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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 necessaries 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 31)

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 last business recession set in and the Federal Reserve authorities moved to ease credit, interest rates 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 downdrift of interest rates is likely to be halted and reversed somewhat is the second half of this year.


James J. O'Leary

To develop this view, I am planning to address myself to the following questions: (1) What is the 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 advance 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 measures are as follows. The Gross National Product rose from an annual rate of $500.8 billion in the first quarter of 1961 to $538.6 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 $563.5 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 103.4 in February, 1961 to 115.6 in December, for a rise of nearly 12%; by the end of 1962, however, it had increased to only 119.6, 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)

PICTURES IN THIS ISSUE—Candid photos taken at the 28th Annual Convention of the Texas Group of Investment Bankers Association of America appear in Today's PICTORIAL SECTION

The Security I Like Best...

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

EDWARD A. SALERNO

Research Dept., A. C. 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 competitive as any other type of business, it does not face the problems of obsolescence, inventory adjustments, foreign competition, labor strikes or many of the things that plague manufacturing companies. Most investors are aware that insurance companies pay nominal dividends to stockholders, but this conservative dividend policy has compounded the growth rate of the industry, and what has been missed as dividend income has generally been realized in capital gains. The retention of earnings is one of the prime reasons stockholders' equity in life insurance companies has more than doubled since 1952.

A most attractive insurance stock at present is 57-year-old Ohio State Life, whose assets, insurance in force and earnings all reached new highs last year. Operating in 23 states across the nation with 900 field associates, OSL offers a broad line of insurance on a participating and non-participating basis with maximum net retention on any one life of $100,000. Net interest earned on investments has compared favorably with the industry; expenses have been very low; mortality, favorable and lapses, low. In all, the company's record is good and indicates capable 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 $4.8 million below cost, so assets and surplus were reduced in 1957. This merger did not materialize and the shares were sold in December, 1962. With the sale of these shares, assets and surplus were readjusted, which explains the abnormal gains in these two accounts in 1962.

OSL's growth has been steady. Admitted assets have more than doubled since 1951; capital and surplus has more than doubled since 1952; and insurance in force has more than doubled since 1955. Insurance written has risen to an annual rate of $85-$90 million, twice the amount written in 1955. Net investment income last year was $4.9 million, an increase of over $2 million since 1956. Investment income this year will be aided by the re-investment of $6.5 million which was invested in Columbus Mutual which paid no dividends.

	($000) 1962	1952	% Incr.
Admitted assets	125,737	65,122	93
Net invest. income	4,896	2,108	132
Capital & surplus	14,003	6,842	105
Insurance in force	626,715	252,730	148
Net gain from oper.	1,341	884	52

Adjusted book value as of Dec. 31 is estimated at $21 per share, adjusted for the 2-for-1 split in March, 1963, and adjusted earnings are about $1.85 per share. ($15 per $1,000 of estimated whole life; $7.50 per $1,000 of estimated term; and $2.50 per $1,000 of group.) The stock is, therefore, selling at less than two times adjusted book value and less than 20 times adjusted earnings and appears conservatively appraised and suitable for those seeking capital gains.

Dividends date back to at least 1929 and were on a 15¢ quarterly basis before the 2-for-1 split. Based on past performance, insurance in force should be between $670-$675 million by year end and admitted assets should approximate $133 million. There are one million common shares outstanding which are traded Over-the-Counter.

CHARLES KING

Senior Partner, Charles King & Co., New York City

Power Corporation of Canada

The soaring market price in 1962 of the stock of Power Corporation of Canada in contrast to a major decline in the overall averages attracted widespread attention in both Canada and the United States. The sharp rise reflected the increase in the company's assets and book value per share. This rise was primarily due to payments received from the sale of its holdings in British Columbia Power and Canadian Oil Co. Ltd. Also of importance was the increase in the market value of the securities held in Canadian Celanese, Shawinigan Water and Power and the Northern Quebec Power Co., subsequent to takeover offers being made for these shares.

From a low of 38¾ in June, 1962, Power Corporation common rose to 87 in January, 1963 at which time the shares were split 10-for-1. The new stock has ranged between 8¾ and 7¾ and is currently selling (American Stock Exchange) around 8⅝. The break-up value as of Feb. 28, 1963 was $13.15 C.F. or $12.16 U.S. on the 6,198,550 shares of common outstanding. Total value of the portfolio was $117,052,594 Canadian Funds. Ahead of the common are two issues of preferred stocks totaling $11,972,850 par value and $9,375,000 of Funded Debt.

