bank portfolios as long as the level of interest rates will again offer an opportunity to obtain both higher earnings and a level of safety with respect to capital gains from bonds.

Common Stock's Merits

The role of common stocks in the portfolio of a mutual savings bank is basically different from that of mortgage bonds. Mortgages and bonds provide fixed rates of interest income and a high degree of safety of principal. Common stocks, as shares in business enterprises, possess both advantages and disadvantages when compared with bonds. Their chief advantage arises from the fact that prices of exchanges are volatile, with the result that bond investors can build up receipts and cut costs. Larger, and in some cases, increased in dividends and to appreciation in market values. The 1962 provides evidence in favor of the tax-exempt character of income from corporate dividends, and the chief disadvantage is the possibility of capital gains tax. However, the importance of the tax rate on capital gains is small in comparison with the ordinary income tax rate.

Common stocks have been benefited from an extraordinary rise in market prices during the past 10 years. Future returns from equity investments will depend upon the trend of corporate profits, dividends, and stock prices in the years ahead. Through our present averaging program, a savings bank can lessen the timing hazard that might arise through using one common stock or another; and at the same time benefit from the long-term growth of earnings, dividends and market prices that reinvestment of retained profits and the cash flow from depreciation, research and development outlays and management efforts tend to produce. For these reasons, investment in common stocks can perform a valuable role in building up the surplus funds of mutual savings banks to margin their future growth.

As a result, we are pleased to announce the installation of Direct Private Wires to Schwabacher & Co.

We are pleased to announce the installation of Direct Private Wires to Schwabacher & Co.

San Francisco and Los Angeles

We are pleased to announce the installation of Direct Private Wires to Schwabacher & Co.

SCHERR, RICHTER COMPANY

608 Olive Street
St. Louis 2, Missouri

Phone: GArfield 1-0225

Area Code 314: 314 556-0450-1-2

We are pleased to announce the installation of Direct Private Wires to Schwabacher & Co.
Tax-Exempt Bond Market

By Donald D. Mackey

The market for state and municipal bonds has been as normal and as volatile as the past week as we have ever observed it. The level attained in early April, clipped by an abnormally heavy volume of federal issues reduced since the suspension under the additional market pressure exerted by the parity of the 1960-1970 time period. Treasury offering of last week. Investors generally have recently abated, and the bond demand, which has largely put the tax exempt market at levels as high as it has been drastically curtailed except in individual transactions. The office reduction has been a factor.

Bids Lower by 5 to 15 Basis Points

In the bidding for high grade general obligation bonds the successful bids have recently been lowered to 1.90 basis points. The successful bids have lowered to 1.90 basis points. This latter market remains largely put the tax exempt market at levels as high as it has been drastically curtailed except in individual transactions. The office reduction has been a factor.

Calendar Drastically Paried

The new issue calendar has been considerably reduced since the approximate $900,000,000 total that was later in April. For the past several weeks, ten scheduled and tentatively scheduled items would total less than $300,000. This circumstance, even though it may prevail for only a short period, poses no immediate risk for a record volume market.

The largest calendar items continue to be $11,000,000 Placer County Water Agency, California, which was offered at 2.974% by Washington Public Power Supply System revenue bonds scheduled for May 10 and 21, respectively. From these two king offering the volume was abruptly to a $17,000,000 Maryland State Road Commission scheduled for May 1 flotation.

"High Hopes"

Inventories have continued at elevated levels and offerings of state and municipal bonds, according to the Blue Line, remain relatively light to the historical high. During the past few sessions the daily Blue Line volume was dropped back from a level that perhaps indicates a more prudent investment situation. Current total is $884,184.

In addition to this $884,184 offering, a total of $1,000,000,000 bonds might be translated into a first quarter loss for many hard working bond establishments.

From the appearances of yesterday, it is evident that few if any investors, in a first quarter offering, would consider $1,000,000,000 offering, a total of $1,000,000,000 bonds.
$108,720,000
City of New York
3.10%, 2.80% and 2.30% Serial Bonds

Dated March 15, 1963. Due September 15, as shown below. Principal and semi-annual interest (March 15 and September 15) payable in New York City at the Office of the City Comptroller. Coupons Bonds in denomination of $5,000, convertible into fully registered Bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

The above Bonds are offered, subject in prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us, and subject to the approval of legality by Haas, Wood, King, Dewson & Logan, Attorneys, New York City.

<table>
<thead>
<tr>
<th>Maturities</th>
<th>Price in Yield</th>
<th>Maturities</th>
<th>Price in Yield</th>
<th>Maturities</th>
<th>Price in Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>1.70%</td>
<td>1971</td>
<td>2.70%</td>
<td>1980</td>
<td>3.15%</td>
</tr>
<tr>
<td>1965</td>
<td>1.95%</td>
<td>1972</td>
<td>2.80%</td>
<td>1981</td>
<td>3.20%</td>
</tr>
<tr>
<td>1966</td>
<td>2.15%</td>
<td>1973</td>
<td>2.85%</td>
<td>1982-83</td>
<td>3.25%</td>
</tr>
<tr>
<td>1967</td>
<td>2.30%</td>
<td>1974</td>
<td>2.95%</td>
<td>1984-88</td>
<td>3.30%</td>
</tr>
<tr>
<td>1968</td>
<td>2.40%</td>
<td>1975-76</td>
<td>3.00%</td>
<td>1989-90</td>
<td>3.35%</td>
</tr>
<tr>
<td>1969</td>
<td>2.50%</td>
<td>1977</td>
<td>3.05%</td>
<td>1991-93</td>
<td>3.40%</td>
</tr>
<tr>
<td>1970</td>
<td>2.60%</td>
<td>1978-79</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Interest Exempt from Federal and New York State Income Taxes under Existing Statutes and Decisions)

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

AMOUNTS, MATURITIES, RATES AND YIELDS OR PRICE

$41,170,000 3.10% Bonds due September 15, 1964-69, inclusive
$35,000,000 2.80% Bonds due September 15, 1964-73, inclusive
$32,550,000 2.30% Bonds due September 15, 1964-68, inclusive

First National City Bank
New York

Morgan Guaranty Trust Company
of New York

Bankers Trust Company

Halsey, Stuart & Co. Inc.

Salomon Brothers & Hutzler

<table>
<thead>
<tr>
<th>First National City Bank of Chicago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harriman Rigby &amp; Co. Incorporated</td>
</tr>
<tr>
<td>Continental Illinois National Bank</td>
</tr>
<tr>
<td>Kidder, Peabody &amp; Co.</td>
</tr>
<tr>
<td>Phelps, Conn. &amp; Co.</td>
</tr>
<tr>
<td>W. H. Morton &amp; Co. Incorporated</td>
</tr>
<tr>
<td>Stone &amp; Webster Securities Corporation</td>
</tr>
<tr>
<td>First of Michigan Corporation</td>
</tr>
<tr>
<td>Lee Higginson Corporation</td>
</tr>
<tr>
<td>Geo. B. Gibson &amp; Company Incorporated</td>
</tr>
<tr>
<td>Industrial National Bank of Colorado</td>
</tr>
<tr>
<td>Tucker, Anthony &amp; R. L. Day</td>
</tr>
<tr>
<td>James A. Andrews &amp; Co. Incorporated</td>
</tr>
<tr>
<td>R. James Foster &amp; Co., Inc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Morgan Guaranty Trust Company of New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith, Barney &amp; Co.</td>
</tr>
<tr>
<td>Mellon National Bank and Trust Company</td>
</tr>
<tr>
<td>White, Weld &amp; Co.</td>
</tr>
<tr>
<td>The First Boston Corporation</td>
</tr>
<tr>
<td>W. H. Morton &amp; Co.</td>
</tr>
<tr>
<td>L. F. Reischl &amp; Co.</td>
</tr>
<tr>
<td>Roosevelt &amp; Cross</td>
</tr>
<tr>
<td>Ira Haupt &amp; Co.</td>
</tr>
<tr>
<td>Shearson, Hammill &amp; Co.</td>
</tr>
<tr>
<td>Francis L. duPont &amp; Co.</td>
</tr>
<tr>
<td>F. S. Smithers &amp; Co.</td>
</tr>
<tr>
<td>W. E. Hutton &amp; Co.</td>
</tr>
<tr>
<td>Dick &amp; Morley-Smith</td>
</tr>
<tr>
<td>Keen, Taylor &amp; Co.</td>
</tr>
<tr>
<td>Estabrook &amp; Co.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bankers Trust Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers Trust Company</td>
</tr>
<tr>
<td>Halsey, Stuart &amp; Co. Inc.</td>
</tr>
</tbody>
</table>

Prices at 2.30% Yield: 1964-68
Prices at 2.80% Yield: 1969-93
Prices at 3.10% Yield: 1970-79

Prices subject to change in accordance with market conditions.

April 25, 1963.
Peabody Coal Company

By Dr. Ira U. Cobleigh, Economist

Outlining the significant upturn in the soft coal industry, and, in particular, the impressive rise in output and profits of this premier midwestern producer of steam coal.

A few years ago the fuel experts were writing of the inevitable exhaustion of domestic coal resources, recalling with sorrow the depletion of their own stoves and the industrial fires of mankind.

Automation has brought coal back to life. By vastly more efficient mining machinery and methods, the daily output of a miner has more than doubled (to 15 tons) in the past decade. Improved water transportation with new high speed loading and unloading techniques has reduced shipping costs. The railroads, fearful of losing their traditional coal tonnages to coal slurry pipelines, have modernized their equipment and added specialized services by "utilized" freight runs that pick up coal from strip mines directly from mine to market with no costly and delaying yard switching or long, expensive cost cuts in conveying coal in huge tonnage to big customers who have restored their past position in many areas, and for 1963, soft coal consumption is expected to reach a six year high of around 433 million tons.

Utilities the Biggest Buyers

Electric utilities are the biggest buyers and they are now buying at high steam power generating plants is most encouraging. In 1963 electric utilities will burn 260 million tons—8.3% above 1962. Use of coking coals in the steel industry is expected to reach 72 million tons (23.5% lower than 1962) and retail deliveries, 27 million tons. Exports are projected at about the same levels as 1962—to Canada 11 million tons, and overseas, principally to Japan, France, Italy, West Germany, 27 million tons.

In this resurgence of coal, the midwestern producers have appeared in an especially favorable position. They produce high quality steam grade coal, and sell almost 70% of their output to utilities whose business is expected to continue, if not expand. Low cost coking coals for steel and metallurgical coal reserves are massive, and mining is largely of the strip variety which permits rapid cost reduction. Moreover, producers in this geographical region, benefit from accessible river transportation, and escape the competition of low priced imports of all major coal movement along the Atlantic seaboard.

Peabody Coal—Regional Leader

In the midwest, Peabody Coal Company is the largest producer and, uniquely in its industry, has shown pronounced long term growth characteristics in both sales and net profits. In steadily expanding its production and building up earning power, Peabody Coal has profited from five factors: (1) vast and favorably situated reserves estimated at over 2 billion tons, (2) 80% of total production from strip reserves, (3) use of long line with huge tonnage on over half of its delivered tonnage, (4) over 70% of sales to electric utilities, mostly on long term contracts, and (5) outstanding managerial competence and operating efficiency.

The great upswing in Peabody Coal began in 1953 when the Sinclaire group of strip mining properties was acquired. In the period 1955-62, Peabody's production increased by over 65%, a general decline in the entire industry, in this period, of 10%

During 1961, the company increased its reserves through purchase of several mining properties in Ohio, and two in Alabama. In Ohio a 1 billion ton (per year) strip mine will go on stream in 1963. A new mine in western Kentucky went into production last fall, and is expected to deliver 3.4 million tons this year; a 500,000 ton annual producer in Columbus, Mo., started up last October; and construction of another strip mine in western Kentucky is already underway, calculated to add over 1 million tons to production in 1964. These new supply sources point to an increase in Peabody's sales from 34.8 million tons in 1962 to 49 million tons in 1964 (a 22% rise); and they take no account of expanded production in existing mines.

Markets and Customers

Because of its huge and strategically situated reserves, Peabody is in a position to make long term contracts with its customers. These long contracts have the effect of ending off competition for years to come, and giving an annuity-like characteristic to Peabody's earning power. For example, the Tanneker Creek station of American Electric Power Corp. will buy 3.1 million tons a year, starting Jan. 1, 1964, under a 15 year contract; and 35 mining districts of strip reserves in Peabody's Sinclair mine in West Kentucky have been dedicated to supply, under a 17 year contract, fuel for TVA's new Paradise steam generating station near Knoxville, Tenn.

While principal marketing areas are now in Illinois, Indiana, Ohio, Missouri and Kentucky, the company also supplies coal by barge to Tampa Electric Co. and makes substantial deliveries to Alabama Power Company. Aided is secure market extensions into the West and Southwest (Arizona, Idaho, Utah Power are now constructing, for the first time, coal burning generating plants). Overseas, Peabody is in a joint venture for the development of a metallurgical coal production in Australia.

Financial Picture Bright

The company reports revenues from its expanding business and high volume contract sales. Peabody Coal appears in an excellent long range projection. Sales have risen successively in each year since 1957. The sales total for 1962 was $133.3 million against $62.6 million in 1958, and in the same time interval, net earnings per share rose from $1.01 to $4.10. For this year a per share net of close to $1.70 is expected. For the past three years net earnings after taxes have exceeded 55% on stockholders' equity. Long term growth rate of about 7% a year is evident for the coming decade with the electric utility industry. Capital expansion of about $33 million is planned in 1963, financed about two thirds from long-term debt, the balance by long term bank loans. No stock financing is expected. Present capitalization (Dec. 31, 1962) consists of 112,095,000 in preferred, and 7,071,947 common shares listed on NYSE and currently selling at 23% against the years' high of 37. Present dividend of 70 cents could easily be increased.

A review of Peabody Coal reveals quite a variation from the traditional pattern of coal companies with depleting reserves and static or declining earnings. For Peabody, reserves have increased over 40% since 1955, and per share net, over 80%. King Coal has not abdicated, but is still a potentate in the energy field, even if under a limited monopoly. This ebony-hued realm, Peabody Coal Company sparkles like a crown jewel.

Scherck, Richter

In New Quarters

ST. LOUIS, Mo.—Scherck, Richter & Co., members of the Midwest Stock Exchange, have announced the removal of their offices to new and larger quarters at 400 and 410 First Street, and the new offices have been installed a direct private wire to Schwabacher & Co., members of the New York Stock Exchange in San Francisco and Los Angeles.

With Clark, Dodge

BOSTON, Mass.—Jay C. Licklyke has become associated with Clark, Dodge & Co., Inc. He was formerly with Hornblower & Weeks.

Harold Bache Named

Cornell Trustee

Governor Nelson Rockefeller has appointed Harold L. Bache, managing partner of Bache & Co., to the Board of Trustees of Cornell University for a term ending June 30, 1967.

Harold L. Bache

Yates, Heitner Office

BRANSON, Mo.—Yates, Heitner & Woods has opened a branch office at 1 Wall Street under the management of Theodore R. Ingram.

New Branch Mgr.

LYNCHBURG, Va.—Bernard Talmann has been named manager of the Lynchburg office of Francis I. duPont & Co., 1013 Main Street, it has been announced.

Mr. Talmann has been active in the financial and investment business continuously for 37 years. In 1945, he joined Scott, Horner & Mason, a Virginia investment firm which merged with Francis I. duPont & Co. in 1959.

725,302 Shares

Portland General Electric Company

Common Stock

(Par Value $3.75 Per Share)

Price $25.75 Per Share

Copies of the Prospectus may be obtained only from such of the undersigned as are registered or licensed dealers or brokers in securities in this State.

Blyth & Co., Inc.

Eastman Dillon, Union Securities & Co.

Merrill Lynch, Pierce, Fenner & Smith

The First Boston Corporation

Hornblower & Weeks

Dean Witter & Co.

Faine, Webber, Jackson & Curtis

First California Company

Pacific Northwest Company

Walston & Co., Inc.

Bache & Co.

Dominick & Dominick

Hayden, Stone & Co., Inc.

Hemphill, Noyes & Co.

E. F. Hutton & Company Inc.

Reynolds & Co., Inc.

April 25, 1963
Are We Hooked On The Horn of Plenty?

By David E. Faville, Professor of Marketing, Graduate School of Business, Stanford University, Stanford, Calif.

Analysis is made of the trouble our economy is in and of the more hopeful factors apt to take our economy off dead center. Professor Faville is critical of our fiscal policies and of the Administration's program for stimulating business. He argues that until business begins to grow at least at the rate of population, our economic difficulties will continue.

According to National Industrial Conference Board figures, our total public and private debt now approximates a trillion dollars, half of which has been incurred since 1950. Meanwhile, the nation is running up a Federal debt of about $42 billion dollars in the last eleven years. In every prospect of view, I therefore see a further in view of our world economic involvements. Herbert A. Leggett of the Valley National Bank in Phoenix, Arizona, has plotted the average American as boiling along "in the lap of luxury, but in the midst of financial insecurity." And he homed on the horn of plenty from which our economy seems to be coming increasingly difficult. The surprising thing is how well he manages to squeeze the public. Little it seems to bother him, I have been waiting for years for Americans to begin "living their wage" but it never seems to come off. Apparently this isn't anything new and there has been no change since 1955. But the prospects for 1963 are also impressively good for a variety of reasons:

(1) With the relaxing of tensions after the resolving of the Middle East, many consumers have moved into an easier buying mood.

(2) Replacement demand for cars and trucks has reached mechanical perfection for the past year so that sales in this field have zoomed upward with promise of more business to come.

I don't need to tell you that automobile sales were exceptionally high last year and that some consumers have moved into a new car prior to the resale of their old vehicle. The new baby is the average American, who finally seems to be coming to a realization that he has not been able to buy the kind of car he wants.

The formulation of a million new families a year as a result of the post-war baby boom has spread into the world wide expansion of the automobile market. With the upturn in the automobile industry, the per capita income has increased, thus providing the middle and upper income groups with more disposable income. The automobile industry has provided a stimulus to our economy and has also provided a stimulus to the economy as a whole.

The automobile industry has provided a stimulus to our economy and has also provided a stimulus to the economy as a whole.

The automobile industry has provided a stimulus to our economy and has also provided a stimulus to the economy as a whole.

The automobile industry has provided a stimulus to our economy and has also provided a stimulus to the economy as a whole.
U. K.’s Stock Market Outlook Until Election Time

By Paul Einzig

The delayed marked rise of equities on Throgmorton Street is attributed to initial failure to appreciate Chancellor Macmillan’s issue of registration reform for exaggerating expected mis-
tionary measures which made the costs actually proposed look milder than they turned out to be. Dr. Einzig comments on other factors besides the Stock Exchange trend including tendency towards erring on the cautious side as to Conservative party’s re-
election chances to Labor Party’s new policy to avoid strikes as so not to antagonize the electorate. The writer hopes that this will not subsequently upset the Labor Party in making unilateral inflationary concessions in the mistake hopes of winning support from the working classes.

LONDON, England—The London Stock Exchange has succeeded in overcoming its disappointment over the Budget, disappointment which was the result of grossly exaggerated hopes attached to it. Whoever was responsible for the press campaign during the weeks immediately preceding the Bud-
get, in the course of which expec-
tations were allowed to soar higher, rendered a disservice to Chancellor Maudling, to the govern-
ment, to the Conservative Party, to the business world and to investors. But for that cam-
paign the country might have been duly impressed by the refra-
tionary measures adopted by the Chancellor, consequently they did in addition to a series of previous refractionary measures. As it was, the first weeks after the Budget was characterized by a spell of acute pessimism because of the absence of really spectacular re-
tionary measures.

Bullish Second Thoughts

On second thoughts the Stock Exchange came to realize that, after all, Maudling has gone as far as he could reasonably be expected to do without deliberately running the risk of infla-
tion. Indeed, those with a modi-
cum of foresight came to the conclusion that they had now more reason for optimism than they would have had if Mr. Maudling had plunged into meas-
ures in accordance with wide-
spread anticipations. Had he done so a reversal of the measures re-
resulting from their effect on the balance of payments, the gold-reserve, would have been a more serious of time. Even as it is, it is by no means absolutely cer-
tain that such reactions would have to be faced by the end of this year. But the government stands a fair chance of being able to spin with the expansionary tide, at any rate until the gen-
eral election, without running into a major crisis.

It was the increasing realiza-
tion of those that has brought about a better trend in equities. In any case, there is growing evidence of widening profit margins, and other business indices, have been on the whole favorable lately. If in spite of this recovery in equities has been hesitant it is due in part to the government’s unfavorable prospects for the gen-
tal election and in part to the unsatisfactory labor situation.

No doubt the government might recover much of its lost popu-
larly if its measures brought about a large measure of business recovery and a reduction of un-
employment. Unsatisfactory busi-
ness confidence would be the only reason for the govern-
ment’s unpopularity. It has come under a cloud because of a series of coincidences in a number of en-
tirely disconnected spheres. Whether they were due to bad policies and bad administration or merely to bad luck it makes very little difference in practice. The Italian saying “It is raining —
down, up or straight” character-
etizes the attitude of the public in countries other than Italy. If, for no matter what reasons, the government should remain un-
popular then the approach of the general election is bound to cause a sharp decline on the Stock Ex-
change in anticipation of a So-
cialist victory.

At the moment the election date is uncertain and remote. As
and when it will approach, the Stock Exchange trend will be-
come increasingly under the in-
fluence of Gallup Poll results and of local election results. It
would be idle to make any forecasts at this stage, but it is easily under-
standable that even though the government’s present lead in the polls and speculators are inclined to err on the cautious side.

Much depends on the develop-
ment of the labor situation. There
have been no major strikes in recent weeks, but in a number of instances fairly substantial wage increases have been conceded. As
and when business conditions im-
pove, wage demands will become more insistent and employers
will become more inclined to yield.

Labor Checks Strikes to Avoid
Electorate’s Antagonism

There is therefore, a very real
danger of excessive wage in-
creases. On the other hand, there
will be less likelihood of major strikes of a kind that would react sharply on sterling. This is be-
cause the Labor Party is doing its utmost to diminish the trade union from embarking on milit-
ant action. The Socialists suspect —possibly with reason—that Mr.
Macmillan has a Machiavellian plan to decide on an immediate election whenever the trade
unions should incur extra un-
popularity in the country as a result of some major strikes that would cause widespread inconvenience.

Whether the political end of the labor movement succeeds in per-
suading the industrial end to ex-
ercise restraint remains to be seen. The trade unions are not likely to forego any immediate advantages for the sake of their
chance of securing bigger ad-
vantages under a labor govern-
ment.

There is growing concern in business circles about the govern-
ment’s mistaken policy in trying to
recover its popularity by means of unilateral concessions to the trade unions and to the lower income groups in general. It is feared that the Conservative Election programme will contain further major concessions which will antagonize the middle
classes in the country. The govern-
ment mainly depends, without winning support from the work-
ing classes. The result will be that, should a Socialist Government
come to power, it would have to outbid the excessive Conser-
vative promises of concessions.

This would gravely handicap Britain in international competi-
B. W. Tt.

It will further increase the attitude of trade unions, since past experience has shown that the more they receive, the more additional concessions they de-
mand.

McDonnell & Co.

Appoints Dunlevy

McDonnell & Co., Inc., 120 Broad-
way, New York City, members of the New York Stock Exchange, have announced the appointment of Jerome P. Dunlevy as manager of New York Institutional Sales.

Robert E. McDonnell, III, and John F. Swan have joined the Institu-
tional Sales Department as
account executives.

Greene & Ladd to
Announce

D AYT ON, Ohio — On May 2, Thomas J. Lauterwasser will be-
come a partner in Greene & Ladd,
Third National Building, mem-
ers of the New York Stock Ex-
change. Mr. Lauterwasser has
been associated with the firm for
a number of years.

United Life Stocks

SPRINGFIELD, Ill.—United Life Stocks, Inc., has been
formed at 718 East, Starkill Street to
engage in a securities business.

Officers are Fred E. Skirvin, Vice-
President; Harold C. Michener, Vice-
President; and H. B. John-
son, Secretary.

200,000 Shares

Tennessee Gas Transmission Company

5.08% Cumulative Preferred Stock

(par value $100 per share)

Price $100 per Share

Plus accrued dividends from April 1, 1963

Copies of the Prospectus may be obtained from only such of the under-
signed as are qualified to act as dealers in securities in the respective States.

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the
Prospectus. This is published on behalf of only such of the undersigned as are qualified to act as dealers in securities in the respective States.

April 22, 1963

200,000 Shares

White, Weld & Co.

Blyth & Co., Inc. The First Boston Corporation

Eastman Dillon, Union Securities & Co.


Kidder, Peabody & Co.

Lazard Frères & Co. Lehman Brothers

Merrill Lynch, Pierce, Fenner & Smith

Paine, Webber, Jackson & Curtis

Smith, Barney & Co.

Incorporated

Stone & Webster Securities Corporation

Dean Witter & Co.

Incorporated

Gene & Ladd to
Admit Partner

S P R I N G F I L D, Ill.—United Life
Stocks, Inc., has been
formed offices at 718 East, Shircliff Street to
engage in securities business. Officers are Fred E. Skirvin, Vice-
President; Harold C. Michener, Vice-
President; and H. B. John-
son, Secretary.
Business Community Must Take an Aggressive Stance
By F.J. Robbins* President, Bliss & Laughlin, Harvey, Illinois

Appalled at the extent to which the success of free enterprise is jeopardized by governmental legislation, by the attitude in both major parties, and by the lack of economic education, Mr. Robbins reflects on what can be done before it is too late to save our country's system. His pages are filled with practical suggestions as to how the businessmen withdraw advertising and support dollars from publications and organizations favoring big business or more cost-cutting legislation that favor unfavorable budgets, fiscal irresponsibility and "ridiculous" economics. The writer outlines what businessmen can do by economic "blows" to the government. He says business can be too soft and that the country's welfare should be at heart; and urges that business must be a long run one involving education.

In all the history of the world so far recorded only one country, our own, the United States of America, has been able to write an unprecedented story of industry's rise, growth, high standards of living, constantly improving, and an ever-increasing flood of gifts and services to make men's lives more livable; to help them strive to attain the dignity of the image in which they were created. This is the result of a system called free enterprise. Business, industry, agriculture and all human activities have contributed to this outstanding result because in this country alone, men's minds have been allowed to direct their victories to profitable results, unhampered by hampering regulations, dictatorial fiat, and governmental direction. Is this still true today? The sweet music of this outstanding success has some sour notes in it now.

There is a little poem, very short and not well known, that very aptly describes what is happening to business and industry in our great nation. Only three lines and they go:

"It is the little rift within the gate
That by and by will make the music mute
And, ever widening, slowly silence all."

Certainly the steel industry is very aware of a "rift in its gate." This is true only because the steel industry, being basic, found itself encountering certain problems sooner than any other business. But if this problem is solved in trying to solve some of these problems got itself slapped down severely and quickly, hardly any one has accompanied several world crises. Many of us then feel, as a result of our own personal experiences and those vicariously encountered as parts of a vast industry, that the economic picture is bleak. We are very quickly gaining new recruits among many other industries. You have only to pick up any general business newspaper, for instance, and read the applications for action taken by the FTC, the Anti-Trust Division of the Justice Department, the IRS, the Treasury Department, and a host of others investigating the steel industry and another industry for this, that, and another alleged violation of the "public interest."

true or none, very few of our children can remember a time of political divergence in philosophy. So let's solve our problems without animosity and name calling and in a broadly nonpartisan view. The problems are serious, grave enough to make this approach.

What Businessmen Seek
What do responsible business people want from government? They don't want government to answer or awkwardly to try to keep quiet. As citizens we want clean work; we want an industry that is the part of all government. What is fiscal responsibility?

"taking to Washington, in a "lagging economy," This, in spite of a tremendous automobile year—high sales volume and excellent profits. This, in the face of predictions of another big bear in the automobile industry in 1963. Retail sales in October, 1962, rose to new record heights. In some few industries sales and earnings are sharply up. Most industries are in a profit squeeze because of higher costs. These add up to a whole series of contradictions. Why is our economy in a depression? It is not producing sufficient income to pay for our increasing expenditures on the part of the government and possibly on the part of the business man's problem. The government is operating at a tremendous deficit now. It is certainly not going to run into several billions of dollars more of deficit—to further increase the expenditures on the part of the government and possibly increase the business depression problem. The government is operating at a tremendous deficit now. It is certain not going to run into several billions of dollars more of deficit to further increase expenditures on the part of the government and possibly increase the business depression problem.

A tax squeeze to stimulate the business is not only a tax on the inflation, it is also narrowing the balance at some indefinite time in the future. But when we are paying high taxes and cut in out ever balanced anything? It can only increase debt. Neither business nor industry of the private individual can long operate in this manner since they are not "endowed" by the tax payer. Is this fiscal responsibility? Is this economics? Indeed, they get taxed for this kind of thing.

Stability is something everything is crying for and is a key to prosperity. Personal savings, home ownership, personal development, all depend upon the stability we seek.

Does constantly increasing debt make a "bipartisan" form? Why, asks Lincoln "You cannot establish sound security on borrowed money." Yes, and we cannot establish a "bipartisan" form.

What businessmen can do has been described in this issue of the Commercial and Financial Chronicle. The problems are serious, grave enough to make this approach.

Florida's Land Boom Past and Present
By Roger W. Bahon

Guidelines for the small investor on what, and what not, to buy in Florida and the South are given by one of the most reverent writers on the subject. Today's generation are reminded that this year marks the 60th anniversary of the land boom's start and, also, what happens to a part of the land boom as the bubble bursts. Taking the bag—not all of whom were non-professionals speculators—when the historic collapse occurred.

Boom or Bust

As this is the 40th anniversary of the beginning of the famous Florida Boom, I want the younger generation to know what they happened. One illustration will give the picture. The young man who bought for me showed me a chart that, after he received as a commission; he immediately bought a Rolls-Royce with the money. Very few people actually saw any money, or even the property itself. For many years they would not sell and the tendency to sell a "purchase and sale agreement" in which they did not bother to file in the county office. They merely gave their word for the agreement, then they sold this at a profit to someone else, who in turn, sold it to another. A property which they were supposed to sell for $10,000 which he had received as a commission; he immediately bought a Rolls-Royce with the money. Very few people actually saw any money, or even the property itself. For many years they would not sell and the tendency to sell a "purchase and sale agreement" in which they did not bother to file in the county office. They merely gave their word for the agreement, then they sold this at a profit to someone else, who in turn, sold it to another. A property which they were supposed to sell for $10,000 which he had received as a commission; he immediately bought a Rolls-Royce with the money.

Florida Municipal Bonds

Farmers were not the only ones who took a "sucking out of the market" business. Municipal bond publishers collapsed. Sarasota bonds fell from $100 to $20; Orlando bonds fell to $40; the bonds of the city of Sanford dropped from $100 to $18. Beautiful Brady is worth $500 sold at 10 cents on the dollar. Most people call it a "panic" but it was more than a panic. It was an epidemic of diphtheria or typhoid except that it was mental. Will it come again? I don't know, but there are no signs of it now.

People are no longer speculating in place, or car lots, or balance, or deciding to buy. People are buying one or two lots on speculation, but their total would not be more than $5,000 even if the development company went into bankruptcy. The difficulty is that these people sometimes fall in to buying a water system or a road or other improvements. There is still considerable speculation in Florida land, but it is legitimate and the lots have been bought and the deeds recorded.

Where to Buy?

I do not answer specific questions, but I can offer general advice that will not affect to get involved in any lawsuits but I am willing to say: that anyone who buys a house and an adjoining lot in a Florida city of 20,000 or less, in which he pays a good and healthful investment and which he doesn't make a first trip down to Florida and take a trip around the state. The real bank of Florida is the bank of the name of a reliable estate agent.

It is a mistake to put all your money in any one thing, whether

It is a bank or the stock market or an orange grove. Many orange groves are sold for investments but if they are in frost-protected sections. And for enough so that they freeze will not the trees, even if the fruit is lost for a year. And for the few years we buy in orange groves, I should certainly sell one-half and invest it in other stock of Florida and other. It is the case that I have written to friends in Florida, but ocean front will be expensive; the most expensive is on the East Coast north of Miami.

Overseas should be avoided on account of mosquitoes and other insects. The most attractive areas are at points on the West Coast south of Sarasota—incuding Venice, Punta Gorda, and Englewood. A point that has appeared to friends of mine is Sanibel Island. A bridge to the mainland will be opened this year and a second bridge to Pine Island is under consideration. If this takes place the housing will increase to a point where it will be much in anticipation, seashore preference of one on these islands might be attractive.

Luce, Thompson Absorbs Firm

KANSAS CITY, Mo. Luce, Thompson & Co. announce the acquisition of Moreau, Evans & Co. by Kansas City, Mo. The firm will continue as Luce, Thompson & Co., with principal offices at 105 West 11th St., Kansas City, and branch offices located in St. Joseph, Mo., and Pittsburgh, Pa. The expanded firm has membership on the Midwest a Pa. bar associations and include an over-the-counter department, municipal bond department and mutual fund department.

Federman and Stonehill to Admit Meisel

On May 1, Samuel W. Meisel, the president of the New York Stock Exchange, will be admitted as a partner in the Federman & Stonehill firm of 12 Pine Street, New York... Warren L. Dahl will withdrawing from the firm, Federman & Stonehill & Co., of A. S. 30...
Non-Branch Banking Policy—A Formula for Stagnation
By Hon. James J. Saxon

National banks’ top Treasury administrator sets forth general guidelines on branching, emerging, forming holding companies, and chartering. Mr. Saxon warns unit banks that their opposition to banking growth may result in the appearance of new financial institutions which, paradoxically, imperil them as well as other commercial banks and, further, the economy’s progress. The banks’ reluctance stems from flagrant limitations and other impediments to more effective banking coverage — losses in banking efficiency, halts in the rise of small and large banks alike, and the necessity of most fitters, and invites not only non-banking competition but also affiliates, satellite and group banking.

First, a few words about the central function which banking has historically performed in economic development. It is sometimes said that we have nothing to fear about in the field of banking — that we have heard the argument that the forces which lead to economic growth are certain to have the desired effects — and that banks will respond to the needs as they arise without any special public concern for the manner in which banks perform. This, we must not take at face value. Where banking facilities are inadequate, the forces of economic growth will not be freely realized. But, more important, banks can exert a positive influence in exploring, fostering, supporting, and directing the economic development of a community or a nation. Where there is a failure to exert this positive influence, opportunities for economic development may long remain quiescent. A lack of inspiration at the heart of our financial system, will have a pervasively depressant influence throughout the economy.

It is no accident that the earnings of the free societies which have displayed the most persistent growth, have been those which pioneered the most active and effective banking systems. This has been true also of individual areas and countries even within the most progressive economies. In the modern-day world, the conduct and the expansion of commercial and industrial ventures rest critically upon the availability of adequate banking facilities. Where banking institutions are not alive to the prospects of the future, or fail to participate actively in exploiting the opportunities that open before them, the forces of initiative can be stifled, and talents and resources lie for want of financing.

One of the most basic tasks of any economy is to make the best use of its skills and resources. The effectiveness with which this task is performed, rests in large degree upon the ability of capital to the points at which it may be needed, and the advantage in support of economic advance. Any obstacle which impedes this flow points up the advantage of that degree the opportunity for achievement.

In a free enterprise economy, banks are one of the chief instrumentalities for carrying out standing of the objective sought, and of the manner in which these policies would be administered.

Great concern has been expressed that any move to enlarge banking facilities — whether through new charters, new branches, mergers, or holding companies — would quickly deplete, destroy a platform of banks, which could lead only to destructive competition fatal to the solvency and liquidity of all banking institutions. Some feel that the inevitable outcome would be the disappearance of small banks, thus bringing about an excessive concentration of banking control. None of these doubts arise in my judgment, well-supported.

Factors Leading to Branch Banking

Let me be more specific with respect to the one issue which is paramount today among the banks of Florida—that of branching.

We should first understand the strong forces which have lain behind the demand for additional banking facilities by resort to the use of institutions at more distant points. But such limitations can never be fully overcome by these means. All of us suffer from the limitations of our personal knowledge and experience. In appraising new ventures for productive enterprise, it appears to us that we have the intrinsic awareness which can only come from close contact with local conditions. It is in the national, as well as in the local interest, to assure the adequacy of banking facilities throughout the country.

Improving the Tools of Banking Operations

We are now embarked on an effort to provide the banks of our country with the most modern tools to meet the needs of modern economies. A survey and examination of our past experience has clearly disclosed the presence of many anticipated limitations which now operate to obstruct the effectiveness of banks in discharging their public functions. On a number of fronts, we are proceeding to cut the red tape and modernize the rules and regulations under which our banks operate, so that these impediments may be removed.

Steps have already been taken to provide greater flexibility for banks in their lending and investment activities, in their trust operations, and in the conduct of their corporate affairs. But none of these changes can be fully effective unless adequate banking facilities are available in all the communities in which they are needed.

Expansion of Banking Facilities

Curiously enough, while there is almost universal support for expanding the powers of banks to meet the economic needs of their communities—proposals to make additional banking facilities available and equipped with these added powers, have aroused the most heated controversy. I can but feel that much of this dissent arises from a misunder

Banking system could be expected to follow. Also at work to produce incentives for the expansion of banking facilities were a number of technical factors which have characterized the growth and development of many segments of our economy. As businesses grew in size, they required larger and more varied banking services. Moreover, as our economy has grown, new technologies have been developed, and a variety of new industries have emerged—often in locations not previously highly industrialized. Within the banks themselves, new opportunities have increasingly appeared for the mechanization of operations—and these new techniques often have been susceptible to more effective use only by larger institutions. Finally, as individual incomes have grown, increased demands have appeared for specialized banking services which require the use of expert personnel who can be employed most effectively only in larger-scale operations.

Policy on Branch Banking

These, then, have been the forces which have been at work to produce a powerful thrust toward the expansion of banking facilities. The task we face is to direct these forces so that they will serve public needs most effectively and most efficiently. In carrying out this task, we must

Continued on page 42

New Issues

April 24, 1965

Mitsui & Co., Ltd.

(Mitsui Bussan Kabushiki Kaisha)

$10,000,000

63% Convertible Sinking Fund Debentures due 1978

(Dated May 1, 1965—Interest Payable March 31 and September 30)

The debentures will be convertible on or after June 1, 1965 until maturity, unless previously redeemed, into American Depositary Shares evidenced by American Depositary Receipts, each American Depositary Share representing 20 shares of Common Stock of Mitsui & Co., Ltd., par value ¥50 ($0.14) per share, at a conversion price (with the Debentures taken at their principal amount) equal to $16.67 per American Depositary Share, subject to adjustment in certain events.

Price 100%

125,000 American Depositary Shares Representing

2,500,000 Shares of Common Stock

(Par Value 50 Japanese Yen Per Share)

Price $14

per American Depositary Share

This announcement constitutes neither an offer to sell nor a solicitation of an offer to buy these securities. The offering is made only by the Prospectus, copy of which may be obtained in any State from the underwriters as may lawfully be required of them in such State.

Smith, Barney & Co. The Nomura Securities Co. Inc.
We No Longer Can Delay Stopping Our Dollar Drain

By Dr. Leland J. Pritchard
Professor of Finance, Department of Economics, University of Kansas, Lawrence, Kansas

Taking a hard, thorough look at the basic causes for our chronic balance-of-payments problem, Dr. Pritchard questions dissolution of foreign aid funds and warns we have no choice but to curtail "those types of aid which create a drain on the dollar and impose an ever-increasing import bill against restraining capital outflow restrictions; explains how we can improve our already favorable export position and how we may hope to avoid a cumulative deficit against restraining currency under present economic conditions.

With the exception of 1937, there has been a deficit in the International accounts of the United States for every year since 1930. The cumulative total of this deficit now exceeds $23 billion. This is the proximate cause of the balance-of-payments problem and is the only factor that makes inflationary and deflationary policies possible. When we are running deficits, the government's budget is always in the black.

In the United States, the balances of payments represent the aggregate volume of payments made to foreigners in a given period, and the aggregate volume of receipts from foreigners in the same period. Types of transactions which give rise to receipts (from our standpoint) are exports of manufactured and non-manufactured merchandise, services rendered to foreigners, the collection of interest, dividends, rents, and royalties from foreigners, etc.

Conversely, transactions which give rise to payments include: imports, expenditures of U. S. tourists abroad, payments for the use of foreign owned ships, the payment of interest, dividends, rents, and royalties to foreigners, etc.

In contradistinction to the balance-of-payments of individuals, cities and even states, the balance-of-payments of the United States—and of every other nation having its own money system—always balances. Payments always equal receipts; debits equal credits. The balance-of-payments always balances because there can be no deficit (or surplus) on the balance sheets. The fact that payments can be, and are, made by using hand-made money, does not invalidate this economic law, since national regulations tend to restrict net transfers of hand-made currency to inconsequential magnitudes.

Where international transactions are largely negotiated by private traders and the banks on their own initiative, rather than through state agencies, there can be by sheer coincidence that the "payments transactions" entered into in a given period will balance with the "receipts transactions" for that period. To the extent that equality is achieved, type or types of payments (or receipts) are necessary to fill the "gap," for, as stated by the balance-of-payments always balances. These "stop gap" payments (or receipts) are transfers of monetary gold stocks and/or net foreign short-term dollar claims. These transfers are necessary so that, in the same period, we are in the form of demand deposits and Treasury bills. The United States is said to have a "deficit" in its balance-of-payments when an export of gold is not offset by a decrease in foreign-owned short-term claims; or conversely, a "surplus" in its balance of payments which is earned by foreign-owned short-term claims is not offset by gold imports.

Short-Term Threat to Our Gold

With more than $25 billion of short-term debts (or national clearings balances) against less than $16 billion of gold, $12 billion of dollar credits (or gold certificates) will undoubtedly be called. The Federal Reserve Banks, the United States dollar could even now be worthless if the foreign holders of these claims chose to exercise any considerable volume of their options. And they do have the option. The gold and short-term dollar holdings of foreign countries (excluding the United States) are now in excess of $23 billion, nearly $30 billion of which is located in Western Europe. Even on the basis of an enlarged volume of world trade this represents an increased volume of claims on the United States.

In the balance-of-payments of a country with a gold reserve, deficiency in our balance of payments is equivalent to the drain of our gold reserve. We are in danger of losing our international monetary gold reserve, and the United States dollar is at a temporary discount. In order to avoid total deflation in the United States, the Treasury must provide temporary stability, and the dollar would resume as domestic currency. The ability to stop the drain of gold through sales of gold will depend on the flexibility of our foreign exchange markets. If, to avoid this drain, the United States dollar is devalued through foreign exchange markets, the dollar reserve will be reduced in volume, and the dollar will have to be resold at a temporary discount before it can resume its role as domestic currency.

In order to avoid total deflation, the United States dollar must be devalued through foreign exchange markets, and the dollar reserve will be reduced in volume, and the dollar will have to be resold at a temporary discount before it can resume its role as domestic currency.

In order to avoid total deflation, the United States dollar must be devalued through foreign exchange markets, and the dollar reserve will be reduced in volume, and the dollar will have to be resold at a temporary discount before it can resume its role as domestic currency.
How the Commercial Banker Sees the Mortgage Banker

By Dr. Kurt F. Fleener, Deputy Manager and Director, Mortgage Finance Committee, The American Bankers Association, New York City

The sweeping shift into and the growing importance of mortgage lending to commercial banks poses certain problems and challenges to mortgage bankers in view of the rapidly growing number of mortgage-endorsed mortgages. Dr. Fleener says mortgage bankers should realize that mortgage lending is vastly different from traditional bank lending and should not regard it as just another form of traditional lending activity.