As a result of these take-overs, Power Corporation will have over $40 million in new funds to invest, in addition to the funds which would normally be available. Company officials maintain that the company will continue to concentrate investments primarily in Canada. This follows its original concept of being closely identified with the growth and development of Canadian industry while being prepared to make investment beyond Canadian borders if attractive opportunities arise.

Principal investments remaining, assuming consummation of the current take-overs, will be divided among the following industries based on Feb. 28, 1963 prices: Public Utilities $9,793,000 or 8.3%; Oil, Gas and Pipelines $39,044,000 or 33.36%; Financial Companies $10,985,000 or 9.39%; Pulp and Paper $7,649,000 or 6.53%; cash and short-term notes $40,104,022 or 34.59%. Other investments and miscellaneous will account for $9,476,000 or 8.10%. The largest investment at the present time is $19,415,200 of 5¾% convertible preferred $20 par in Shell Investments Ltd., a wholly-owned Canadian subsidiary in the Royal Dutch Shell group of companies which owns 82.5% of the outstanding equity in Shell Oil Co. of Canada. The latter corporation is one of the principal integrated oil companies in Canada with sales over $300 million annually. With its recent acquisition of the business of Canadian Oil Companies, Ltd., Shell of Canada now accounts for about 16% of the Canadian oil market.

The objective of Power Corporation is to own substantial blocks of stock in a relatively small number of companies and to give a significant percentage interest in their equity ownership and acquire voting rights sufficient to assure an effective voice in their management. This is accomplished usually through representation on the Board of Directors. Principal investments are in common and preferred shares and such investments are made with a view to current income and long term capital gain.

Originally formed in 1925 for the purpose of investing in and controlling companies operating in the electric power field, Power Corporation acquired large blocks of the principal companies in this industry. Through separate divisions, Power Corporation provided a full range of engineering construction and management services. Some of Canada's principal public utility companies were under its wing, including Winnipeg Electric Company, Southern Canada Power Company, Shawinigan Water & Power and British Columbia Power Co. In 1928 an equity interest was acquired in McColl Frontenac Oil Company, one of the major oil companies in Canada which was later taken over by Texas Company. Another large oil investment was in Canadian Oil Companies in 1938 which was taken over in 1962 by Shell of Canada. Over a period starting in 1928, Power Corporation made other substantial investments outside the utility industry, commencing with the purchase of Bathurst Pulp and Paper Co. Ltd. In 1929 its initial purchase of Royal Bank of Canada was made. Six years later a block of Canadian Celanese Ltd. was acquired. More Canadian Celanese was purchased earlier this year (1963) and the entire lot then exchanged for approximately 1,700,000 shares of Canadian Chemical Company. In 1957 Power Corporation acquired voting control of Imperial Investment Corp., its name later changed to Laurentide Financial Corp. This company has expanded its operation into Europe with purchase of 67% of the shares of

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

This Week's Forum Participants and Their Selections

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Ohio State Life Ins. Co.—Edward A. Salerno, Research Dept., A. C. Allyn & Co., Chicago, Ill. (Page 2)

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 how the industry can improve itself. The author is one of Wall Street's best known practitioners as well as writer in the field of municipals. Topics dealt with include: (1) shift in emphasis to ability to sell bonds taking precedence over pre-sale indications, syndicating and negotiating; (2) need to emulate what has been done with stocks in creating a broader based distribution of municipals among individuals; (3) feasibility of adopting corporate syndicate practices and dividend accounts; (4) importance of continuing "self-regulation" improvements; (5) active participation in trading or secondary market; (6) smaller gross spreads; (7) changed concept on the need for and the use of capital; and (8) acquisition of knowledgeable people to serve investors, and need for better education and advertising.

Deciding on a topic to discuss before investment bankers is always a problem. There are many who probably think that my topic should be Industrial Revenue Bonds. There are some who consider the current refunding bond situation especially important and there are others who consider the problem of practices within our industry all important. There are those who would like to talk about tomorrow only in terms of volume. I would rather discuss a few aspects of the future and what we must do now to prepare ourselves. The first thing we must do is to look at what we presently have. Considering our Balance Sheet, what can we expect in the future? And by *future* I mean five years at most.

James F. Reilly

As we sit here in Dallas at this fine and enthusiastic meeting of the IBA, we may think that we have reached the ultimate in the handling of bonds and in coping with the problems of our industry. We have climbed out of the closet where municipal people were hidden for so many years. We are no longer stepbrothers. We are even considered the equals of our corporate brethren in some shops. Indeed, we even find municipal men heading combined bond departments. All of this has been one of the major breakthroughs in the securities business. True it has escaped the attention of sociological historians but the fact is that this emergence has been a great revolution in itself.