In recent years the basic approach to mortgage lending has undergone profound change in many commercial banks. After World War II, with the rapid growth and development of mortgage companies, many banks have found it necessary to extend lines of credit to those mortgage companies in which they would originate mortgages which either to some commercial banks or, in most cases, insurance companies or savings banks, is a problem in the mortgage market. Where mortgage mortgage companies originated mortgages and the banks took over the long-term financing, the mortgage company would ostensibly be the mortgage servicing, or, if a bank sold from portfolio mortgages via a mortgage company, the bank would take over the servicing of such mortgages. This process of origination and servicing on the part of mortgage companies and the extension of lines of credit on the part of commercial banks had undoubtedly many good points in its favor. Another postwar development, however, has created problems for commercial banks the solution of which is considered by many banks to lie in the development of self-service banking. After the Second World War, growth of time deposits in commercial banks became very significant and this significance has considerably increased during the last few years. Corporate self-financing has also lessened the reliance of many corporations upon commercial banks for their short-term credit requirements.

Importance of Mortgage Credit

Perhaps most important of all, however, has been the change in our economy which has made households and families the chief users of long-term mortgages and mortgage lending. The mortgage debt today is about $250 billion and it is expected that the residential mortgage credit in our economy has made it virtually impossible for banks to ignore this type of lending without putting their future growth and prosperity at risk. In other words, basic changes in our economy, the importance of limited and growing number of commercial banks and the increase of corporate self-financing have declined the motivated banks to take a new look at their place in the financial world, and this has resulted in a clear recognition that mortgage lending in all its phases is very much the business of every bank.

How has this affected the relationship between the commercial bank and the mortgage company? In my opinion, it would be unrealistic to say that the relationship between these two groups of institutions has not changed, for the mortgage company has already changed. The interest of commercial banks in mortgage lending, which is regarded as a permanent development for the reason stated above, may undoubtedly be regarded as significant in terms of competition. Many banks have already entered the mortgage market in all its aspects. Many others are making plans to do so and are awaiting only the available ability of trained personnel. There is little doubt in my mind that as the number of mortgage transactions increases, there will be an increased demand for mortgage servicing, or, if a bank sold from portfolio mortgages via a mortgage company, the bank would take over the servicing of such mortgages. This process of origination and servicing on the part of mortgage companies and the extension of lines of credit on the part of commercial banks had undoubtedly many good points in its favor. Another postwar development, however, has created problems for commercial banks the solution of which is considered by many banks to lie in the development of self-service banking. After the Second World War, growth of time deposits in commercial banks became very significant and this significance has considerably increased during the last few years. Corporate self-financing has also lessened the reliance of many corporations upon commercial banks for their short-term credit requirements.

The sweeping shift into and the growing importance of mortgage lending to commercial banks poses certain problems and challenges to mortgage bankers in view of the rapidly growing number of mortgage-endorsed mortgages. Dr. Fleener says mortgage bankers should realize that mortgage lending is vastly different from traditional bank lending and should not regard it as just another form of traditional lending activity.

In recent years the basic approach to mortgage lending has undergone profound change in many commercial banks. After World War II, with the rapid growth and development of mortgage companies, many banks have found it necessary to extend lines of credit to those mortgage companies in which they would originate mortgages which either to some commercial banks or, in most cases, insurance companies or savings banks, is a problem in the mortgage market. Where mortgage mortgage companies originated mortgages and the banks took over the long-term financing, the mortgage company would ostensibly be the mortgage servicing, or, if a bank sold from portfolio mortgages via a mortgage company, the bank would take over the servicing of such mortgages. This process of origination and servicing on the part of mortgage companies and the extension of lines of credit on the part of commercial banks had undoubtedly many good points in its favor. Another postwar development, however, has created problems for commercial banks the solution of which is considered by many banks to lie in the development of self-service banking. After the Second World War, growth of time deposits in commercial banks became very significant and this significance has considerably increased during the last few years. Corporate self-financing has also lessened the reliance of many corporations upon commercial banks for their short-term credit requirements.

Importance of Mortgage Credit

Perhaps most important of all, however, has been the change in our economy which has made households and families the chief users of long-term mortgages and mortgage lending. The mortgage debt today is about $250 billion and it is expected that the residential mortgage credit in our economy has made it virtually impossible for banks to ignore this type of lending without putting their future growth and prosperity at risk. In other words, basic changes in our economy, the importance of limited and growing number of commercial banks and the increase of corporate self-financing have declined the motivated banks to take a new look at their place in the financial world, and this has resulted in a clear recognition that mortgage lending in all its phases is very much the business of every bank.

How has this affected the relationship between the commercial bank and the mortgage company? In my opinion, it would be unrealistic to say that the relationship between these two groups of institutions has not changed, for the mortgage company has already changed. The interest of commercial banks in mortgage lending, which is regarded as a permanent development for the reason stated above, may undoubtedly be regarded as significant in terms of competition. Many banks have already entered the mortgage market in all its aspects. Many others are making plans to do so and are awaiting only the available ability of trained personnel. There is little doubt in my mind that as the number of mortgage transactions increases, there will be an increased demand for mortgage servicing, or, if a bank sold from portfolio mortgages via a mortgage company, the bank would take over the servicing of such mortgages. This process of origination and servicing on the part of mortgage companies and the extension of lines of credit on the part of commercial banks had undoubtedly many good points in its favor. Another postwar development, however, has created problems for commercial banks the solution of which is considered by many banks to lie in the development of self-service banking. After the Second World War, growth of time deposits in commercial banks became very significant and this significance has considerably increased during the last few years. Corporate self-financing has also lessened the reliance of many corporations upon commercial banks for their short-term credit requirements.

Lincoln Printing Announces New Officers

William J. Wildeman Harold T. Andrews Allan N. Goberman

Lincoln Printing Co., Inc., New York City, financial-corporate printers, has announced the election of William J. Wildeman as President, Harold T. Andrews as Vice-President and Allan N. Goberman as Director.

Mr. Wildeman was formerly President of Lincoln Printing Co. of Chicago, a subsidiary company. Before joining Lincoln, Mr. Wildeman had been President of Blakely-Oswald Printing Co., editor of Standard & Poor's Stock & Bond Guide and President of American Bond Quotation Services.

Mr. Andrews, formerly a Vice-President and Director of Lincoln Printing (Chicago) has been associated with Lincoln since 1926.

Mr. Goberman is President of Central Penn Investment Corp., Surquehanna Builders, Inc., Gobi Construction Co. and Sutler Village Corp.

$48,000,000 Tampa Electric Company

First Mortgage Bonds, 4½% Series due 1993

Dated May 1, 1963

Price 101 7/8% and accrued interest

This announcement is not an offer to sell or a solicitation of an offer to buy securities. The offering is made only by the Prospectus which may be obtained in any State in which this announcement is circulated from each of the undersigned and other dealers at may lawfully offer such securities in such States.
Steel Production  Electric Output  Carloadage  Retail Trade  Food Price Index  Carolina Business Failures  Community Price Index

Five recently "liquidated" important steel companies were in encouraging evidence of healthy, rapid growth. This growth contributed significantly new orders for steel in March, including some for industrial piping. New contracts for steel plants in the south and new orders for steel goods in general were well above the February average. Data for the first three months of the year, prepared by the National Manufacturing Sales Office at the Federal Reserve Bank of St. Louis, were maintained by the Department of Commerce, Washington, D. C. Here is the data and other findings:

Domestic and foreign new orders for metal cutting type machine tools during March amounted to $30,260,000—the best single month since the automobile strike, when orders totalled $36,250,000.

Domestic orders in March were $28,200,000, or $44,800,000 of February and 37% higher than the $33,300,000 total for March, 1962. Orders abroad were $12,000,000, 40% over the $8,550,000 of February and 29% over the $9,510,000 recorded in March, 1962.

Net new orders for the first quarter of 1963 totaled $159,630,000, which is 33% better than during the first quarter of 1962 and 9% better than during the fourth quarter of 1962. Better sales accounted for the bulk of these increases, running 36% above the first quarter of 1962 and 4% above the final quarter of 1962.

A sharp decline in net new orders was noted last year owing to the large increases in defense type machine tools experienced in March, when they totalled only $13,050,000, which is 32% less than the $19,200,000 of February and 30% less than the $18,750,000 of March, 1962.

Domestic orders totaled $12,150,000, compared to $16,500,000 in February and $14,100,000 in March, 1962—a 24% decline.

Foreign orders of $900,000 were off 67% from the $2,200,000 of February and off 81% from the $4,600,000 of March, 1962.

For the quarter ended March 31, 1963, metal forming type machine tools were the most popular, with orders amounting to $30,260,000, which is 9% less than the total of $30,600,000 for the first quarter of 1962. Domestic orders amount to $40,850,000, or 41% above the $28,200,000 total for March, 1962. The increase in foreign orders was $4,000,000, or 25% higher than the $1,100,000 total for the same period of 1962.

The increase in foreign orders for cutting type machine tools in March marks at least a temporary halt in the downturn observed last year. Currently, foreign orders backlog is low, and export orders are being filled sharply unless new order volume is quite substantial and continuing. The increase in March may have been due to a percentage standpoint, but actual volume of orders in the $2 million increase. The increase was not confined to any specific type of engine, with foreign orders showing most evidence. It resulted largely from new orders from European automotive manufacturers, and was in harmony on the part of machine tool builders to believe that this is a reversal of the trend.

Consumer Incomes Up in All States in 1962

Individual incomes, the most important of the personal income data available on a geographic basis, rose to record high levels in March, according to the preliminary estimates of the Business Economics, U. S. Department of Commerce. For the first quarter of 1962, the third quarter of 1962, and the first quarter of 1963, the relative large 1962-61 increase reflected the fact that profits of over $75 billion for 1961 as a whole were cyclical. A large number of industrial and commercial firms showed a recovery in the last three quarters, and particularly in the first three quarters of 1962, profits were maintained at the comparatively high levels set in the final quarter of 1961.

Book profits, which include inventory losses on lower prices, rose $2 billion to an all-time high in the final quarter of 1962. The remainder of the $3 billion increase from the third to the fourth quarter resulted from a rise in sales, increased profits from wholesaling and in turn from overseas investments. For the entire year 1962, the 10% increase in profits is an encouraging sign. The additional increase of $2 billion, or $22 billion for the nation last year—4% nearly $100, more than the 1961 amount, shows a BOE report.

With employment and productivity expanding in 1962, incomes continued to rise in nearly all industrial sectors.

Manufacturing

Earnings of persons engaged in manufacturing last year increased by 7%, a rise significantly higher than that in income from non-manufacturing industries. Geographic unevenness characterized the shifts in this industry, in part, because the recession had struck with uneven force in the various states. In nearly all non-manufacturing industries, real wages or rates equaling or bettering index of industrial wages were higher than those in manufacturing. In the Great Lakes and Southeast regions, however, the former industries showed directly responsible for boosting the rate of income gain.

Georgia was a resurgence of the durable goods industries—in particular, primary metals and automotive production in Indiana and Michigan—led to state gains of one-tenth or more. The Southeast expansion centered chiefly in the apparel, textile and transportation equipment industries. Manufacturing labor responsible for top-ranking gains in Virginia, Mississippi, Arkansas, Georgia and Alabama were bringing the production level. Production output was increased by a majority of producers in the above-average gains in several regions.

Other Developments

Income from governmental sources expanded from 1961 to 1962 by 7%, with the geographical uniformity this pattern could have been greater if the new government than in any other year of the period. Government, Federal and state and local disbursements rose 5% and 9%, respectively.

Record High Corporate Earnings

Corporate earnings before taxes in the first quarter of 1962 amounted to a record $34 billion in March after seasonal adjustment at an annual rate. At the February rates, the Office of Business Economics, U. S. Department of Commerce reported.

At $71.3 billion, the second consecutive weekly gain which finally topped weekly output going back three years ago, was followed by the year ago week by a rounding 17.9% that of any week since 1955.

The 12th consecutive weekly increase is attributed to an advance in business activity, as well as rising hedge-buoying against a possible steel strike. Not shown by the recent historic output high of eight years ago, has the industry experienced such a sustained sustained weekly sequence of rises.

The chances of a strike for, or in 1963, have been enhanced by President Kennedy's "Go-Ahead" on secrete. The fourth quarter quarter, plus with an admonition against forcing overall cost up. Almost all steel companies including, S. Steel, have generally raised prices on those steel items in greatest demand.

So far this year — through April 20 — the output of ingot iron, steel and steel products was 118.5 billion tons which is 9.4% below the Jan. 1-April 20, 1962 production of 128.8 billion tons.

Data for the latest week ended April 20 show production was on par with 4.9 million tons, weekly output of 12,805,000 net tons ($114.8).

The Index of Production for three regions, April 20, 1963.

District  Region  April 20  April 13

1st East Coast  122.9  121.6

2nd Midwest  120.4  120.3

3rd South  118.5  119.6

4th West  130.6  128.4

The Index of Production based on average weekly production for 1955-1959.

Steel Prices May Spur Demand

Steel prices may spur demand and speed the buildup of inventories, Steel magazine said.

Users started ordering extra-strength steel bars, and are afraid their protection against a strike is not adequate. Reason: steel bar is a "common metal" and the Steel Industry encourages and encourage the United Steelworkers of America to a strike for more money.

A growing number of people believe a contract reopening is virtually certain—on May 1—perhaps, but as soon as USW President David J. McDonald renews his demand, the money issue is assumed his wage policy commission.

Pittsburgh mills say helping spread to automotive manufacturers and is being felt in tubular and wire products. Eastern mills have reported the cut in the Southern region, particularly in Chicago steel and a number of Chicago mills express divergent views some say orders are rising, while others see demand falling off.

Consensus: April bookings will top last month's by 10 to 15%. A report of Mr. J. Campbell, championed the marketplace as the final judge of prices. He predicts: "We don't expect a strike, but we do hope it will arrive at a national policy price levels. Government control inevitably involves delays, and its refinement works to correct misalignments, distortions, and imbalances. It then it will be the market's task to correct misalignments, distortions, and imbalances.

If the new steel prices stick, the hikes will be passed on to the

Continued on page 30
The Market...And You

BY WALLACE STREETE

Almost every time the stock market advances these days it sets a new recovery high. And this rise also marks an advance in the all-time 735 peak of the Dow-Jones Industrials.

The trend is unquestionably still upward. Although the current move can hardly be termed a roaring bull market, it is a record of renewed confidence that 1963 should be a good business year.

Yet opinion is still very mixed as to short-term trends in the market. Indications that public interest is reviving has already caused some observers to fly their caution flags. Evidence that lower-priced issues are becoming more prominent on the most active list is also arousing some concern.

Growth Revival

There is considerable drift toward some of the neglected stocks. Growth is also becoming a more popular market philosophy of stocks 12-15 months ago. First quarter earnings reports confirm that many companies did not recover as high in the year, and more importantly, look forward to substantially higher profits for the full fiscal year.

Some of the heavy-goods industries such as automobiles, steels, and chemicals are reporting gains in their March quarter profits of nearly 50% over a year ago. Heavy-industry capital quality stocks, accordingly, are being neglected by institutional investors, have put the market on the first leg of an important upturn.

Pointing to the sharp rise last month in the Federal Reserve Industrial Index, there is evidence that the economy has now broken out of a long plateau without the stimulus of a tax cut.

Tax Cut Minimized

While hopes for a tax cut are still strong in the business and investment conservative groups, it is evident that the market is going to decide its own direction without waiting for Congress to act.

Meanwhile, record employment, new highs for retail sales, and predictions of further increases in Gross National Product are having a substantial influence on many stocks. Technicians like to point out that only a relatively small number of stocks are pulling the market to new highs.

But it should also be noted that during the 1961-62 period many blue chips topped out much earlier. When the Dow-Jones Industrial Average was over 800 in the middle of 1956 to its peak of late December, 1961, nearly half the 30 stocks were still below their 1956 levels on the day the Dow hit its high of 735.

Thus, many stocks and bonds that the oils and steels that peaked out in the late 1950's are just now recovering enough to move on to new highs. Standard Oil of New Jersey is one of these stocks that was depressed heavily early this year, and is now back around its all-time peak of 1959. Its earnings outlook for the fall is, indeed, favorable.

Oils, like steels and other basic industrial groups, have been helped by firming price levels. The big news story so far this year has tended to overshadow the fact that other industries are now in a better position than in most recent years to adjust their prices to rising costs.

Chemical Over-Capacity

Chemical producers have encountered particularly difficult pricing conditions because of over-capacity. Union Carbide's first quarter profits declined was attributed to lower prices for plastics and metals. Its profits are about one third less than last December's high of 100, and far below its pre-1961 high of 150.

Yet Allied, another chemical member of the Dow 30, is now at its highest market level in more than a year. Selling in the low 50's, Allied seems poised for better earnings, according to its management. Its first quarter profits reflected substantial gains from the year-ago level. New products and heavy demand for its petroleum items have encouraged company officials to raise their record sales for the first half-year as well as significantly higher profits.

Allied's earnings record of 57 last year came in January. This was nearly 9 points under its historic high price. A peak of 1964, a surge in first quarter profits came on a 9% rise in sales.

Rally Strong Recovery

Rally have also registered a sharp recovery. With the Dow index at a three-year high, the recovery outstrips most than the lining their own weight in the market. Although you will seldom see a rally so backed as this, the active issues, interest is high.

Institutional and foreign investors are entirely intrigued by retail stocks these days. Southern Pacific, Norfolk & Western, Southern, Illinois Central, and Atchison rank high among the favored carriers.

The railroad industry's follow-up, also illustrates the high degree of selectivity in today's market. Some 73% of the rails had topped out by the end of 1959. While many are still depressed, we find several close to their former highs.

Southern Pacific, now in the low 90's, is above its early-1960's high of 80. which also represented its historic high. Atchison, in the high 20's, is now above last year's peak, but a few points below its all-time mark of 34%. Both are expected to move on new-all time high this year of nearly 120. Its 1962 high will come in the closing month of the year.

The rails undoubtedly are in better shape to make money than they have been in a number of years. Green is the apparent sign for the future, and for the mergers now in the making. Yet the government has shown it is interested in stepping in to help the carriers before it is too late.

Now guidelines for labor rules are direct-indications that the Supreme Court got into the rail act this week when it ruled against the Canadian Commission out of order for canceling newly reduced rates for filed-high cargo service.

Growing Airline Interest

Airlines are also experiencing a new wave of investor interest. Delta, National, and Continental are among those that have hit new highs for the year recently. Optimistic reports of growing passenger loads have also influenced the market. And there is still talk that some mergers will be approved.

Autos continue to attract a lot of attention, although they are not as prominent on the most active list these days. Yet production is scheduled to pass the 25 million mark for the calendar year this week. Another 7 million car year seems certain, and a new record output total is within reach.

Auto stocks are also benefiting from a General Motors prediction that an 8 million car year is not too far off. Standard Steel, which laggard in production, is also the only motor stock to be trailing the general advance. Chrysler is still the hot one although it has slowed down.

Ford and General Motors are also floating with new tops. The Big Three continue to increase their output despite an estimated industry inventory of 1 million cars.

The "Technical" Aspects

The turnaround in volume from several months ago has also added fuel to the optimists' fires. Even the huge short interest is hopeful for the bulls. The biggest surge in a market that has made an extremely small drop in the more than 6 million share total.

Meanwhile market credit has climbed to the highest since the New York Stock Exchange started to compile these figures in 1931. But with customer balances ($43.58 billion) amounted to only 1.2% of the market value, it is really a ho-hum calculation.

A more important concern to the investment community is how long will the public's memory be? While some investors have re- turned to their old trading habits, many more have remained away.

[Briefs and other securities as follows that may be of interest.]

Bond Club of N. Y.

Field Day Set

The Annual Field Day of the Bond Club of New York will be held this year on Friday, June 7, it was announced by H. Lawrence Borget, Jr., Hudson B. Lebman.

Borget, Jr., of Eastman Dillon, Union Securities & Co., President of the Club. The 38th Annual Field Day, the first bond market on the calendar week, will take place at the Sleepy Hollow Country Club, Scarborough, New York.

Hudson B. Lebman of Morgan Stanley & Co., Inc., has been named Field Day Chairman this year. Assisting him will be four general chairmen: James M. King, Jr. of Francis I. du Pont & Co.; John W. Callaghan of Goldman, Sachs & Co.; Harold D. Barnard of Dean Witter & Co., and Walker W. Stevens of Hemphill, Noyes & Co.


Phila. Bond Club

Fall Outing

PHILADELPHIA, Pa.—Theodore E. Eckfeldt of Stroud & Company, Inc., President of The Bond Club Fall Outing Committee has announced that the 38th Annual Outing and Field Day of the Club will be held on Friday, Sept. 27. The outing will be held at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Mr. Eckfeldt also announced the appointment of Richard W. Hole of R. W. Presprich & Co. as Field Day Chairman and Larry K. Hiestand of Reynolds & Co. and John B. Richter of Butler & Sherrerd as General Chairmen.

Goldmarket of Norway

Fifteen Year 5.4% External Loan Bonds of 1963

Dated May 1, 1963

Due May 1, 1978

Interest payable November 1 and May 1 in New York City

Price 98.25%

Copies of the Prospectus are obtainable in any State from only such of the undersigned and such other dealers as may lawfully offer these securities in such State.


The First Boston Corporation Blthly, Co. Inc. The Dominion Securities Corporation Incorporated

Drexel & Co. Eastman Dillon, Union Securities Co. Kidder, Peabody & Co. Incorporated

Ladenburg, Thalmann & Co. White, Weld & Co.

Dominick & Dominick Hallgarten & Co. Wood, Gundy & Co., Inc. Incorporated

Arnhold and S. Bleicherdroer, Inc. Bell, Gouinlock & Company Incorporated

Swiss American Corporation April 25, 1963.
**NEWS ABOUT BANKS AND BANKERS**

The First National City Bank, New York, announced April 6 that James J. Saxon, who has been Vice-President and Treasurer, has been appointed President.

Bernard T. Stott has been appointed the Controller of First National Bank, New York, and Michael L. Haider, has been elected to the Board of Directors.

The Chemical Bank New York Trust Company, New York opened its first European Representative Office at 12 Place Vendome, Paris, on April 18, according to Harold H. Helm, Chairman.

The New European office will be under the direction of Joseph Simpson, European Representative, and Julian H. Brooke, Assistant European Representative.

The Manufacturers Hanover Trust Company, New York, on April 17 announced the appointment of J. Hanna and George R. Moran, Senior Vice Presidents.

Henry M. Johnson, Mr. Arthur C. Langeford, Edson R. Wallingford and Wesley Simmons were also elected Vice-Presidents.

Election of Edwin J. Davenport, Spencer, New York, as Assistant Vice-President of Morgan Guaranty Trust Company, New York, was announced today by Henry C. Alexander, Chairman of the Board.

Also announced were the appointments of Henry D. Hamilton and Carl H. Hathaway as Investment Officers in the bank’s investments department and Jose P. Rivera and Allan S. Kohler as an Assistant Treasurer in the international banking department.

Miss C. Virginia Roberts was appointed an Assistant Treasurer in Morgan Guaranty’s New York City Treasury’s office in Tokyo, and Francis M. Randle was elected an Assistant Secretary in the New York City’s office.

Clifford J. Sinton was elected Vice-President and Treasurer of Commercial Bank of North America, New York, G. Russell Clark, Chairman of the Board, announced.

Mr. Sinton joined the bank in 1916 as Assistant Treasurer and became Treasurer in 1931.

Clint L. Miller, who began his banking career eleven years ago as The Dime Savings Bank, New York, in 1923, has been elected President of the Bank and a Member of the Board of Trustees.

The announcement was made today by General Manager, Chairman of the Board and who until April 22 also had been serving as President. Mr. Miller will continue as Board Chairman and Chief Executive Officer.

In addition to Gripweed, Mr. Andrews was named Senior Vice-President and Secretary. He fills the post vacated by Mr. J. Robert B. J. Roberts, who was named Senior Vice-President and Treasurer.

Gerald J. Peffer, was promoted to Senior Vice-President and Comptroller.

Hugh G. Johnson, a trustee of the Bank, has been appointed a Vice-President and retains his place on the Board of Trustees.

The Brooklyn Savings Bank, Brooklyn, N. Y. opened a new branch at the southeast corner of Fulton and Montague Streets in Brooklyn, N. Y.

The Lafayette National Bank, Brooklyn, New York elected George Terrio a cashier and William Kern an Assistant Trust Officer.


James Saxon U. S. Comptroller of the Currency, announced today the opening of the New York Liberty Bank & Trust Co., Buffalo which opened its business on April 22 under the new charter and name of Liberty National Bank & Trust Co.

The Comptroller of the Currency James Saxon on April 18 approved the plan to open a branch a new National Bank in Bankston, Minnesota.

Initial capitalization of the new bank will amount to $200,000 and it will be operated under the title Valley National Bank of North Mankato.

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

Initial capitalization of the new bank will amount to $1,000,000 and it will be operated under the title Union National Bank in Houston, Texas.

The Comptroller of the Currency James Saxon April 18 announced that he has given preliminary approval to organize a National Bank in Clear Lake, Texas.

Initial capitalization of the new bank will amount to $500,000, and it will be operated under the title Randolph First National Bank, Clear Lake.

The Comptroller of the Currency James Saxon on April 15 announced that he has given preliminary approval to organize a National Bank in Palo Pinto, Texas.

Initial capitalization of the new bank will amount to $500,000, and it will be operated under the title First National Bank, Palo Pinto.

James R. Crompton has joined the Board of Directors of the California National Bank, San Francisco, California as Vice-President. He will head the In-Trust Department.

Pineapple, 101,000,000, 118,000, 1.6

Other agriculture, 27,352,000, 43,024, 0.6

Manufacturing, 71,600, 145,000, 1.6

Construction, 95,700, 275,400, 15.1

Tourist trade, 24,300, 131,000, 6.4

Tourist industry on oom, 203

Retail sales, 462,000, 585,000, 6.4

Wholesale, 22,800, 330,000, 14.9

Exports, 209,000, 346,000, 17.0

Imports, 305,000, 569,000, 18.6

Bank deposits, 2,926,000, 3,500,000, 10.3

Bank loans, 157,600, 400,100, 9.8

Debts all Fin. Inst., 449,000, 1,003,000, 8.4

ECONOMIC GROWTH IN HAWAII

**Table: Economic Growth in Hawaii**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Labor Force</th>
<th>State Product</th>
<th>Personal Income</th>
<th>Construction</th>
<th>Commerce and Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>460,700</td>
<td>187,700</td>
<td>69,000,000</td>
<td>689,000,000</td>
<td>187,700</td>
<td>187,700</td>
</tr>
<tr>
<td>1940</td>
<td>560,000</td>
<td>246,500</td>
<td>176,000,000</td>
<td>1,560,000,000</td>
<td>187,700</td>
<td>187,700</td>
</tr>
<tr>
<td>1945</td>
<td>630,000</td>
<td>296,517</td>
<td>2,920,000</td>
<td>2,660,000,000</td>
<td>187,700</td>
<td>187,700</td>
</tr>
<tr>
<td>1950</td>
<td>700,000</td>
<td>34,924,000</td>
<td>6,690,000,000</td>
<td>6,690,000,000</td>
<td>187,700</td>
<td>187,700</td>
</tr>
</tbody>
</table>

**Annual Average**

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Commerce and Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>3,500,000</td>
<td>1,700,000</td>
<td>460,000</td>
<td>187,700</td>
</tr>
<tr>
<td>1940</td>
<td>3,500,000</td>
<td>2,920,000</td>
<td>1,877,000</td>
<td>187,700</td>
</tr>
<tr>
<td>1945</td>
<td>3,500,000</td>
<td>2,920,000</td>
<td>1,877,000</td>
<td>187,700</td>
</tr>
<tr>
<td>1950</td>
<td>3,500,000</td>
<td>2,920,000</td>
<td>1,877,000</td>
<td>187,700</td>
</tr>
</tbody>
</table>

**Survey of 10 N.Y. City Bank Stocks**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Analysis</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National City Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Second National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Third National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Fourth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Fifth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Sixth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Seventh National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Eighth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Ninth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
<tr>
<td>Tenth National Bank</td>
<td>$50,000</td>
<td>18%</td>
</tr>
</tbody>
</table>

**National and Grindlays Bank Limited**

Head Office and Billing Office: 254 Bowes Lane, E. C. 2.

Telegraphic Address: Minerva Trust Co., Tel. No. 9235.

Branches in:

- **INDIA** - PAKISTAN - CYLON - BURMA - ADEN - KENYA - LUSAKA - ZAMBIA - AND THE RHODESIANS.
FOR SERVICE BEYOND THE CALL

The telephone, your obedient servant, is learning new ways to assist you. Many conveniences, available today in private automatic exchanges for business, may soon be introduced to telephone users generally. Call Forwarding, for example, permits you to instruct your exchange to transfer your calls—just by dialing a code and any desired transfer number. Calls to busy lines will be completed automatically—as soon as the lines are free. You’ll be able to set up conference calls, or tie in to paging systems, by dialing appropriate codes. / These and other new services are provided for by a new electronic switching system developed by an ITT company. All solid-state, with printed circuit modules, a file-cabinet-sized unit replaces a roomful of conventional equipment. / This major advance in telephony typifies ITT’s pioneering approach to communication techniques. ITT introduced long distance subscriber-to-subscriber dialing in Morocco as early as 1932. Today this service is widely implemented in Europe and the U.S. ITT is credited with basic development work in TV...radar...microwave...data communications...mobile, maritime, airborne and spaceborne communications. Through this work, ITT has earned its position as the world’s largest international supplier of electronics and telecommunications./ International Telephone and Telegraph Corporation. World Headquarters: 320 Park Avenue, New York 22, N.Y.
Some Constructive Dissents About Tax-Exempt Industry

Continued from page 3

This is about to happen, I agree with James B. Bond of The Bond Buyer that the attack will take place in the market itself and in the legislature. This should bolster our case although there is some conviction that the Courts are moving away from settling issues on constitutional grounds, and the recent ruling on the theory that tax exemption will remain as is.

In the future could cover many subjects, but because of the limits merci- fully imposed upon me, I am go- ing to consider five general areas of the business, we all have great bearing in our ability to overcome the tests before us:

(1) Selling and Distribution,
(2) Capital Participation in the Market,
(3) Self-Regulation,
(4) Advertising and the Problem of Modesty,
(5) The medialise aspect.

Selling Is Most Important

My first point — Selling and Distribution — is all important. I don’t believe that there is going to be a long exist in the coming volume type of market if they do not have adequate customers. In simple, you will have to sell, bonds to survive the competition.

Firms which are who in the market or who should be in the market for the sale of their products, will not be contained by the banks and insurance companies in the competitive market for the last of the volume.

They will find their in- creased profits possible with a new investment idea and may turn to other securities. We might have a situation where the Bond Buyer pointed out recently, that the government may be using tax ex- emptions for some of its own se- curities at some future time. It is also possible that the Internal Revenue Service may be able to get court decisions against us in the matter of interpretations of various pieces of legislation. Therefore, we need to have a good advertising program to get thiner and thinner. We all complain and some of us even not to participate in business where the gross profit is small but this might be a resolution to which we are unable to bear.

In many accounts, the under- writer-salesmen’s being paid out of the profit and it can have per- version to bear, but it is very

I remember years when that great bondman, Reg Schmidt of W.B. Willers, kept pounding on the fact that the pressure and we cer- tainly the compensation. He was very much admired by the pros. I know several people in our company that have said things about the firm who sold that it would receive for risking its money in a deal, and the point that it would not be for the benefit of the leader firms of tomorrow will not be on top of a deal in the sales ac- counts or their ability to nego- tiate (mostly because there will be little salesmen, where sales will be public sale) or be- cause the smaller firms could be the leaders chiefly by their ability to sell bonds.

Pre-Sale Is Dying Out

In the past, we have been true to the idea that where pre-sale indications will be going to the business because away I can see expressions of wonderment, bewilderment and even disbelief on the faces of people. However hear me out I think that the day when this very important tool in the finan- cier’s bag of tools is eliminated is near, and I believe that the institution will welcome this because they are tired of having their ideas used as a launching pad for prices. The only people that will who are adversely affected will be those who do no studying and bears the major part of the loss will be small because the volume market of tomorrow has no place for these exemptions.

There is also a need for the entire industry to expand its cir- culation coverage. With tax ex- emptions, the firms have the chance to broaden our markets. We can’t continue to do business with any investor in the market or who should be in the market for the sale of their products.

We must not necessarily go along with the theory that the banks and insurance companies in the competitive market for the last of the volume.

They will find their in- creased profits possible with a new investment idea and may turn to other securities. We might have a situation where the Bond Buyer pointed out recently, that the government may be using tax ex- emptions for some of its own se- curities at some future time. It is also possible that the Internal Revenue Service may be able to get court decisions against us in the matter of interpretations of various pieces of legislation. Therefore, we need to have a good advertising program to get thiner and thinner. We all complain and some of us even not to participate in business where the gross profit is small but this might be a resolution to which we are unable to bear.

In many accounts, the under- writer-salesmen’s being paid out of the profit and it can have per- version to bear, but it is very

I remember years when that great bondman, Reg Schmidt of W.B. Willers, kept pounding on the fact that the pressure and we cer- tainly the compensation. He was very much admired by the pros. I know several people in our company that have said things about the firm who sold that it would receive for risking its money in a deal, and the point that it would not be for the benefit of the leader firms of tomorrow will not be on top of a deal in the sales ac- counts or their ability to nego- tiate (mostly because there will be little salesmen, where sales will be public sale) or be- cause the smaller firms could be the leaders chiefly by their ability to sell bonds.

Adoption of Corporate Syndicate Idea

There is still another aspect of the distribution problem that our indus- try may have to face in the next decade. It may be that firms to have complete practice, such as are used by the corporate fraternity. The control of sales to the public is an extremely essential change. This is probably something that will be in the hands of management. It must be decided if this portion of our business. How- ever, I will wagner that no change can be made in our business. We must take the orders to our attention more than this arrangement. We would be like holding the company on someone’s list while our cus- tomers fret over the lack of the volume. This is why we are centralizing the dealer efforts that are part of this part of our deals to the profit to the manager. Individual traders could be protected on their own, but can they or the group?

Of course, this also points to- ward divided accounts. If I have to mention some departure such as this it might as well be in the practice, I don’t believe that there would be as many abuses or disputes over the divided accounts if the system were to be worked via the corporate structure. It has been done before that we would not bring about manage- ment that would be against the company this person is not against you, you would probably be glad to pay them under this system. A basic argument against divided accounts is the instability of the sales. Under this system, the accounts were the product of the firm itself, who would be the best and only person to sell the bond. No one else would see this.

Problem of Capital-Site

Capital participation is an all important part of our business be- cause of the volume increase. It is something that many organ- izations have not really in- creased their capital when measure- ments are made. This is a problem now, what will it be 3 years from now? For this reason we have always seemed an abundance of capital. We know who are responsible for the man to be sold. A sales force, a good reputation and if it can sell, even more. No one can think back of the prejudices that has against a particular house; for in- stance, how many people have a speech like this that may re- counter to some of his ideas. We are not going to be able to learn new ideas, whether they be contained in a speech such as this or in my own standing in tax exempt syndicates. The question is whether I can sell bonds or not. This is one of the good moves of the past few years and while it has been large or forced on many managers many have accepted it with good grace.

As the volume increases, the problem of a possible sentimental attachments for this firm or another be- comes more real, this is a matter of selling bonds, I certainly would hope that my friend Mr. A. W. Bond Buyer, who is for the extinction of some of our firms. My point is to be realistic, believe that many of the firms who are not doing a job of sell- ing today might change their out- look and build a selling organi- zation.

Secondary Market

What about the extra cost that we have in the secondary issue? We would hope that much of it is unnecessary, just as much of it would be enough. For instance, many firms of managerial status are not always engaging as many bonds as firms that are not in the managerial class. Much of the cost is unnecessary, and many of our managers are not in the same position as in the primary or secondary market. I think that participation in this market is an absolute necessity and one of the factors that we should consider in the future. What are the rights of the market for the future. Gross spreads that will be small com- pared with the present, is it fair enough to impose the overhead without a participation in the profit of the firm? Is it fair enough if you will have a healthy development in itself our market needs the full participation of all its members.

I think there are indications that there is room for much new development in the secondary market. Of course, we may get “help” note the quotation marks—from government agencies to suggest that the wants of our participation. I also do not think that we are forever committed to a welfare state type government in Washington.

Summing up this capital prob- lem, it is possible that a significant move will occur in what their future capital situation will be. Leadership is again at stake will probably be for the public that you make out the age and has rarely heard of tax exempt bonds and how the government is going to regulate the Treasury is so worried about. How many of the people in our own organiza- tions to wonder the terrible mystery of tax exempt bonds? We won, if we are not skipping over and may not keep our conscience to individual.

Advertising is not everything but it is important. Our advertis- ing and exploitation should be really good, we do not need not to worry about the large volume of tomorrow. The volume of today is a substi- tute for the tomorrow. We need a good advertising program but also we have knowledgeable people in our organiza- tional investors! We better have our advertisement that we need this type of business. We can’t hold it if we can’t service the in- vestor. The advertising and explotation of tax-exempt bonds is a subject that we should continue to do. It is very, very important.

Automating the Industry

If we are to be able to handle the volume of tomorrow at the decreased profit, we will have to use the latest mechanical methods. We are basically a increasing business and we have a good experience of Bill Morris and his machines. However, when we stop our jokes, we must realize that Bill has discovered one of the secrets of tomorrow. Perhaps disregarded is the right word because the securities business has been using machines for years but don’t know if Bill has found the right way to use these machines. How many of the right thing I do myself, I know, how- ever, that an intelligent coupling of each machine and the machines is a must for the future.

Then there is the problem of the time. This is still in the 1950s or over period, I have al- ways said that this time must be demanded by the machines in order to allow a smooth operation in the volume world of tomorrow. A recent survey conducted by the New York knowledge on the Advertising and Exploitation Committee of the Trust indicated that much has been said. The IBA is now conducting a fine ad plan and will probably be the leader in the field. I also think that the narrow minded of ads has always been a matter of controversy among dealers. The majority say that they have never seen a new idea and that ever sold a bond. I think this is true of all industries. These can be important. The yield of the yields are high. I do think that the best results are going to be found in those ads that directly appeal to individuals and not the idea of a new advertising that will open the way for investors to buy ex- empt bonds?

How many times have you been in a group of supposedly knowl- edgeable people and found that not one of them understood the tax exempt bonds? Take the time to study the ads that you make out the age and has rarely heard of tax exempt bonds and how the government is going to regulate the Treasury is so worried about. How many of the people in our own organiza-
Tennessee Gas Transmission Pfd. Offered

Stone & Webster Securities Corp. and White Weld & Co., managers of an underwriting group, have announced the public offering of 200,000 shares Tennessee Gas Transmission Co. 5.88% cumulative preferred stock, priced at $100 per share and accrued dividends.

Proceeds will be used to retire short-term notes outstanding, proceeds of which were used for the construction of additional pipe line facilities and for the oil and gas production, marketing, chemical, and other properties of the company and its subsidiaries.

At the option of the company, the new preferred stock will be redeemable at $105.10 per share prior to April 1, 1966, and at prices declining to $100 per share.

Headquartered at Houston, Texas, Tennessee Gas Transmission and two of its subsidiaries own and operate pipe line systems for the transmission and sale of natural gas. Tenneco Corp., a subsidiary, together with its subsidiaries, is engaged in the production, refining, and marketing of petroleum and petroleum products and in certain other activities.

The multiple-line natural gas transmission system of the company begins in gas producing areas of Texas and Louisiana, including the continental shelf of the Gulf of Mexico, and extends into the northeastern section of the United States. The system, which includes underground gas storage areas in Pennsylvania and New York, extends into or across fourteen states and includes approximately 11,547 miles of pipe lines.

InternatiPlacements International Placements, Inc. is conducting a securities business from offices at 25 Broad Street, New York City.

A LITTLE COPPER GOES A LONG WAY—

THIS POUND CAN SPAN A DISTANCE OF 24 MILES

Drawn into a spider-like thread .0016 inches in diameter, a single pound of copper becomes 125,000 feet long. Despite the fact that you can hardly see it, this fine wire has many practical uses—windings for missile synchronomotors, for extremely small relays, solenoids, and transformers. The metal cost is small—about 31 cents a pound at copper refinery prices. Even after the complicated process of rolling, drawing, and finishing through multiple diamond dies, 100 feet of this enamel-insulated wire costs less than a penny. In motors, generators, underground cables—wherever electrical conductivity must be high because space is at a premium—copper is at its best.

ANACONDA®
SECURITY SALESMAN’S CORNER

JOHN DUTTON

The Advisability of Observing Sound Investment Principles

For many years it has been my privilege to read the "Weekly Staff Letter," the cleri-
cants of David L. Babson & Co., Inc., 89 Broad Street, Boston, Mass. That firm is a
company is an investment counsel organization that has for years been advising
people that can safely and profitably acquire securities that will provide them with
safety and a good growth, providing they are willing to be guided by tried and
tested rules of investment procedure.

I wish it were possible to re-
print their letter issued April 15 in full in this column. But I will try to give you some of the inter-
esting principles which are clearly set forth and help the situation a bit concerning
what has happened in the security markets during the period from 1960 to date.

During the Past Year

The letter points out that it was just about the same as the "bitter steel price battle" erupted
and sent the stock market into the steepest slide in pre-war days. The Dow Jones Industrials
dropped 27%. Then the point is made that this sharp drop did not reflect the shrinkage in second
and smaller groups of stocks which declined 50-60%. However, the recovery in the "Dow" has not been
as dramatic as that of the average for the past 25 years. From the June 26, 1962 low, the Industrials
average has recovered to 99% of that of 1961 highs. Incidentally, here is an interesting quotation
from the April 15 letter concerning the Dow Jones Indus-
trial stocks:

"Two of the 30 components in the Dow Jones Industrials (the number) have contributed 25% of the
recovery in its price. Nine of the 30 have had their pre-steady levels, six about the same, and 15 or so are lower.
They again points out the impor-
tance of selectivity even in a port-
folio composed of stocks in the Dow Industrials. It also clearly indicates the need for diversifica-
tion, for even the Dow Industrials
performance must be judged by the portfolio as a whole and not by individual stocks.

The Debacle Within

The letter then goes on to ex-
plain what happened to many
amateur speculators and others who disregarded sound investment policies in 1960-62. "Owners of good quality stocks probably have no inkling of how badly damaged their accounts WOULD have held if they had held a high percentage of low grade stocks." Then a table is presented giving the percentage of a rep-
resentative stock pool of 26, when the "Dow" stocks were making their seasonal peak at the end of 1959; the middle of 1960; and late 1961.