While this all sounds very glowing, the hidden facts are most serious. With all our new found freedom of direction and discretion, we are still in an overall state of confusion. Some years ago a good friend of many of us—a Partner at Salomon Brothers in New York, Dan Kelly, and a corporate man to be sure—branded our business as an *oriental bazaar*. For this he received a very chilling reception from the loyal municipal brotherhood. I tnink that, unfortunately, the confused approach to our problems, whether they be selling or buying, still exists.

We delight in listening to people like Art Guastella of *The Bond Buyer* telling us that we will be handling $10 billion yearly in new issues before too long. It sounds as though we will have more business than we can take care of and this is wonderful because anyone likes this problem. However, such prospective volume becomes a matter of serious contemplation because the truth is that we are not doing too good a job now with our present resources and personnel. If this be treason just add it to my long list of dissents in this industry.

Several years ago I dug out a quote for my Market Letter from James Branch Cabell which delighted one of our mutual friends, Hugh Bass, and as it had been printed just prior to the IBA meeting that year Hugh had a field day "quoting my quote." The quote is as follows:

"The optimist proclaims that we live in the best of all possible worlds and the pessimist fears that this is true."

I think that Hugh's favorite quote is applicable here. Although I sound like the pessimist, I am really the optimist. The problem is that the people who think that I am too extreme (or is it too far out?) in my thinking feel that they are the optimists because they believe that everything will work out if we just go along. I know that I and others who think as I do are optimistic about the future. You have to feel this way or you couldn't stay in this business. We are optimistic that our business can make the adjustments necessary to meet the demands of the future.

Tax Immunity

Of course, there may be difficult problems such as a possible successful attack on the principle of tax immunity. I do not feel that

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OBSERVATIONS...

BY A. WILFRED MAY

REGULATION TODAY

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

Better Market Portrait Needed

Because of the enormous number of practical questions pressing for coverage by the SEC's Special Study of Securities Markets, broad "economic" issues find themselves an abandoned casualty.

A leading phase of such omission is an objective and authoritative appraisal of the vaunted role of Stock Exchange *liquidity* as provider 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's subcommittee for the Stock Exchanges, with that industry's representatives comprising Presidents Funston of the New York Stock Exchange, Etherington of the American Exchange, and Day of the Midwest mart. With this Committee understood as being averse to interim statements, this question could be well dealt with through a one-and-only definitive full-dress 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 subtraction the substantial proportion of new offerings which is devoted to bailing out existing shareholders. Such functioning of the speculative machinery for the benefit of "insiders'" cashing-in is shown in the following table:

(In Millions of Dollars)

	Total Common Stock Offerings	Portion Coming From Selling Shareholders
1959	$2,976	$897
1960	1,333	607
1961	2,505	1,195
1962	2,165	885

(Includes all registered issues, but the figures for selling shareholders omit some small exchange transactions.)

Also interesting for further scrutiny by the SEC-Exchange *liaison* group would be improved versions of "Portraits" of the Stock Market which have been issued by the Exchange. For instance, to delineate more logically the degree of market speculation, stock sellers could be questionnaired on the length of the actual elapsed holding interval of their currently liquidated issue, in lieu of asking buyers in advance about their holding-time *intentions*.

Similarly constructive would be this authoritative group's garnering and circulation of more precise information on the extent of other of the Exchanges' speculative activities, as floor trading.

* * *

SNAGGED SELF-REGULATION

Strongly substantiating our skepticism (expressed in this series' first article of April 11) over the efficacy of self-policing as a means of regulating the securities world, is the current status of the continued waiving of listing requirements (without such identification in quotation reporting to the public) by a substantial proportion of issues traded on the American and other junior Stock Exchanges.

On the American Stock Exchange highlighting the current delay in disposing of this anomalous unlisted-trading-privilege situation, whereunder issues are permitted to continue their Exchange residence without fulfilling financial reporting and other corporate obligations imposed by the Securities Exchange Act of 1934, are remarks addressed to the subject last week by AMEX President Etherington.* He defended this "double standard" in compliance on his Exchange—after excoriating it with that epithet when enjoyed by over-the-counter companies—on the twin ground of the inability to force a company's disclosure compliance by compelling its exodus to the over-the-counter market; and a plea for more delay ("We would like every company to comply with the spectrum of disclosure requirements, but we would not be doing a service to the public if we were to sever our connections with these companies [sic] *abruptly*").