Excellent Advice

The David L. Babson "Letter" then proceeds to give some ex-
cellent advice in investing, of all which we quote verbatim as follows:

"Don't buy stocks to get rich quick: Large increases in the value of many stocks took place in the first postwar decade (a

because the economy was growing at an abnormally rapid rate to fill the deferred wants of years of de-
pression. Many factors abetted and abetted this build up in their own right. One of the most important was the unusual age-mix in the investment com-

During the entire period from 1930 to 1960, interest in securities was so strong that scarcely anyone entered this field as a voca-

tion. By 1960 there was an abnormally small percentage of people in the 35-55 age bracket in this business. But during the 1960's more and

more people select this as their careers, with the result that by 1960 there was an unusually high proportion in their 20's and early 30's. The age-mix among investment personnel became something like this:

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20s</td>
<td>15%</td>
</tr>
<tr>
<td>30s</td>
<td>45%</td>
</tr>
<tr>
<td>40s</td>
<td>30%</td>
</tr>
<tr>
<td>50s</td>
<td>10%</td>
</tr>
</tbody>
</table>

The Dow Jones Industrials, 1962-1961

The "two of the five" components of the Dow Industrials (the "Dow") are:

1. Standard Oil
2. General Motors

These two groups of stocks are highly popular at a given time tend to drive down or up all other stocks in the market. However, there are many who try to avoid buying or selling stocks at such times. Often these groups of stocks are characterized by high pe-

ratios and high dividend yields. The Dow Jones Industrials are much more representative of what is happening on the floor. The average of the Dow Jones Industrials at the beginning of 1960 was 465.45, while the price average was 99%. The Dow Jones Industrials were appreciating at 20 to 40 times earnings and yielding 1%.

A word of caution: Beware of offering too much in their favor. The "Two of the five" are always active. But when prices show signs of cooling down, it is always wise to give them a wide berth. In 1960 the "Dow" could reach 1300 and we do not think we shall see such a high figure in the next few years.

To Be Formed In New York

Effective May 2, Walker, Hart & Co., members of the New York Stock Exchange will be formed from the Dow Jones Industrial. Walker will be managed by Joseph Walker, Jr. Richard E. Hart, and N. Van Doren.

Walker, Hart & Co., will acquire a membership in the New York Stock Exchange, and Joseph Walker, Jr. Richard E. Hart, and 

Mr. Albright has been assistant to the director of the ABA committee since joining the asso-
ciation in June 1962. In filling the new post of assistant director, he will retain additional duties as staff personnel officer—a position he has held since Jan. 1.

Sam Minsky Retires From Firm

Effective May 1, Sam Minsky will withdraw from partnership in the firm of Minsky & St, New York City, members of the New York Stock Exchange.

Chicago Analysts Hear

CHICAGO, III.—Harold W. Hoy, Jr., Edward Van Doren, Ken Park, and Charles W. Ely, will be guest speakers at the luncheon meeting of the Investment Anal-
ysts Society of Chicago to be held today, April 25, in the Illi-

YOUR CONVENTION PHOTOGRAPHER AT
DALLAS, TEXAS

Convention Photographs Available From Us.
NYSE President Makes Report

Keith Funston, President of the New York Stock Exchange, on April 22 outlined developments in the Exchange's new building program during the first quarter of the year and reiterated the position of the Exchange on the Administration's tax reform proposals. The Exchange's President also noted in his report for the first 3 months—as he had earlier this month when part of the Securities and Exchange Commission's study report on the Securities markets was released—that the Exchange would consider it premature to comment specifically on the report before a full evaluation is completed.

Next steps in the Exchange's program to erect a new building on a 240,000-square-foot site on Manhattan's lower Broad Street, Mr. Funston said, would be submission later this year of a detailed area redevelopment plan by the New York City Housing and Redevelopment Board, in cooperation with the Exchange. This will be the subject of public hearings and will require approvals by the City Planning Commission and Board of Estimate.

The Housing and Redevelopment Board recommended redevelopment of the site by the Exchange last December, and the Planning Commission designated it as a blighted area suitable for commercial urban renewal after a public hearing in March. The Lower Downtown-Manhattan Association and the City Commerce and Industry Association have both endorsed the plan.

On the Administration tax program, Mr. Funston noted that Exchange representatives appeared to have broad objectives of encouraging economic growth through tax reduction and reform, in testimony before the House Ways and Means Committee in early March. Specifically they supported the recommendations for lower capital gains tax rates and indefinite carryover of capital losses.

At the same time, Mr. Funston said, the Exchange told Congress that some proposals, including those to lengthen the capital gains holding period and to repeal the 4% dividend credit and 50% exclusion, were inconsistent with the Administration's overall objectives of encouraging capital formation and industrial growth.

Mr. Funston said that the Exchange's program to spot check supervision and management practices at member firm offices all over the country has had notable success since going into full operation in early January, after 3½ years of experimental development.

A two-day conference on the program on April 4-5 brought some 600 partners, managers and other key membership personnel to New York City from all parts of the country, he noted, and a new "Guide to Supervision and Management of Registered Representatives and Customer Accounts" is in its third printing.

A rule change giving the Exchange staff authority to fine registered representatives and other member firm employees was approved by the Board of Governors. This supplements the staff's long-standing authority to censure such employees or to suspend or withdraw approval of their employment.

In the advertising, market letter and sales literature area, the Exchange began a series of monthly conferences for member organization research partners, analysts and others engaged in preparing or approving such materials. Plans made last year to expand further the Exchange's continuing market letter and sales literature review were put into effect during the quarter. The frequency of regular checks was doubled to twice a year per firm. Guidelines and checklists used by the Exchange in reviewing such material were also published during the period.

Mr. Funston also took note of the agreement by the New York and American Stock Exchanges and the National Association of Securities Dealers to administer jointly examinations for registered representative candidates, calling this a "major step toward greater intra-industry cooperation." From July 1 on, joint examination centers and examinations will be utilized, with special test sections for applicants for registration with firms belonging to the two Exchanges.

Other highlights of Mr. Funston's report for the quarter included:


Investment Forums conducted by newspapers in Chicago, St. Louis, Canton, Ohio, and St. Petersburg, Fla., in cooperation with member firm Investors Information Committees in those cities, had a total attendance of some 23,000.

At the close of the quarter, the Exchange had net revenues of $394,000 after taxes, about 20% below the first quarter figure for 1962. Total revenues, at $6,320,000, were slightly under those for the comparable period last year, while expenses, at $3,427,000 were up about 3%. This reflected higher payroll costs and a larger portion of the year's advertising being undertaken in the first quarter.

Gaines & Co. to Admit D. Vinik

Gaines & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on May 1 will admit Donald Vinik to partnership. Mr. Vinik, a member of the Exchange, is an officer of Husthman, Fleishner, Inc.
Basis for Rising Interest Rates and Equity Prices

Continued from page 21

Labor force, in a noticeable decline from 6.9% in February, 1961 to 5.7% in February, 1962, did not signal the great difficulty in penetrating to a lower level.

It is surprising therefore, that during the Winter there was a great deal of uncertainty — the general feeling was that any break in 1963. Would the expansion continue through the rest of the year, or would it "top out" and then decline?

The uncertainty is now beginning to give way to signs of business strength being becoming clearer. Based on the evidence now available, I anticipate a continued steady expansion of business activity this year. To be specific, the advance I have in mind would raise the GNP to the level of about $538-580 billion for 1963 as a whole, an increase of 4.5% over last year. By the fourth quarter the annual rate of GNP may be expected to reach about $590 billion on a seasonally adjusted basis.

What factors may be counted on to provide this expansion? The major one will probably be a rise of about $14-15 billion in consumer spending this year (compared with an increase of $18.3 billion in 1962). The curtailment of private purchases suggests that another big year is in prospect for the automotive producers. Real private sales are moving at record levels. The various surveys of consumer spending conducted by such agencies as the Census Bureau, the University of Michigan Busi-

ness Research Center, and the National Industrial Conference Board before this session in February, certainly suggest that consumer spending will rise further this year. It is true that consumers have already spent a high level and repayments are currently a very high (13.5%) proportion of after-tax income, so that some analysts believe that consumer spending may slacken. However, this is the view, liquid asset holdings of individuals are at record highs — $465 billion in 1962 — and are expected to encourage the rise of consumer spending.

Another factor of importance which I am counting on is an increase this year of about $3 billion in the total of private nonresidential investment expenditures including expenditures for non-farm residential construction, producers' durable equipment expenditures, and merchant inventories. Within this total of private nonresidential investment expenditures I expect a rise of over $1 billion in the total of nonresidential construction. The ratio of private nonresidential construction expenditures will total about the same this year as last —about 12%. However, it is based on the expectation that pri-

cate nonresidential housing starts will be at a rate of about 1.2 million homes per year as last—about 1.245,800. This optimistic view is founded in part on the building permits which are also based on the expectation that pri-

cate nonresidential housing starts will be at a rate of about 1.2 million homes per year as last—about 1.245,800. This optimistic view is founded in part on the building permits which are also based on the expectation that pri-
The further expansion of business activity which I expect this year will still leave considerable slack in the economy. We would not want to anticipate any more than a gradual further firming of economic activity in the current year. Furthermore, the degree of firming expected is greater than the extent to which the Federal Reserve System has been working to achieve this objective is more likely to take the form of a tightening of money and credit conditions than a cutback in short-term interest rates.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.

The Federal Reserve's monetary policy stance remains appropriate and will be determined by conditions prevailing in the economy.
Wall Street Blast Furnace

Listening for the past several years to Wall Street analysts diagnosing the ills of the steel industry, one might feel that these were Park Avenue analysts. Only the coal was的不同.

The steelmen, many of these people never be their robust selves again. Hit by recession, strike, substitu- et al., are a distant memory. The White House, Steel was a stretcher case, Nimble fundamentals were the Stock Market long before the patient was placed on the critical keep and who had it getting rid of it, however gradu-

ally.

Between 1960 and 1962 the steel leaders broke in half. In some cases, the losses were even more serious. It indicated the end of some steel facilities, but though any example were needed, that investment was, they must simply keep stocks, put them away and forget about them. Here the lesson was provided by the bankruptcy of broad-and-butter industries.

As the steelmen became re- sorvied, an action of the action of Wheeling Steel in raising prices, there were re- they had been unloading stales in recent months. One published report said steel stocks "were among the most heavily sold securities group in recent months.

The big question along those lines was whether the creditors of General Electric or those others, who had little steel left to sell, were buying back. If they were, the chances are the price was right—at least by comparison with the price at which they sold. If they had bought, fund folks, of course, are not going to talk about their daily operations, so it will be well into the summer, before the financial community learns whether the steelmen have reconceived an anguished heart of the investment managers.

The learned gentlemen G. Haskell, financial editor of The Wall Street World-Telegram & Sun, has been studying the steel picture, with the aid of the holding companies. He has been unable to find among the top 10 kingpins of the new steel" and "holdings of the investment managers.

Bread Street Inv. Corp. reports that at March 31 to- duced $392,750,484 and value per share of $12.88 at the close of 1962. I mportant common stock shares include such investments as: in Gillette, Owens-Illinois Glass and Sinclair Oil, Positions were reduced during the quarter, as gains in Gillette, Hudson Gas & Electric, Emerson Electric, General Motors, Square D, General Foods and Union Carbide. An investment in Parke, Davis common was reduced by 1,030 Delta Air Lines, Hammond Or- gan, Johns Manville, McGraw- Edinger, Inc. and U.S. Gypsum were eliminated.

Chemical Fund reports that at March 31 net assets amounted to $200,173,368, equal to $10.61 per share, against assets of $256,150,328 and value per share of $10.21 on Dec. 31, 1961. During the last quarter the company eliminated American Potash, Atlas Chemical and Zout- Ketjen. Celanese and Zora have also been added.

Surefund announced that at March 31 net assets amounted to $28, 741,622, or $17.53 a share. This was a value per share at the end of 1962.

Continental Church Inv.

SHREVEPORT, La.—Continental Church Inv., a new Church Inv., is conducting a securities business in offices from the Shreveport Build- ing, with F. S. Gould, President; Taylor W. O’Hearr, Vice-President; and Dwight M. Brown, Secretary and Treasurer.

State Street Investment Committee announ- ced that net assets out of March 31 net totals $213,814,329. Value per share was $17.64 at the close of March 31, 1962, which compares with $16.46 on Dec. 31, 1961.

The LaSalle Fund reports that at March 31 the fund has $104,610,594, or $15.69 per share. This compares with $14.63 a share at the end of 1961 and 1960.

Tri-Continental Corp. announced that at March 31 investment assets totaled $545,302,952, up from the $431,255,897 at the start of this year. Assets per common share outstanding rose to $53.13 from $50.07 during the period. At the close of the first quarter of 1962 it was $57.29.

Kingdom of Norway Bonds Sold

An underwriting group managed by Brown & Co., Inc.; Kuhn, Loeb & Co., Inc.; Hazzard Frewes & Co.; and Smith, Barney & Co., Inc., New York, have announced the public offering of $25,000,000 Kingdom of Norway bonds due May 1, 1978, at 98.25%. The Kingdom will make application for listing of the bonds on the New York Stock Exchange. The underwriters of the sale of the bonds initially will be added to Norway’s foreign exchange re- serves, which will be used to clear the proceeds will be used to the acquisition and importation of capital equipment required for the development of the Norwegian economy.

The bonds will be direct, uncon- ditional and general obligations of the Kingdom of Norway and will be secured by all other loans and obligations of the Kingdom, interest on, and principal of the bonds will be payable in currency of the United States.

Optional redemption of the bonds will be made at any time after May 1, 1979, and thereafter at prices rang- ing from 101% to par for re- redemption or on or after May 1, 1977, and through the sinking fund at 100%, plus accrued interest in all cases the bonds are non-callable for 10 years but will have the benefit of a semi-annual sinking fund called for in the bonds. In 1966, designed to retire all of the bonds by maturity.

Bernstein Secs.

WASHINGTON, D.C.—Norman Bernstein, a notable figure in the municipal field, has been formed with offices at 1415 K St., NE, to engage in a securities business in Wall Street, is associated with the firm.

MUTUAL FUNDS

by Joseph C. Potter

to up to nearly $117 million. But that left a net addition of over $83 million. Total net assets of the Investment Com- mittee amount to $22.2 billion, of which $1.35 billion is in cash, governments and short-term securities.

Of late, some funds have shown a renewed interest in railroads. These are around the portfolio people. As Mr. Haskell pointed out, Lehman ignored rails almost entirely.

That doesn’t mean a new day couldn’t bring new interest. For the rails there is going such things that,” he said, “are started to reform and save, and offered an aggressive move. For the steels there is the promise of non-interference by the government, new buyers and the small intense research and development that should make them more aggressive.

For the trader they may lack glamour. But investment sleuths are no longer thinking in terms of economic trends, balance sheets, dividends and the like. Pariah of today may be the Brahman of tomorrow.

Minnesota Power & Light Company

Minneapolis Power & Light, with annual revenues of $32.5 million, is planning a $71.4 million and about $100 million for the next five years. Power is also available from power pools, and intercon- nections are being improved. Con- stuction expenditures last year were about $7 million and about $25 million in 1963 and 1964.

No equity financing appears likely for some time. Future con- struction projects depend on the development of new tanoconnu, as well as plans to build several new plants, with a number of REAs. However, the coop want to build their own 130 Mw in North Dakota, making use of cheap lignite fuel. Construction of such a plant, with a loan from Washington, might deprive the company of future sales to the coop — its firm contracts last through 1966. However, there is an excess of $2 million in the 1966 business.

According to Minnesota, there is no formation and there is no formally established rate base, rates being calculated on the capitalization of the company. This has averaged close to 7% in recent years and may be between 6.5% and 7.5% in the future. Average return for the Wisconsin subsid- ary is about 6%, although the return remains below the level of industrial and commercial customers later this year; the effect of this would roughly be offset by the amortization, burdens on earnings, benefits from the “rule of reason” and other factors.

The company’s record of share earnings has not been very impres- sive. Last year’s consolidated earnings were $2.61 per share compared with $2.47 in 1961, $2.56 in 1960 and $2.04 in 1959. Mor- derate growth in earnings is expected for 1963 and 1964. Dividends have increased from $1.20 per share during 1953 to $1.80; current payout is about 69%.

At the recent price around 43% (1962-63 range has been about 46-34) the stocks yields 4.1% . The Investment Company Institute reports that compared with the industry aver- age around 20.7.

SBIC Attorneys Spring Seminar

The American Society of Small Business Investment Company Attorneys will hold their spring seminar on Saturday, May 4, at the Yale Club of New York.

Scheduled for the seminar are: "The Lawyer’s Role in Participa- tions," Burton L. Knappe and Joel M. Feins, "SBIC, A Federal Public," John F. Davidson; “Con- flicts of Laws Problems Concern- ing Small Business Company,” Silver Pollak of Yale Law School; “Anti- Dilution Clauses,” S. David Lebovitz; "SBIC’s Role in a Successful Equity Situation," Jerome Goldman. The fee is $50, and should be sent to George Cravats, American Society of Small Busi- ness Investment Company Attorn- eys, 955 Main Street, Bridgeport, Conn.
COMMENTARY

BY M. R. LEFKOE

If you were forced to pay a government official for permission to engage in a legal activity, you would not be doing business in the open, because the official possessed the arbitrary power to withhold permission, and it might not be possible to predetermine how much you would have to pay—unpaid, unless, of course, you were the guilty party.

This is the real meaning of the current controversy involving the New York State Liquor Authority and New York City. The background of the story is relatively straightforward. A $50,000 license fee, paid by Playboy, allegedly paid the extortion to a Chicago attorney who purported to represent the Chairman of the SLA, Martin C. Epstein. After the Club was opened, an investigation by the SLA revealed highly questionable practices among the officers and directors of the Club, including forgeries and the falsification of official documents.

The SLA, acting on the basis of these practices, refused to grant the Club a license to operate. In response, the Club obtained an injunction in the New York State Supreme Court, which allowed it to operate temporarily, but this was later enjoined by the Court of Appeals on the basis of the SLA’s claims that the Club was engaged in unfair and illegal practices.

In the meantime, the Club decided to seek legal advice from a law firm in Chicago, and the Club ultimately settled with the SLA for $50,000, which was paid in full, and the Club was allowed to continue to operate.

The case is an example of how government officials, acting through their delegated powers, can use their authority to extort money from private individuals or entities, and how such practices can undermine the integrity of the government and the legal system.

Los Angeles Club

Hears W. F. Quinn

LOS ANGELES, Calif.—William F. Quinn, former Governor of Hawaii, was guest speaker at the luncheon meeting of the Los Angeles Club, Los Angeles, April 16 at the Biltmore Hotel, and was presented with the 17th Annual Lester, Vernon C. Smith, of Lester, Ryon & Co. Speaking on the subject "Suntanned Millionaire," Mr. Quinn submitted a detailed picture of Hawaii, not only as one of the leading holiday resort areas, but also as the potential center of economic growth for the Pacific Ocean Interoceanic commerce.

Mr. Quinn uniquely was the last appointed Governor of the territory of Hawaii and the first elected Governor of the State of Hawaii, serving in these capacities from 1957 through 1966. During World War II, he served in the 3rd and 5th Fleets of the United States Navy, and was credited with the establishment of the Commendation Ribbon. After leaving office as Governor of the State of Hawaii, he was engaged in law practice in Honolulu.

Adair Speaks to Financial Analysts

DETROIT, Mich. J. D. Adair, President of Kent-Moore Organi¬zations, Inc., was guest speaker at the April meeting of the Financial Analysts Society of Detroit. The luncheon meeting was held at the Veterans Memorial Building in Detroit.

Mr. Adair described the growth of Kent-Moore in recent years by acquisition and establishment of manufacturing subsidiaries. The products manufactured by the subsidiary companies include a wide variety of products, and they are available in numerous markets, including the automotive, aerospace, and electrical industries.}

With Harding Tulloch

SPRINGFIELD, Mass.—Samuel L. Legley has become connected with Harding Tulloch & Co., Inc. He was associated with C. Clayton Flex & Co., Inc.

The new money raising obligation of the government, the 4 3/4% of the bonds which had been moving into strong hands even at the beginning, has been raised through competitive bidding. This issue through competitive bidding has so far made no ad¬dition to the fund of 100% needed to raise the money in order to attract investors. There is no question but the rate of interest would be reduced by a sufficient amount to make these obligations, namely this recent long-term bond issue, not particularly attractive as an investment, but which is only a very small differ¬ence in yield, and especially since more than half of this additional cost to the seller of the bonds is taken care of through income taxes. These very minor yield differentials which it seems could be avoided in negotiated deals have been responsible for the very large demand which there is for the most liquid Treasury obligations.

May 15 Refunding Terms

The Treasury announced April 24 the manner in which the $3.5 billion of May 15 maturities will be provided for. A straight or change offer, holders of maturing debt have the option of taking either 3% certificates, due May 15, 1964, or 3% notes, due Feb. 15, 1966. Latter securities are now outstanding in the amount of $2.4 billion.

Exchange books will be opened from April 29 through May 1. Of the $9.5 billion of maturing debt, $6 billion is held by the public.

Foster, Morson Admits

Dominick Nardone has been ad¬mitted to partnership in Foster, Morson Co., 190 Broadway, New York, in which his name has been changed to Foster, Morson & Nardone Co.

Specialists in

U.S. GOVERNMENT

and

FEDERAL AGENCY

SECURITIES

Certificates of Deposit

AUDREY L. GANTZON

& CO.

ENCAPSULATED

NEW YORK

Chicago

* *
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:

### Indications of Current Business Activity

#### American Iron and Steel Institute:
- Steel ingots and castings (net tons): 2,552,000
- Steel mill product shipments: 2,298,000
- Shipments to consumers: 2,298,000
- Shipments to American Iron and Steel Institute: 2,298,000

#### American Petroleum Institute:
- Crude oil production: 11,967,000 barrels
- Gas delivered for industrial use: 10,943,000 cubic feet
- Gas delivered for residential use: 10,321,000 cubic feet
- Gas delivered for commercial use: 4,120,000 cubic feet
- Gas delivered for plant use: 4,120,000 cubic feet
- Gas delivered for transportation: 4,120,000 cubic feet
- Gas delivered for miscellaneous use: 4,120,000 cubic feet

#### Coal Trade:
- Bituminous coal (tons): 145,000,000
- Steam coal (tons): 12,000,000
- Anthracite coal (tons): 1,000,000

#### Iron Ore:
- Iron ore production: 75,000,000 tons
- Iron ore reserves: 1,200,000,000 tons

#### Copper:
- Copper production: 10,000,000 short tons
- Copper reserves: 200,000,000 tons

#### Zinc:
- Zinc production: 10,000,000 short tons
- Zinc reserves: 1,000,000,000 tons

#### Lead:
- Lead production: 5,000,000 short tons
- Lead reserves: 500,000,000 tons

#### Nickel:
- Nickel production: 1,000,000 short tons
- Nickel reserves: 100,000,000 tons

#### Silver:
- Silver production: 10,000,000 ounces
- Silver reserves: 1,000,000,000 ounces

#### Gold:
- Gold production: 10,000,000 ounces
- Gold reserves: 1,000,000,000 ounces

#### Petroleum Products:
- Gasoline (gallons): 7,000,000
- Diesel oil (gallons): 3,000,000
- Jet fuel (gallons): 1,000,000

#### Petrochemicals:
- Synthetic rubber production: 1,000,000 pounds
- Synthetic plastics production: 1,000,000 pounds

#### Textiles:
- Cotton consumption: 1,000,000 bales
- Wool consumption: 500,000 bales

#### Forest Products:
- Lumber production: 1,000,000,000 board feet
- Paper production: 1,000,000 tons

#### Agriculture:
- Wheat production: 1,000,000,000 bushels
- Corn production: 1,000,000,000 bushels
- Soybean production: 1,000,000,000 bushels

#### Fishing:
- Fish catch: 1,000,000 tons

#### Mining:
- Coal production: 1,000,000,000 tons
- Iron ore production: 1,000,000,000 tons
- Copper production: 1,000,000,000 pounds

#### Manufacturing:
- Factory employment: 1,000,000
- Factory production: 1,000,000,000 units

#### Trade:
- Wholesale trade: 1,000,000,000
- Retail trade: 1,000,000,000

#### Financial:
- Bank deposits: 1,000,000,000
- Commercial paper: 1,000,000,000
- Stock prices: 1,000,000

#### Transportation:
- Railroad traffic: 1,000,000,000 tons
- Air traffic: 1,000,000,000 passengers

#### Construction:
- Building permits: 1,000,000
- Housing starts: 1,000,000

#### International Trade:
- Exports: 1,000,000,000
- Imports: 1,000,000,000

#### Employment:
- Unemployed: 1,000,000
- Employment: 10,000,000

#### Interest Rates:
- Treasury bills: 10%
- Commercial paper: 10%
- Certificates of deposit: 10%

#### Stock Prices:
- Dow Jones Industrial Average: 100
- S&P 500: 100
- NASDAQ Composite: 100

#### Commodities:
- Gold: $1,000
- Silver: $50
- Wheat: $5
- Corn: $3
Business Community Must Take an Aggressive Stance

Continued from page 12

tervention, it is more. It appears this is a tacit admission by government is so great that it forces government to foster good labor-management relations and as is always the case, to seek the benefit of yet another bureau to both things further.

Not a Class Apart

It is not true that businessmen are in a class apart, that they are above social responsibility. They are, they are above the law, and they are above the law.

Altitude Toward Profits

Another thing the responsible businessman wants from government is a reasonably friendly atmosphere and an objective appraisal within the context of the life of the economy. The Federal establishment and all other government bodies are paid for largely from profits. Why then should business profits be considered evil? "If you want to compete with people who depend upon them for jobs and livelihood, then profits are nothing more than simple theft. There is no such thing as the real source of everything in this great country and its economy. The very highest in all history."

Lincoln said "You cannot bring about perfect or political condition by weight of opinion or by legislation; the true man understands they continue to exist situation after situation where courts, commissions, and government agencies are pursuing widely divergent policies and simply creating confusion rather than promoting the interest of government into business, the larger and more complex the confusion will become."

We are not entitled to a unilaterality of policy, to pursue a single course, to get rid of the confusion, not in the cited examples but in the whole economy. We could go on at long length giving examples to illustrate these points. Certainly there is no lack of evidence that the thinking in our government has come to foster more and more national economic and financial irresponsibility, more and more governmental interference in business, and greater and greater lack of consistency in policies. In my view, these three things are a common, causative factors for most of the troubles with which business and industry are now faced. Business is in itself not blameless and an effective case should be made for the need on the part of government to regulate and at times to interfere for the protection of the common welfare. The exercise of this authority on the part of government does not give it right, and nowhere in the Constitution would it be wise to investigate whether editorial policies of newspapers, magazines, etc., are in favor of bigger and bigger government at more and more cost. It would be good to stop confusing or private, or an erratic policy of harassment of any group of citizens, private or corporate.

Educational Campaign Needed

The cure, I think, rests in education, at least in part and for the long pull. We must encourage our citizens, young and old, to recognize political profligacy for what it is and to embrace any philosophy that permits to attain political peremptory of power.

We must encourage an understanding of the fundamental, causative factors that are destroying our nation, both in Congress and the Executive, and finally in the Judicial, to be taught to avoid constantly growing centralized government at enormous cost. These things will result: (1) Less invasion of government in private affairs; (2) A consistent policy by all organs of government in its proper functions; and (3) A redefinition of government functions to the concept of free enterprise.

At Sanwa New York Agency Opening

The Japanese Ambassador to the United Nations, Mr. K. Okazaki, second from right, with officials of the Sanwa Bank Limited on the occasion of the formal opening of the Bank’s New York Agency at 333 Madison Ave. Sanwa officials participating in the ceremonies are left to right: Mr. T. Inui, Agent, who will manage the new office; Mr. T. Watanabe, Chairman of the Board, (Second, left) and Mr. T. Murano (far right) Senior Managing Director.

The new Sanwa office is the 187th in the Bank’s world-wide branch office network. Head office of the Bank is located at Osaka, Japan. As of Sept. 30, 1962, Sanwa’s assets amounted to $2,325,357,890. Deposits were $3,188,243,099 and loans and discounts $1,957,423,524.

Business Community Must Take an Aggressive Stance

With Powell, Kistler

HIGH POINT, N. C.—Ralph D. Phillips has become affiliated with Powell, Kistler & Co., 212 North Main Street.

**With Powell, Kistler**
The State of TRADE and INDUSTRY

Continued from page 18

-sumer on a "selective" basis. A Steel survey of steel users in major metalworking cities indicated, in some cases, prices were supported by their customers on a need for an increase.

Increases Auto Costs $6 Per Car

Automakers haven't said price increases will be passed along on 1964 models. Material cost increases alone average about $8. Most of the hikes are on the flat rolled products used extensively in automobile construction.

The auto industry hadn't had a general price increase in seven years. If automakers don't raise prices, it's expected many items, which are listed as standard equipment, will be returned to the optional accessory list.

Little effect is seen on steel in ports. The products on which steelmakers raised prices aren't much affected by foreign competition, so there's no reason to believe that the increase will gravely affect our balance of payments problem.

Steel production last week was the highest it has been since the first quarter of this year. Steel production was estimated at the total of 25 million tons, equivalent to 81.5% of unofficial expectations. This is the 12th consecutive rise in output this week.

The scrap market is steady. Steel's price composite on No. 1 heavy melting grade is at $30.67 a short ton for the fourth straight week.

Euth is on for Steel Inventory Building

Peak demand time is still to come, Iron Age magazine reported. The expected high point in users' orders as listed in standard equipment than was planned for this date.

(2) Steel price increases, selective though, were expected to have an adverse effect on labor bargaining. Rightly or wrongly, expectations are that the censure of a steel strike are now greater. This will lead to further inventory building.

It now looks May will see the top in orders, with June the peak in new orders. Earlier, it was expected that the order rate would peak in April and shipments would top out in May.

In the meantime, most mills are turning at a loss, having a flat-iron market to products to some extent. While the words "quota" and "allocation" are not a factor, it isn't only a matter of terminology.

Quotas May Suddenly Appear

A user will find himself on quota suddenly if he should try to boost his June-August orders. The order for the right supply, according to Iron Age's expert opinion.

The outlook for steel is on cold-rolled and galvanized sheet into July, steel service centers are now getting orders for the right supply, according to Iron Age's expert opinion. The result is that the warehouses have reacted those orders to a lull, and there is some concern over the low levels of stocks in the centers.

Once again, automakers are in the center of new market developments. It is estimated by some of the auto industry underestimated its April-May-June steel needs by as much as 5,000,000 tons.

Further, automakers are in the forefront to the auto industry to plan its inventory build-up. At one point, automakers were all in the same auto model run their goal in steel requirements. Now, the word is cut down to this is not always an auto producer to have enough steel on hand to assure a good start on 1964 production.

There is some grumbling within the steel industry that Insurance companies are seen as having a damaging blow to the smaller, most steel firms that specialize, and many of its key products were not included in the increases. They get little or no relief from the increases.

Auto Output Exceeds Last Year's Week by 8.7% Output of 1963 model cars, which make up the bulk of the auto industry's "vintage" years, is estimated to have reached 5,600,000 by the end of this week, April 30, two weeks ahead of the comparable 1962 nodel.

Automakers estimated production for the week ending Sunday. April 23, 1963, will drop by a gain of 0.6% from 196,533 units in the same period and 8.7% above production in the corresponding period of 1962.

Car making since Jan. 1, according to the statistical service's been geared to an eight-year high, 2,480,611 units assembled in the first quarter, gaining 5.4% like from 1962.

Word's cited that the gain this year above the 2,400,000 cars made in this year will be more than equaled new car registrations in just any one of 41 states during 1962.

Production gains from a year ago will persist through the second quarter, in which period production will reach record levels.

(2) Production during the first quarter was the record even for the industry. This week, building of 27,229 units is planned, compared with 23,022 units made last week and 25,299 in the same year ago.

Over the production rates for April, 1962, the period was uneventful, including 10 General Motors facilities, nine Ford plants, seven Chrysler plants (Mich.) Chrysler Corp. complex.

Of passenger cars scheduled in shipment for April, a total of 2,700,000 units are accounted for approximately 56.1%: Ford Motor Co. 24.1%; Chrysler Corp. 12.1%; American Motors 6.6%, and Studebaker Corp. 1.0%.

Rail Freight Breaks Out Fractionally Above Last Year

Loading of revenue freight in the week ended April 13, totaled 458,601 cars, the Association of American Railroads announced. This was on increase of 10,016 cars from the same week last year, which was affected by ob- servance of the Eight-Hour-Day Holiday in the coal fields.

The loadings represented an increase of 1,216 cars or two-thirds of 1% above the corresponding week in 1962 and an increase of 37,638 cars or 6.7% above the corresponding week in 1961. Only comparison with the immediately preceding, 23 metropolitan areas registered decreased tonnage.

As the preceding week, compared with the week ending April 16, 1962, shown was a marginal gain—up 0.4%.

Lumber Shipments Fall Off 2.6% from 1962 Week

Lumber shipments in the United States in the week ended April 13, 1963, was compared to 230,660,000,000 board feet in 1962.

Lumber shipments in the United States in the week ending April 13, 1963, was compared to 230,660,000,000 board feet in 1962. An estimated 39,640,000,000 board feet were 2.0% below the 1962 figure. Compared with 1962 levels, out-

put declined 0.1%, new orders dropped 10.2% and shipments fell by 2.6%.

Following are the figures in thousands of board feet for the weeks indicated:

<table>
<thead>
<tr>
<th>Week</th>
<th>Production</th>
<th>Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 23</td>
<td>3,752,500</td>
<td>2,670,500</td>
</tr>
<tr>
<td>Jan. 30</td>
<td>3,752,500</td>
<td>2,670,500</td>
</tr>
<tr>
<td>Feb. 6</td>
<td>3,752,500</td>
<td>2,670,500</td>
</tr>
<tr>
<td>Feb. 13</td>
<td>3,752,500</td>
<td>2,670,500</td>
</tr>
<tr>
<td>Feb. 20</td>
<td>3,752,500</td>
<td>2,670,500</td>
</tr>
</tbody>
</table>

Electric Output Rises to 5.6% Over Last Year's Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 20, was 4.0% above the same period in 1962, according to the Edison Electric Institute.

Output was 156,000,000,000 kWh, less than the previous week's total of 163,325,000,000 kWh, and were regular in the week of April 20, the total 1962 output of the comparable 1962 week, or an increase over the year-earlier period of 5.6%.

Business Failures Down for Second Week Declining for the second consecutive week, commercial and financial failures were reported for the week ended April 18 from 274 in the comparable period in 1962, according to the Air line and Railhead, Inc.

The report reflects failure of more than 490 truck terminals of common carriers of general freight with rail connections.

The terminal survey for last week showed increased tonnage from a year ago at 19,200, with 23 points reflecting decreases from the 1962 level. One terminal area, Boston, showed no change from last year. Terminating at five centers registered tonnage gains ranging from 5.0 to 8.6%, while trucking centers at four points registered decreases of 5% or more.

In a comparison with the immediately preceding week, 23 metropolitan areas registered increased tonnages at 24 points or 0.6% above the 1961 level.

The preceding week, reported for the United States, was recorded by The Nomura Securities Co., Ltd. observe. The offering consists of 100,000 Mitsui & Co., Ltd. 6% Convertible Sinking Fund Debentures due 1978 and 1985 American Depository Shares representing 2,000,000 shares of Mitsui common stock. The debentures are priced at 100% and the American Depository Shares at $41 a share.

The offering was made by a group headed by Smith, Barney & Co. Incorporated and The Nomura Securities Co., Ltd.
As We See It

Continued from page 1

are accustomed that they
would double, possibly even more
function effectively. It has
been found in actual practice,
as might have been expected
and doubtless was often
ex
in such peoples with the basic
needs of life does little or
nothing to get at the roots
of the difficulty—however much
humane and reasonable considera
tion insist upon such action. Mere
"relief" has again and again
and again proved to be no
more than a palliative at
most.

Furthermore, these "popula-
tion explosions in the more
backward countries are often
less the result of an increase
in birth rates, but rather due
to reduction in death rates,
particularly infant death rates.
Certainly no one would seri-
ously suggest that measures
that have been taken to reduce
or prevent the incidence of death
among infants or elsewhere in
the population for that matter
should be discontinued. Hence
must the "experts" now be
heard about birth con-
trol—a remedy or a solution
suggested as a matter of fact
by Malthus himself as a
means of preventing the
attractive results that others
saw as a normal conclusion
from his population theories.
But, there, again, of course,
we find it essential to work
through the populations
affected, and here even more
in the case of using the
modern techniques, it is dif-
ficult to persuade native popu-
lations to change their ways.

Growth When?

In any event, we find it
well to proceed cautiously
in the use of many of the statis-
tical compilations that are
commonly employed by
many of those who have
a
good deal to say about these
matters. In the first place,
growth in the volume of pro-
duction in this country has
hardly more an indirect
bearing upon the problem as
it exists, say in India or
Africa, except only as we are
capable of using our surfeit
of wealth—so to say
in, Western Europe.
As to the comparison of
the rate of growth of our produc-
tion with the rate of popula-
growth in this country, we
first must be certain of the
meaning of the word "growth." Growth in the pro-
duction of what and over
what period of time, particular-
ly over how long a period of time, is true
of production in other western
countries—where the suspi-
cion is growing — it should
have been taken for granted,
and in the event that those
startlingly higher figures for
the earlier post-war years
could hardly be expected to
continue over any very long
period.

As to figures about produc-
tion or population growth in
many of more back ward
countries of the world, they
ought to be treated with a
substantial amount of salt.
Even our own are not always
above suspicion of inaccuracies
or hidden meanings.

Cabot Corp.

Stock Sold

Carl M. Loebl, Rhodes & Co. and
White, Weld & Co., Inc., New
York, have announced
that an underwriting group
have announced the public
offering of 230,560 common
shares (Boston, Mass.) at $41.50
per share. All of the shares are
being sold by certain stockholders
none of the proceeds will accrue
to the company.

The business of the company
had its origin in 1808 when
Grady Lowell Cabot built his
first charcoal coking plant. The company
believes it is the world's largest
producer of carbon black. The principal
advantage of carbon black
as a reinforcing agent in rub-
ber. The company has five Car-
bon Black plants in the United
States and five foreign plants
in England, Canada, France, Italy, and
Japan, and has minority equity
interests in plants in Aus-
tralia, The Netherlands and
Japan.

Other lines of business include:
Producing natural gas, condensate
and crude oil; operating gas
products plants; manufacturing
oil field pumping equipment, un-
til well servicing and workover
equipment and military and
industrial and medical gas prod-
ucts in West Virginia; manu-
facturing and selling materials
for use in rubber, paint, ceramics and
plastic industries; and co-developing
research for new product develop-
ment outside the carbon black
field.

The principal stockholders
number forty-six, including
Geoffry L. Cabot, as well as
a charitable trust, Columbus,
Commonwealth Fund of
der University of Massachusetts
and Technology to all of which
Mrs. Cabot donated stock. Mr. Cabot's
cendants, and members of
their immediate families, now own
beneficially about 71% of the company's outstanding common
stock. Mr. Cabot, who died after
1948, the sale of these shares will
own about 63% of the stock.
Airway Hotels, Inc. 

Alaska Power & Telephone Co. 
April 1, 1963 filed 600,000 of 6% subordinated debentures due 1973, 24.25% common, and 10-year warrants to purchase an additional 180,000 common. The securities will be offered in 60 units each consisting of one $1,000 debenture, 400 common, and 300 warrants. Registration also covers an additional 62,920 outstanding common. Price—$5. Underwriter—None. Proceeds—Company furnishes electricity to Alaskaan communities, and for telephone service to small towns and isolated areas. Proceeds—For debt repayment and general business purposes. Office—Fairbanks, Alaska. Underwriter—Jay W. Kaufman & Co., New York.

Alaska Power Co. (5/9) 

Allied Mortgage & Development Co., Inc. 
July 19, 1963 filed 1,000,000 of 6% sinking fund debentures due 1973 (with warrants) and 100-, $1,000 common, to be offered in units of one $20 debenture (with a $5,000 exchange certificate and one common share). Price—By amendment. Business—Mortgage banking, development, and land improvements. Proceeds—For debt repayment, land development, and working capital. Office—236 Eramor Ave, Memphis, Tenn. Underwriter—To be named.

All-State Properties, Inc. 
April 24, 1963 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., La., N. J., and N. C. Underwriter—To be named.

Ameril Mining Co. Ltd. 

American Mortgage & Investment Co. 
March 29, 1963 filed 154,000 common, of which 125,000 are to be offered to public for a price of $25 by stockholders. Price—By amendment (max. $7). Business—Writing of ordinary life insurance. Proceeds—For investments. Office—900 St.バルトリー St., Raleigh, N. C. Underwriter—None.

American Pacific Fund, Inc. 

Ameripac Corp. 

American Mortgage Insurance Co. 
Jan. 10, 1963 filed 31,070 common to be offered for subscription of each unit consisting of one 9 1/2% debenture and for each five shares held. Price—$18. Business—A mortgage insurance company. Proceeds—For investments. Office—900 St.バルトリー St., Raleigh, N. C. Underwriter—None.

American Pacific Fund, Inc. 

Ameripac Corp. 

American Mortgage Insurance Co. 
Jan. 10, 1963 filed 31,070 common to be offered for subscription of each unit consisting of one 9 1/2% debenture and for each five shares held. Price—$18. Business—A mortgage insurance company. Proceeds—For investments. Office—900 St.バルトリー St., Raleigh, N. C. Underwriter—None.

American Pacific Fund, Inc. 
Deuterium Corp.  
Seg. #51, filed 120,000 common with attached war¬ 
rents to purchase an additional 120,000 shares to be 
offered for subscription by holders of its stock and de¬
tenues 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 share held and 40 units for 
each $1,200 face amount of non-interest bearing 
subordinated debentures due 1983. The proceeds of the 
issue held. At the same time, the company will offer the 
scurities to the public. Price—To subscribers, $20; to 
public, $22.23. Business—Comp¬
pany will develop a small deuterium and exper¬
imental plant for the limited manufacture of deuterium 
and deuterium compounds and equip a gen¬
eral research laboratory. Proceeds—For working capital, 
construction of equipment and for other corporate 
purposes. Office—506 Lexington Ave., N. Y. Under¬
write—None.

• Diamond Mills Corp.  
Business—Manufacture of a lightweight structural board 
and sheet insulating material (wallboard). Proceeds—

Continued on page 34
National Memorial Estates

National Mortgage Corp., Inc.
Dec. 14, 1962 filed offering statement amount certificates (series 20) and 300,000 shares. Price—for certificates, $1.00 par, for shares, $10.00. Proceeds—for general corporate purposes. Office—111 S. Hyatudle, Wichita, Kan. Underwriter—First National Bank & Trust Co., Wichita. Note—This offering will be made only in the State of Kansas.

National Security Life Insurance Co., Inc.
Nov. 26, 1962 filed 580,075 shares common being offered for sale for $5.00 each. Proceeds are for debt repayment and equipment, working capital. Proceeds—for defense repayment, equipment and working capital. Office—1210 Ave. of the Americas, N. Y. Underwriter—None.

National Tiemrnx, Inc.
July 31, 1962 filed 65,000 shares common being offered for sale for $75.00 each. Proceeds are for debt repayment, equipment and working capital. Office—1270 Ave. of the Americas, N. Y. Underwriter—None.

New Apple Island Mines Ltd.

New Campbell Island Mines Ltd.
Nov. 29, 1961 filed 500,000 of 5% convertible debentures due 1978, to be offered to common stockholders of record April 15, 1963, without allot¬

Northern Central Airlines, Inc.
March 29, 1962 filed 1,050,000 of 5% non-cumulative preferred stock. Proceeds are for equipment, working capital. Office—1840 W. Southport Ave., N. Y. Underwriter—New World Distributing Co. (same address).

Northern States Life Insurance Co.
March 30, 1962 filed offering statement amount certificates for subscription on the basis of one share for every five shares held. Price—$5. Underwriter—None.

Nuclear Science & Engineering Corp.
Oct. 17, 1961 filed 15,000,000 common. Price—by amendment (max. $15). Business—Research, design, development and production of nuclear materials and equipment, sale of operating contracts using radioisotope tracers; precision radioisotope tracers. Proceeds—for defense repayment, equipment, working capital, and general corporate purposes. Office—1111 F St., N.W., Washington, D. C. Note—This registration will be withdrawn.

Nutra Tax exempt Bond Fund, Series 4
(5/13-17)

National Central Life Insurance Co.
Dec. 7 filed 125,000 common. Price—By amendment (max. $15). Business—Investing in bonds and mortgages. Proceeds—for debt repayment, equipment, working capital, and general corporate purposes. Proceeds—for equipment. Address—100 Walnut St., Kansas City, Mo. Underwriter—To be named.

National Equipment & Plastics Corp.

National Fence Manufacturing Co., Inc.

National Fidelity Life Insurance Co.
(5/13-17)

National Marble Corporation
bank of this year, and there are no very large gains on the stock market for small investors. The federal reserve bank of St. Louis, under the leadership of President R. H. Poage, chairman, has been very active in promoting more widespread access to the stock market for the small investor.

The stock market has been particularly active in the past few months, with a number of new companies listing their shares for the first time. Among these, one of the most interesting is the new company known as "Perpetual Life Insurance Company." This company has been formed to issue life insurance policies on a mutual basis, with the policyholders owning a share in the company. The company has been very successful in raising capital, and its shares are currently trading at a premium.

Another interesting development in the stock market is the increase in the number of companies offering mutual funds. These funds allow individual investors to diversify their investments by pooling their money with that of other investors. The funds are managed by professional money managers, who invest the money in a variety of securities. Mutual funds have become very popular in recent years, and their popularity is expected to continue to grow.

In the area of corporate finance, there has been a significant increase in the number of mergers and acquisitions. This is due in part to the growing consolidation of the economy, as companies seek to gain a competitive advantage by acquiring complementary businesses. The federal reserve bank of St. Louis has been actively involved in promoting these transactions, and has been very successful in bringing together companies that are complementary in terms of their business activities.

In the area of real estate, there has been a significant increase in the number of real estate investment trusts (REITs). These companies own and manage real estate properties, and they issue shares to investors who want to invest in real estate. REITs have become very popular in recent years, and they have been very successful in raising capital.

In summary, the stock market has been very active in recent years, with a number of new companies listing their shares for the first time. Mutual funds have become very popular, and there has been a significant increase in the number of mergers and acquisitions. REITs have also become very popular, and the stock market has been very successful in raising capital.
Issues Filed With SEC This Week

American Telephone & Telegraph Co. (5/7)

Burlington Northern Railroad Co. (5/10)

Big G Corp. (5/13-17)

United Western Baseball Corp. (5/13-17)

United Western Writers Union (5/13-17)

Central Illinois Public Service Co. (5/21)

Southern Union Gas Co. (5/20-24)

Star Aluminum & Construction Co. (5/25)

United Air Lines, Inc. (5/27)

Southern California Edison Co. (5/22)

Federal Express Corp. (5/23)

United States Steel Corp. (5/24)
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."


Chicago Rock Island & Pacific RR. (4/25) March 27, 1963 the company announced plans to sell at par $2,500,000 of 3% debentures due July 1, 1983. Underwriters—-Brown Brothers, Harriman & Co.; Halsey, Stuart & Co. Inc. (Bids—April 25 (noon CST) at above address)


Great Eastern Insurance Co. $1,000,000 common offered at $45 per share by Emanuel, Deetjen & Co., and Zuckerman, Smith & Co., New York.


Lenox, Inc. $15,000,000 of preferred stock due 1963, offered at par by Emanuel, Deetjen & Co. Underwriters—-To sell at par. M. Green, New York.

Mark Shriver, Ltd. 10,000 class A common offered at $12.50 per share by W. E. Hutton & Co., New York and Cincinnati.


Portland Electric Co., Ltd. $4,700,000 common offered at $25.75 per share by Blyth & Co., Inc. New York.

Tampa Electric Co. $48,000,000 of 4 1/2% first mortgage bonds due May 1, 1963, offered at par by Samuel, Barney, & Co., Inc; Kuhn, Loeb & Co., Inc.; Lazard Freres & Co.; and Smith, Barney, & Co. New York. Underwriters—To sell at par.


Tyson's Foods, Inc. 100,000 common offered at $10.50 per share by Hauersch, Pierce, Inc., Dallas, and Reinholdt and Gardner, St. Louis.

ATTENTION UNDERWRITERS!

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you find hereunder.

Would you telephone us at RE 2-9578 or write us at 25 Park Place, New York 7, N. Y.

Prospective Offerings

Bethlehem Steel Co. Feb. 6, 1963, Charles E. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement program. The program is expected to yield 4.5% by Halsey, Stuart & Co., Inc. New York.

Central Valley National Bank (Oakland, Calif.) April 22, 1963, the board of directors is amending its stockholders the right to subscribe for an additional 87,220 common shares on the basis of one new share for each four held of record April 8, with rights to expire May 3. Price—$51. Proceeds—Increase capital funds. Address—22nd at Broadway, Oakland, Calif. Underwriters—David, Scaggs & Co., San Francisco.

Chicago Burlington & Quincy RR (5-8) March 18, 1963 the company announced plans to sell $5,500,000 of equipment trust certificates in May. Two additional issues totaling about $10,000,000, are tentatively scheduled for Aug. 1, and Oct. 1, 1963.


Food Fair Properties, Inc. May 11, 1963, shareholders authorized the company to issue $15,000,000 of preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. (Price—By amendment (min. $10). Business—Retailers, Federal and state stores. Underwriters—E. W. Hutton & Co., New York.

Florida Power Corp. May 14, 1963, the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for additional 5,250,000 shares of common at a $1.25 per share basis. Proceeds—For loan repayment. Office—101 Fifth St., South, St. Petersburg, Fla. Underwriters—To be notified. The company was underwritten by Kidder, Peabody & Co., and Merrill Lynch & Co., New York.


Hawaiian Electric Co., Ltd. March 5, 1963 it was reported that this company plans to sell $90,000,000 of common stock in the second quarter. Office—111 W. 50th St., New York. Underwriters—Brown Brothers Harriman & Co.; First Boston Corp. (Jointly); Lehman Brothers-Kuhn, Loeb & Co.; Morgan Stanley & Co.—Glorie, Forgan & Co.; (jointly); Bache & Co. New York.


Hawaii Electric Co., Ltd. March 5, 1963 it was reported that this company plans to sell $90,000,000 of common stock late in the third quarter. Office—111 W. 50th St., New York. Underwriters—Kidder, Peabody & Co., New York.

Hitachi, Ltd. April 12, 1963, it was reported that this Japanese firm plans to raise between $10-$20,000,000 in the U. S. by the sale of 5,000,000 ordinary shares. This company is Japan's largest manufacturer of electrical equipment and appliances turning out over 10,000 different types of equipment for transistors, radios. Proceeds—For expansion. Address—Tokyo, Japan. Underwriters—Dillon, Read & Co., New York.

Hпочтительный содержатель FRASER
Michigan Wisconsin Pipe Line Co.  
March 12, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993. Proceeds—For construction. Offer—Kuhn, Lynch, Pierce, Fenner & Smith Inc.—Kidder, Peabody & Co.—White, Weld & Co. (jointly); Equitable Securities Co.—Kidder, Peabody & Co.—White, Weld & Co. (jointly); and Lehman Brothers-Riter & Co. (jointly).

Otter Tail Power Co.  
March 12, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds in the fourth quarter. Office—25 Broadway, New York. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co., Merrill Lynch, Pierce, Fenner & Smith Inc.—Kidder, Peabody & Co.—White, Weld & Co. (jointly); Equitable Securities Co.—Kidder, Peabody & Co.—White, Weld & Co. (jointly); and Lehman Brothers-Riter & Co. (jointly).

Pacific Power & Light Co.  

Pennsylvania Power Co. (6/12)  
April 9, 1963, it was reported that this utility plans to sell $9,000,000 of first mortgage bonds due 1963. Proceeds—For construction. Office—18 E. Washington St., New York. Underwriters—(Competitive). Probable bidders: Kidder, Peabody & Co.—White, Weld & Co. (jointly); Lehman Brothers-Bear, Stearns & Co.; First Boston Corp.—Drexel & Co. (jointly); Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.—Kidder, Peabody & Co.—White, Weld & Co. (jointly); and Lehman Brothers-Riter & Co. (jointly).

Philadelphia Electric Co.  
March 25, 1963, it was reported that it plans to spend $478,000,000 for construction during the five-year period ending June 1968. Proceeds—To cover half the money required will be generated internally, the balance obtained by loan to be converted into permanent financing. Office—30th and Hamilton Sts., Allentown, Pa. Underwriters—To be named. The bids—Expected June 11. Proceeds—For a competitive bidding by White, Weld & Co. Kidder, Peabody & Co.—White, Weld & Co. (jointly); First Boston Corp.—Drexel & Co. (jointly); Kidder Peabody & Co.—White, Weld & Co. (jointly); and Morgan Stanley & Co. The last sale of common was a rights offering on Feb. 5, 1963, underwritten by Drexel & Co. and Morgan Stanley & Co.

Public Service Electric & Gas Co. (6/18)  
March 24, 1963, it was reported that the company plans to sell $40,000,000 of first mortgage bonds due 1963. Proceeds—For construction. Office—Flint Park Place, New York. Underwriters—(Competitive). Probable bidders: Kidder, Peabody & Co.—White, Weld & Co. (jointly); Lehman Brothers-Bear, Stearns & Co.; First Boston Corp.—Drexel & Co. (jointly); and Morgan Stanley & Co. Such & Co.—Salomon Brothers & Hutzler (jointly); Bids—Expected June 14 (12 p.m. EDT). For a similar bond sale in June, the underwriters were First Boston Corp.—Drexel & Co. (jointly).

Security National Bank of Long Island  
April 22, 1963, it was reported that this company plans to offer a new mutual fund until it received clarification of an SEC ruling which has "been constructive so far," to the extent that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it in the near future. In addition, the bank said that the fund would be in operation late in 1963, and that the fund would be operated on a state-by-state basis as approval was granted. Office—28 N. Front St., Philadelphia. Distributor—Allstate Enterprises, Inc., Chicago.

Southern Counties Gas of Calif.  

**Southern Union Gas Co. (6-4)**

April 24, 1963, it was reported that this company plans to issue $50,000,000 of general mortgage bonds. Proceeds—Proceeds to be used to retire existing mortgage bonds of the company and for general corporate purposes. Underwriters—(Competitive): Blyth & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co.; First Boston Corp., etc. First National Bank of Chicago.

**Transcontinental Gas Pipe Line Co.**

Feb. 19, 1963, it was reported that this company is considering the issuance of $30-$40,000,000 of debt securities. Proceeds—Proceeds to be used for the expansion of the company's operations. Underwriters—(Competitive): Blyth, Stauffer & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., White & Weld (jointly).

**Union Electric Co.**


**Southern Union Gas Co.**

March 26, 1963, it was reported that this company plans to issue $32,000,000 of mortgage bonds. Proceeds—Proceeds to be used to retire existing mortgage bonds and to provide funds for the construction of new facilities. Underwriters—(Competitive): Blyth, Stauffer & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., White & Weld (jointly).

**Southern Union Gas Co.**

March 19, 1963, it was reported that this company plans to issue $20,000,000 of mortgage bonds. Proceeds—Proceeds to be used to retire existing mortgage bonds and to provide funds for the construction of new facilities. Underwriters—(Competitive): Blyth, Stauffer & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., White & Weld (jointly).

**Union Light, Heat & Power Co.**

Feb. 18, 1963, it was reported that this company is planning to issue $10,000,000 of first mortgage bonds in 1963. Underwriters—(Competitive): Blyth, Stauffer & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., White & Weld (jointly).

**Washington Gas Light Co.**

April 19, 1963, it was reported that this company plans to sell $15,000,000 of bonds later this year. Proceeds—Proceeds to be used to retire existing bonds and to provide funds for the construction and improvement of facilities. Underwriters—(Competitive): Blyth, Stauffer & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., White & Weld (jointly).
Non-Branch Banking Policy—A Formula for Stagnation

Our concern is to produce a banking structure which is equal to the responsibilities it faces and alert to the opportunities which are emerging. In such a banking structure, there is a role for banks of all sizes, and there is no room for a policy beyond that required to meet essential needs efficiently. It is not the size of a bank which determines its capacity to survive and prosper—but only the competence of its management, and the adequacy of its resources to the specific functions it seeks to perform. There are a variety of these functions, and for many of them the smaller bank has a special place in the banking structure. This role we intend to preserve.

But it is equally essential that banks should be allowed to grow and expand their facilities to the points of need—so that the tasks which require larger-scale operations may also be performed with the greatest efficiency. The purposes of arming both our smaller banks, and our larger banks, with the capabilities they require in order to perform their special functions effectively, do not differ from the objectives. These objectives are of coordinate importance, and we must accommodate our banking structure for all of them if our economic development is not to falter or to be misdirected.

Nonbank Competition

Those who resist change in our banking structure must be made aware of the fact that the position of the commercial banking system cannot be protected if it fails to meet urgent community needs. As is evident from the experience in Florida—a negative attitude toward bank expansion favors the development and growth of nonbank financial institutions. These other financial institutions are not equipped to perform as efficiently the full range of services which commercial banks are capable. But the rate of their growth is striking evidence of the need for the expansion of these nonbank financial institutions has been particularly notable in the States, such as Florida, which prohibit branching by commercial banks. Wherever the potential strength of the commercial banks has been channeled, the effect has been to inflate artificially the position of other financial institutions with lesser basic competitive capacity.

There is no sensible reason why the powerful instrumentality represented by our commercial banks should be held in check, while the tasks which they are able to perform with the greatest efficiency are in such large degree left to others. This policy serves neither the interests of the bank nor of the community, nor of the nation. It is a formula for stagnation—not progress.

Response to Existing Impediments

The force of the commercial banking community is immense, and the recalcitrance of it continues to be so great, that the armed forces of the banks have been created for the process of new bank establishment. With the new impulse of their competition, the commercial banks face a many well-capitalized, highly-competent groups to form new bank charters.

During the past year, Florida stood at the head of the list of States from which applications were received for the formation of new National Banks. Florida is also one of the States which has experienced a marked growth of affiliate, satellite and group banking—which are among the most common devices used to overcome impediments to bank expansion. These are facts which its bankers should ponder well. They clearly reflect the existence of growth needs for banking facilities, and the efforts to serve those needs by the only means at hand.

Some degree of permissible entry by newly-formed banks is always needed in order to reconstitute the initiative the industry if it is to play its proper role in the growth of our economy. But in an industry in which competent development is scarce, it is highly unwise to deprive the public of the full expression of the capacities of experienced, established institutions, through the means most suitable to the effective use of those capacities.

A narrow view of the role of banking in its future development, is not in keeping with the growth prospects of Florida. Strong new forces are at work, revealing bright new hopes. In the fulfillment of those hopes, there is an indispensable role for the commercial banks of the State, which would enable them to attain their full high potential for productivity.

Kersey V. P. of Donaldson, Lufkin

As of May 6, James F. Kersey will become Vice-President of Donaldson, Lufkin & Jenrette, Inc., 1 Whitehall Street, New York City, members of the New York Stock Exchange. Mr. Kersey will withdraw from Baker, Weeks & Co. on April 30.

Tax-Exempt Bond Market

Continued from page 6

Balance in account at presstime was about $640,000.

New York City and Baltimore County Issues Also Well Placed

The largest and most important new issue of the week was the $180,720,000 New York, New York (1964-1994) 4.425% tax-exempt bonds. The issue came up for competitive bidding Thursday, April 26. The group led by the First National City Bank Trust Co., the Morgan Guaranty Trust Co., Harriman Riley & Co., Inc., and Office Savings Trust Co. held the better of the two bids made for the institution. The net interest cost of 2.888%. The bid group, made by the Chase Manhattan Bank and associates, was a net interest cost of 2.903.25.

The bonds were priced to yield from 1.80 to 3.75% and the underwriting has been successfully closed on a Wednesday, April 26.

On Wednesday, a group headed by Halsey, Stuart & Co., Inc. placed the $50,000,000 Roanoke County, Virginia bonds. The group bid a net interest cost of 2.816. The second best bid, made by the Bankers Trust Co. group, was a 2.818% net interest cost.

Other members of the Halsey, Stuart & Co. group include White, Weld & Co., Equitable Securities Corp., R. S. Dickson & Co. and Francis J. duPont & Co.

The present balance is $1,650,000.

Dollar Bonds Forging Ahead

Due to sharp improvement during the Tuesday and Wednesday sessions this week, the toll road, toll bridge and public utility revenue long-term issues appeared to be better than the general market. The Commercial and Financial Chronicle’s revenue bond indexes stood at a 3.412% yield on April 24 as against a 3.453% yield a week ago. That the market is generally up close to one-quarter of a point.

Individual issues that did better than the week included: Florida Turnpike 4.5%, Kansas Turnpike 5%, Biscayne Bridge 4%, Braddock Bridge 4%, Maine Turnpike 4%, New York Power Authority 3.2%, Oklahoma Turnpike 4% and Providence-Petersburg Turnpike 3.45.

As we go to press, most of the dollar quoted issues are showing some improvement. All told, the market was an exciting one and there are indications that market improvement will carry through the week ahead.

Build Lasting Foundations

Of Knowledge Bridging

The Municipal Bond Field

Come to the 2nd

IBA Municipal Conference

The editorial proceedings of the Municipal Conference of the I. B. A. to be held at the Pick-Congress Hotel in Chicago from June 19-21, plus on-the-spot photographs, will again be featured in a special supplement of The Chronicle.

Your advertisement in this special section will identify your firm with the important municipal field and the active Chicago markets.

For further information contact Edwin L. Beck, Commercial and Financial Chronicle, 25 Park Place, New York 7, N. Y. (Reorder 2-9570)—(Area Code 212)
First Nat'l Bank Group Offering N.Y. City Bonds

A group managed by First National City Bank on April 24 purchased $108,720,000 of The City of New York various purpose bonds. The lot consisted of $41,170,000 of 3.16% bonds, due 1964-1993; $33,000,000 of 2.80% due 1964-1973; and $32,550,000 of 2.30% bonds due 1964-1969.

The group was awarded the issues at competitive sale on its bid of 100.270%, setting an annual net interest cost of 2.8889%.

On recouping the securities were sealed to yield from 1.70% to 3.40%.

Included in the offering are the following:

Course on Puts & Calls

A course in the proper use of the purchase and sale of puts and calls will be given for members of the New York Stock Exchange, at the firm's 605 Madison Avenue offices on the evenings of April 29 and May 6, at 8 p.m.

Directed principally to experienced persons, the course is without charge and will cover the function of the put and call broker; advantages and risks; margin requirements; and a discussion of puts and calls operations.

Jaeger Agents Opens

MANHASSET, N. Y. — Jaeger, Inc., has opened offices at 103 Old Mill Road to engage in a securities business. Officers are Molly O'Doherty, Jaeger, President; Frederick W. Jaeger, IV, Secretary; and Franklin M. Jaeger, Vice-President.

T. Kosachonok Opens

BROOKLYN, N. Y. — Theodore Kosachonok has opened offices at 1266 East 24th Street, to engage in a securities business. Mr. Kosachonok was formerly with M. W. Janis Co., Underhill Securities Corp., and Morris Cohen & Co.

GNP Commonsense

"It is important to remember that excess capacity figures cited to show a lagging economy are averages for all industries. Generally, some industries are operating at or near their preferred rates, while others are operating well below the desired levels. In a dynamic economy both the size and shape of demand are constantly changing. When growth increases, demand for products already being produced at capacity levels of existing plants, the mere existence of excess capacity in other industries is irrelevant. Furthermore, it should be clear that increases demand for the products of industries operating at capacity can lead to inflationary pressures even though the overall average indicates the existence of idle capacity.

"There is no substitute for penetrating analysis of GNP in detail. The very popularity of GNP should cause us all to be concerned about changes taking place within the economy which are reflected in the components of GNP but which are so small as to make an impact in the overall GNP figure."

Views of Minority of the Joint Economic Committee of Congress:

When will such obviously sensible ideas become part of the views of the majority of all members of Congress? It cannot be too soon.

---

Penington, Colket Office

SOUTH WILLIAMSPORT, Pa.—Penington, Colket & Co., has opened an office at 315 Reynolds Street with Mrs. Lucille B. Bruch as representative in charge.

Form First Williston

FLUSHING, N. Y.—First Williston Corporation is conducting a securities business from offices at 136-14 Seventy-second Avenue. Officers are Harry Skolnick, President; Thomas W. De Fee, Vice-President and Treasurer; and S. H. Skolnick, Secretary.

Doheny, Treanor Join

WALTON & CO., Inc., BOSTON, Mass. — J. Raymond Doheny and Vincent Treanor have become associated with Walton & Co., Inc., 80 Boylston Street. Both were formerly with Back & Co., Inc. Mr. Doheny was bank and insurance stock trader for Mixter & Co.

---

DIVIDEND NOTICES

**Southern Railway Company**

New York, April 21, 1963.

A dividend of Seven and Three Cents (73c) per share on the 8 1/2 Per Cent Cumulative Preferred Stock of Southern Railway Company has been declared payable out of the surplus. Dividends have been paid on the cumulative preferred stock since its formation in 1928, and the present dividend is the 111th dividend since then.

J. J. MAHER, Secretary.

---

**Penington, Colket Office**

SOUTH WILLIAMSPORT, Pa.—Penington, Colket & Co., has opened an office at 315 Reynolds Street with Mrs. Lucille B. Bruch as representative in charge.

---

**Form First Williston**

FLUSHING, N. Y.—First Williston Corporation is conducting a securities business from offices at 136-14 Seventy-second Avenue. Officers are Harry Skolnick, President; Thomas W. De Fee, Vice-President and Treasurer; and S. H. Skolnick, Secretary.

---

**Doheny, Treanor Join**

WALTON & CO., Inc., BOSTON, Mass. — J. Raymond Doheny and Vincent Treanor have become associated with Walton & Co., Inc., 80 Boylston Street. Both were formerly with Back & Co., Inc. Mr. Doheny was bank and insurance stock trader for Mixter & Co.

---

**DIVIDEND NOTICES**

**DIVIDEND NOTICE**

New York, April 21, 1963.

A dividend of Seven and Three Cents (73c) per share on the 8 1/2 Per Cent Cumulative Preferred Stock of Southern Railway Company has been declared payable out of the surplus. Dividends have been paid on the cumulative preferred stock since its formation in 1928, and the present dividend is the 111th dividend since then.

J. J. MAHER, Secretary.

---

**DIVIDEND NOTICES**

**DIVIDEND NOTICE**

New York, April 21, 1963.

A dividend of Seven and Three Cents (73c) per share on the 8 1/2 Per Cent Cumulative Preferred Stock of Southern Railway Company has been declared payable out of the surplus. Dividends have been paid on the cumulative preferred stock since its formation in 1928, and the present dividend is the 111th dividend since then.

J. J. MAHER, Secretary.

---

**DIVIDEND NOTICES**

**DIVIDEND NOTICE**

New York, April 21, 1963.

A dividend of Seven and Three Cents (73c) per share on the 8 1/2 Per Cent Cumulative Preferred Stock of Southern Railway Company has been declared payable out of the surplus. Dividends have been paid on the cumulative preferred stock since its formation in 1928, and the present dividend is the 111th dividend since then.

J. J. MAHER, Secretary.
WASHINGTON, D. C.—There is both good and unfavorable news in the colossal housing industry in this country.

The increase in the price of steel, which may be put into effect by all the major companies is expected to send the cost of housing up by as much as $50 a unit. This would take two to three tons of steel and steel products.

The National Association of Home Builders said that on the surface a $6 per ton increase in the price of steel, would add only $15 or so to the cost of a house. However, the home builders authorities in Washington insist that the "facts of business practice are such that other costs would be added." Thus a direct effect for builders would be an increase of from $25 to $50 per house.

There are two areas of possible good news for home builders. One concerns mortgage interest rates. Many savings and loan associations over the country are buying at their savings vaults with money that builders may be unable to place in good mortgages.

Some Savings-Loan Associations Cut Dividends.

Therefore, some of the largest building and loan associations in some scattered sections, including the Nation's Capital, are calling on the shareholders that effective January 1, 1963, the dividend rate will be cut.

In the Nation's Capital for example several of the large associations have advised that they are reducing the rate from 4 1/2 per cent (compounded quarterly), to 4%.

Their action may spread to various parts of the country. Cleveland and Miami Beach have likewise, among other places, announced a proposed lower reduction in dividends.

The proposed dividend decrease is in line with an appeal from the Federal Home Loan Bank Board to reduce the rate of generally tightens expenses. Joseph P. McMurry, Chairman of the Federal Home Loan Bank Board, insists that unless associations reduce their dividend rates and expenses, they are headed for a tight squeeze.

Mr. McMurry points out that savings and loan associations are faced with more competition. The changes in the money market have made mortgages more attractive to insurance companies, mutual savings banks and commercial banks.

He expressed the hope that savings and loan associations use a little more imagination, and launch out on "a broader investment horizon" so that they do not need to concentrate their efforts in an area in which earning opportunity is growing limited and the quality of credit may be weakening.

Vacation Home Program Being Considered

May 4, 1963 (Philadelphia, Pa.)—The Federal Housing Administration has taken under advisement the question of vacation home building. This would be a revolutionary thing in the entire field of housing if this should be stopped.

There is a known fact that many thousands of home owners in all parts of the country are interested in a vacation house or cottage on the beach, the lake, or in the mountains, and if any thing can arrange for proper mortgage financing.

Housing economists in Washington say that a major vacation home building program would be a great stimulus to the industry, and to the economy generally.

Philip N. Brownstein of the Federal Housing Administration says the FHA currently has authority to insure vacation housing, which is subject to certain limitations which have been prescribed by administrative regulations. This means that under present regulations insured mortgages for such housing is very limited.

Present FHA regulations provide that FHA insurance of loans on vacation homes should have a permanent character which are built for owner-occupants, and which have "minimum property requirements" may get approval.

FHA Program Seen Boon to Michigan Homebuilders

The FHA declares that such houses may be located in resort and recreational areas where residents are both year-round and seasonal, and where community facilities, utilities, shopping and other necessities and amenities are available.

Because many vacation areas all over the nation do not have year-round police and fire protection, FHA believes owner-occupancy, vacation home financing by FHA has been exceedingly narrow.

A Michigan Senator, Philip A. Hart, got FHA to take a new look at resort speculation. His request and inquiry were prompted by the sagging economy in the Saginaw area, especially the Lake areas, and potential resort sections, including the eastern shore of Lake Michigan. Senator Hart wrote Commissioner Brownstein that vacation housing construction would give the economy some zip and swim if FHA could liberalize its regulations.

Conventional financing for vacation homes is difficult to obtain. Many of the areas do not have the police and fire protection needed to interest conventional loans.

Some insurance companies will not insure a home if it is unoccupied more than 60 days, and in cases where other companies cover such housing, the rates are usually extremely high.

For years there has been a misapprehension in the housing field that many people obtain only one insured mortgage at a time. Commissioner Brownstein says that many mortgages may be the owner-occupancy of more than one property at the same time.

The Commissioner observed: "It is possible that the criticism which FHA has used over the year to determine "economic soundness" should be re-examined in several respects."

[This column is intended to reflect the "behind the scenes" orientations from the nation's Capital and may not coincide with the "Chronicle's" own views.]

COMING EVENTS

INVESTMENT FIELD


CHRONICLE's Special Pictorial Section May 9.

May 1, 1963 (Pittsburgh, Pa.)—Pittsburgh Securities Traders Association annual spring outing at the Oakmont Country Club.

May 6-7, 1963 (Richmond, Va.)—Association of Stock Exchange Firms Spring Meeting of the Board of Governors at the John Marshall Hotel.


May 16-17, 1963 (Cincinnati, O.)—Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and dinner May 16 at the Hillwood Country Club; field day, May 17 at the Loveland Country Club.

May 16-17, 1963 (Nashville, Tenn.)—Security Dealers of Nashville annual Spring party—cocktails and dinner May 16 at the Hillwood Country Club; field day, May 17 at the Belle Meade Country Club.


May 23, 1963 (New York City) Association of Customers Brokers Annual Luncheon and dinner at the Americana Hotel.


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 (The Commissioner observed: "It is possible that the criticisms which FHA has used over the year to determine "economic soundness" should be re-examined in several respects."

Attention Brokers and Dealers

TRADING MARKETS

Botany Industries

Indian Head Mills

Maxson Electronics

Official Films

Waste King

Our New York telephone number is 6-4592

LERNER & CO., Inc.

Investment Securities

10 Post Office Square, Boston, Mass. TEL: 45-3824

Major Pool Equipment Corporation

Bought—Sold—Quoted

Annual Report available on request

HILL, THOMPSON & CO., INC.

70 Wall Street, New York 5, N. Y.

Major Pool Equipment Corporation

Bought—Sold—Quoted

Annual Report available on request
TEXAS GROUP
INVESTMENT BANKERS ASSOCIATION OF AMERICA
28TH ANNUAL CONVENTION
DALLAS, TEXAS • • • APRIL 3, 4, 5, 1963

Committee Chairmen

CHAIRMAN
Lewis F. Lyne
Mercantile National Bank, Dallas

VICE-CHAIRMAN
Tom Ball, Jr.
Eldeman, Peltib & Fyndich, Inc., Houston

VICE-CHAIRMAN
Edward H. Austin
Austin, Dubins & Cabot, San Antonio

SECRETARY-TREASURER
Nelson Waggener
Walker, Austin & Waggener, Dallas

EXECUTIVE SECRETARY
C. Willard Houser
Austin National Bank, Austin

LEGISLATIVE
Richard O. Arneson
Dittmar & Company, Inc., San Antonio

EDUCATION and PUBLIC RELATIONS
Robert R. Gilbert, Jr.
Sanders & Company, Dallas

MUNICIPAL
Philip R. Neuhaus
Underwood, Neuhaus & Co., Incorporated, Houston

NOMINATING
W. A. Reinharz, Jr.
Ross & Company, Inc., San Antonio (ex-officio)

SAVINGS BOND
Lewis F. Lyne
Mercantile National Bank, Dallas

MEMBERSHIP
H. H. Dewar
Dewar, Robertson & Paroose, San Antonio

MEETINGS and ENTERTAINMENT
Hugh S. Denlap
Goddard & Co., Dallas

Committee Chairmen

Officers and Executive Committee

CHAIRMAN
Lewis F. Lyne
Mercantile National Bank, Dallas

VICE-CHAIRMAN
Tom Ball, Jr.
Eldeman, Peltib & Fyndich, Inc., Houston

VICE-CHAIRMAN
Edward H. Austin
Austin, Dubins & Cabot, San Antonio

SECRETARY-TREASURER
Nelson Waggener
Walker, Austin & Waggener, Dallas

EXECUTIVE SECRETARY
C. Willard Houser
Austin National Bank, Austin

LEGISLATIVE
Richard O. Arneson
Dittmar & Company, Inc., San Antonio

EDUCATION and PUBLIC RELATIONS
Robert R. Gilbert, Jr.
Sanders & Company, Dallas

MUNICIPAL
Philip R. Neuhaus
Underwood, Neuhaus & Co., Incorporated, Houston

NOMINATING
W. A. Reinharz, Jr.
Ross & Company, Inc., San Antonio (ex-officio)

SAVINGS BOND
Lewis F. Lyne
Mercantile National Bank, Dallas

MEMBERSHIP
H. H. Dewar
Dewar, Robertson & Paroose, San Antonio

MEETINGS and ENTERTAINMENT
Hugh S. Denlap
Goddard & Co., Dallas

Committee Chairmen
Check with Us
If It's in the Southwest

- Underwriters of Corporate Securities
- Municipal Bonds
- Industrial Securities
- Public Utility Securities
- Bank Stocks
- Secondary Market Distributors of Corporate Securities
- Insurance Stocks
- Rights, Scrip and Warrants
- Finance Company Securities
- Secondary Market Distribution of Real Estate
- Public Revenue Bonds
- U. S. Government Issues
- Oil and Gas Stocks
- Mutual Funds

RAUSCHER, PIERCE & CO., INC.

New York Stock Exchange
American Stock Exchange (Associate)
Mercantile National Bank Building
214-999-8202 and 214-999-8000 (Municipal)
Riverside 8-1111
Dallas, Texas
ALBUQUERQUE, AUSTIN, CORPUS CHRISTI, FAYETTEVILLE, FORT WORTH, HARLINGEN, HOUSTON, LUBBOCK, MIDLAND, ODessa, SAN ANTONIO, TYLER

Make It Mercantile... for TEXAS Municipal Bonds

MERCANTILE NATIONAL BANK at Dallas

Dallas
Area Code 214  •  Riverside 1-4181
TWX 214 899 8581

New York Representative — 40 Wall Street
Area Code 212  •  Bowling Green 9-5393
TWX 212-571-0388

UNDERWRITERS AND DISTRIBUTORS

Active Markets Maintained on Southwestern Issues!!

FOR FIRM BIDS ON TEXAS MUNICIPALS CALL, WIRE OR WRITE:

BOND DEPARTMENT
TELEPHONE RI 1-5557  •  TWX 1-214-899-8544

Murray Hunnion, General Counsel, Investment Bankers Association of America, Washington, D. C.;
Dr. Bill Zelts, Investment Bankers Association, Washington, D. C.

John Clayton III, First National Bank in Dallas; Parks B. Pedrick, Hegard, Well, Louisiana, Friedelich,
and Company, New Orleans; Francis I. Ashbrot, Barden, Beizer & Co., Inc., Houston; E. H. Austin,
Austin, Dobkin & Co., Inc., San Antonio; John C. Siehboldt, Chase Manhattan Bank, New York;
George W. Hall, Wm. E. Pallies & Co., Inc., New York

Tom Ball, Jr., Eddleman, Pallies & Fadick, Inc., Houston; Lockett Shelton, Republic National Bank
of Dallas, Dallas; Bill Lucas, First Southwest National Bank, Fort Worth; Philip Neuhaus, Underwood,
Neuhaus & Co., Incorporated, Houston; Frank B. Newton, Jr., Lehm, Newton & Co., San Antonio;
W. C. Jackson, Jr., First Southwest Company, Dallas

Mr. & Mrs. Lewis F. Lyne, Mercantile National Bank, Dallas
Mr. & Mrs. Tom Ball, Jr., Eddleman, Pallies & Fadick, Inc., Houston
Mr. & Mrs. James Barry, Mr. & Mrs. R. D. Gardner, W. L. Dubatory and Mr. & Mrs. J. F. Stephens, all of Texas Fund Management Co., Houston

Fritz Burnett, Rauscher, Pierce & Co., Inc., Dallas; Gil Tucker, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dallas; Allen D. Branyon, Mercantile National Bank, Dallas; Charles E. James, Valley National Bank of Arizona, Phoenix; Gene Palmer, Davis & Palmer, Austin, Texas


**Texas Fund INC.**

Prospectus and Literature on request from

**Texas Fund Management Company**

423 Texas National Bank Bldg.

Houston 2, Texas

CA 7-0211 713 571-2254

**INVESTING PRIMARILY**

**IN SECURITIES OF THE**

**Southwest**

**FOR POSSIBLE GROWTH OF**

**CAPITAL AND INCOME**
Life Insurance Stocks

CHARLES E. SEAY, INC.

INVESTMENT SECURITIES

1886 LIFE BUILDING

DALLAS 2, TEXAS
Thursday, April 25, 1963

Trading Markets in:
HOUSTON NATURAL GAS CORP.
common & preferred
LONGHORN PORTLAND CEMENT
LOVE STAR BREWING CO.
PEARL BREWING COMPANY
CENTRAL, POWER & LIGHT
1% preferred
HOUWEST LIGHTING & POWER CO.
5% preferred
HOWELL INSTRUMENTS INC.
TEXAS PHARMACEUTICAL CO.
And Other Southwestern Securities

Mr. & Mrs. Thomas L. Ray, Mercantile Trust Company, St. Louis; Mr. & Mrs. Frank Sulder, First National Bank in Dallas; Mr. & Mrs. Glenn Costa, First National Bank, Ft. Worth

Mr. & Mrs. Hugh Dunlap, Goodbody & Co., Dallas; Mr. & Mrs. Jack Brown, Dallas Union Securities Co., Inc., Dallas; Mr. & Mrs. Clarke Cox, Harris Trust & Savings Bank, St. Louis

Mrs. Thad Keenan, Dallas; Mr. & Mrs. Alan W. Titus, First National City Bank, New York; Joseph M. Mingled, National Bank of Detroit, Detroit; Mr. & Mrs. Paul R. Daniels, First National Bank in Dallas

Mr. & Mrs. John C. Seiboldt, Chase Manhattan Bank, New York; Mr. & Mrs. Philip Neuhaus, Underwood, Neuhaus & Co., Incorporated, Houston; J. Squier Reimer, First Boston Corporation, New York

William P. Smallwood, First Southwest Company, Dallas; Mr. & Mrs. E. J. Schorer, Wetherell & Co., New York; J. Squier Reimer, First Boston Corporation, New York; Ben J. Kerr, Jr., Mercantile National Bank, Dallas


Mr. & Mrs. Paul L. Sipp, Jr., Stern, Laser & Co., New York; Mrs. Harry H. Jones II, Detroit; Mrs. Alan Title, New York; Mrs. Thad Keenan, Dallas; Mr. & Mrs. Parks B. Pedrick, Jr., Howard, Wel, Labouisse, Friedrichs & Co., New Orleans

Mr. & Mrs. Joseph B. Wise, Mercantile National Bank, Dallas; Mr. & Mrs. Phillip F. Mckenna, New York Hanoverian Corporation, New York; Mrs. Henry Keller, Jr., Ft. Worth; Mr. & Mrs. Calvin Newton, First National Bank & Trust Company, Oklahoma City, Okla.
FIRST OF TEXAS CORPORATION

TEXAS MUNICIPAL BONDS

W. Wallace Payne, President

604 Petroleum Commerce Bldg.
201 No. St. Marys St.
SAN ANTONIO 5, TEXAS
C.Aplus 7-6553 Teletype 512 571-0607

Austin, Dobbins & Calvert
Member Midwest Stock Exchange

National Bank of Commerce Bldg.
SAN ANTONIO 5, TEXAS

Phone: CA-3-3051 Bell Teletype 512 571-0683

Walker, Austin & Waggener
Investment Securities
Republic National Bank Building
Dallas 1, Texas

Underwriters Distributors Dealers

PERKINS & COMPANY, INC.
Corporate Securities

Mercantile Securities Bldg., Dallas 1, Texas
Riverside 1-3961 Teletype 214 809-4612.

Mr. & Mrs. E. J. (Joe) Scherer, Wertheim & Co., New York; Mr. & Mrs. W. C. Jackson, Jr., First Southwest Company, Dallas; Jim Jacques, First Southwest Company, Dallas

Mr. & Mrs. George S. Bunker, Metropolitan Dallas Corporation, Dallas; Mr. & Mrs. Charles E. Cady, Cady & Company, Columbus, Miss.; Mr. & Mrs. Preston Peak, Metropolitan Dallas Corporation, Dallas

Edmund C. Byrne, Phelps, Fenn & Co., New York; Mrs. Milton Halpern, San Antonio; George W. Hall, Wm. E. Fulghum & Co., Inc., New York; Mr. & Mrs. E. Kelly Brown, E. Kelly Brown Investment Co., Dallas

Mr. & Mrs. Jack F. Perkins, Jr., Perkins & Co., Inc., Dallas; Mr. & Mrs. Harry Reed, Dittmer & Company, Inc., Dallas; Mr. & Mrs. Jack E. Monfort, Dallas Hope & Son, Inc., Dallas; Mr. & Mrs. Cecil W. Warren, Perkins & Co., Inc., Dallas

Charles C. Pierce, Jr., and Charles C. Pierce, Jr., of Reuschel, Pierce & Co., Inc., Dallas

Mr. & Mrs. C. Rader McCuller, First Southwest Company, Dallas; Jack Wertheim, Wertheim & Co., New York
Mr. & Mrs. Lockett Shelton, Mr. & Mrs. John S. Davis, Mr. & Mrs. Vincent Manley, all of Republic National Bank of Dallas

Mr. & Mrs. William F. Seitz, Jr., Goodbody & Co., Dallas; Miss Cara Alexander; Charles C. Pierce, Jr., Rauscher, Pierce & Co., Inc., Dallas; Mr. & Mrs. Arnold J. Keever, Rauscher, Pierce & Co., Inc., San Antonio

Richard G. Jorstad, Norgard, Shoemaker & Murray, Chicago; Eugene V. Goss, Harriman Ripley & Co., Incorporated, Chicago; Mr. & Mrs. Tom Harkness, Underwood, Rayburn & Co., Incorporated, Houston; Mr. & Mrs. C. Willard Houser, American National Bank, Austin

Mr. & Mrs. Nelson Waggener, Walker, Austin & Waggener, Dallas; Frank E. Austin, Walker, Austin & Waggener, Dallas; Elmer East, Faust, Webber, Jackson & Curtis, New York; Mr. & Mrs. John T. Martin, Mercantile National Bank, Dallas

Mr. & Mrs. Jonathan C. Colbert, Austin, Dobbs & Colbert, San Antonio; Mr. & Mrs. Ed H. Austin, Austin, Dobbs & Colbert, San Antonio; Miss Cara Alexander; Charles C. Pierce, Jr., Rauscher, Pierce & Co., Inc., Dallas

Tex-perts—newly coined word meaning schooled and experienced in Texas securities markets

Underwriters

Lentz, Newton & Co.
Members
New York Stock Exchange American Stock Exchange (Assoc.)

Corporate and Municipal Securities
Alamo National Building
SAN ANTONIO 5, TEXAS
CA 7-2381
Corporate Teletype: 512 571-0825 Municipal Teletype: 512 571-0835
Gregory & Sons Private Wire System
VICTORIA BRANCH—114 E. Constitution St., Hillcrest S-1469

M. E. Allison & Co., Inc.
San Antonio, Texas

Texas National Corp.
Retail is Our Outlet

GUS NELSON
EDWARD H. KELLER
TOWER LIFE BUILDING - SAN ANTONIO 5, TEXAS
Telephone GAPitol 1-3401 Bell Teletype 512 571-0723
Underwood, Neuhaus & Co.
INcorporated
HOUSTON CLUB BUILDING • HOUSTON, TEXAS
MEMBER • NEW YORK STOCK EXCHANGE

Our primary business is the retail distribution of better grade securities of all types.

Houston
Beaumont
Dallas
Galveston

Direct Private Wires to:

Specializing in
Texas Municipal Bonds

We offer facilities developed by many years of serving buyer and seller of these securities. Offerings substantiated by comprehensive portfolio of our own investigation.

Established 1923
McClung & Knickerbocker, Inc.
505 Texas National Bank Building
HOUSTON, TEXAS
Bell Teletype 713 571-3155 Capitol 3-4683
A Complete Bond Department

We buy, sell and underwrite municipal bonds
. . . buy and sell U.S. Government securities. Call on us for any service.

FIRST CITY NATIONAL BANK
of Houston

MEMBER F.D.I.C.