Long-Term "Compromising"

Actually, compromising has been going on over the 29-year interval since the enactment of the Securities Exchange Act of 1934.

True it is that AMEX's total of such mongrel issues has been whittled down from 818 in 1934 to 219 in 1960; to 206 in 1961; and to 184 at the end of 1962.

Numerically, the 184 unlisted issues compare with 834 fully listed; but, the unlisted stocks, as of the end of 1960, had an aggregate market value of $13.8 billion compared to $9 billion for the fully listed issues.

Of those issues departing from the unlisted category in the years 1960-1962, six went to the New York Stock Exchange, thirteen into mergers or other acquisition, one was removed on the company's initiative, and four left because of limited number of shares or transfer facilities, some at the SEC's behest.

Despite the self-policing Levy Committee's Report of January 30, 1962, criticizing the situation and its recommendation for delisting these noncomplying companies, the succeeding action has been slow. Said the Committee, "if within one year they have not satisfied the proposed minimum delisting standards for public distribution, number of holders, market value, and earnings, and within two years have not commenced issuing quarterly financial reports and soliciting proxies for all stockholder meetings, the Exchange should "consider the withdrawal of unlisted trading privileges"; and further urged the Exchange to "attempt to persuade those companies which satisfy the enumerated tests to become fully listed."

In the interval since last January's release of the Levy Report, the number of issues has been reduced by only 22—from 206 to 184. And of these none became fully listed on AMEX; three issues moving to fully registered status on the N. Y. Stock Exchange.

Calling in Government Teeth

Significantly, however, Exchange officials inform us that the recommended persuasion is now exhibiting added effectiveness in using "teeth" with the argument that the SEC has allegedly recommended the extension of compliance to the Exchange-Unlisted companies along with over-the-counter issuers having a minimum shareholder population of 300.

Actually, however, neither the Special Study nor the Commission has made any such recommendation specifically involving the unlisted-trading segment; nor is one expected in the to-be issued Chapters V, VI, VII and VIII which will extensively explore the functions, structure and problems of markets in which securities are traded after their distribution.

In any event, the conclusion should be evident that stimulation to self-policing by governmental interference, even when fictional, is required.

*Before the Treasurers' Club, Cleveland, Ohio, April 17.

First Boston Corp. Names Two V.-Ps

Randolph D. Bucey and Robert G. Keeley have been elected Vice-Presidents of The First Boston Corporation, 20 Exchange Place,

R. D. Bucey

Robert G. Keeley

New York City, it has been announced. Mr. Bucey, is in charge of the corporation's Cleveland office, Union Commerce Building. Mr. Keeley at the same time was appointed deputy to Paul W. Fairchild, head of First Boston's Chicago office, 231 South La Salle Street, and also sales manager of that office.

Mr. Bucey joined First Boston in 1950 and has been with the Corporation since that time, interrupted only by his U. S. Army service in 1951-53. He was named an Assistant Vice-President in July 1961.

Mr. Keeley joined First Boston in its New York office in 1952 and transferred to Chicago in 1955. He was named an Assistant Vice-President in July 1961.

Clark, Dodge Co. Elects Two

Clark, Dodge & Co., Incorporated, 61 Wall Street, New York City, members of the New York Stock Exchange, have announced the election of Roland H. Schuerhoff as a Vice-President, and Jackson O. Welsh as an Assistant Vice-President of the firm.

Johnson, Coleman Br.

AIKEN, S. C. — Johnson, Coleman, Manning & Smith Inc., has opened a branch office at 107 Chesterfield Street under the direction of James Ewing, Jr.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

The Kennedy organization is moving early and fast to make New York safe for the President in next year's national election. Not only have the known political talents of his brother-in-law, Steven E. Smith, been called upon to help bring Democratic unity in the Empire State, but all the pressure of the Democratic National Committee is being thrown into the effort. It has been announced that Democratic National Chairman John M. Bailey is to make a five-day swing through New York, beginning with a fund raising dinner this week sponsored by the New York County Democratic Committee.

The Kennedy organization backed Mayor Robert F. Wagner in the 1961 race for a third term as Mayor of New York. Mr. Wagner was the fair-haired boy who was to get rid of former Tammany leader Carmine De Sapio and former Democratic State Chairman Prendergast, who were out of favor with the Kennedy's, notwithstanding that Kennedy carried the State by almost 400,000 votes in 1960. It was a good fight, but one that has persisted in the party ever since. When it came time to pick candidates to run for Governor and Senator against Republican Governor Rockefeller and Senator Javits, the White House and Wagner stepped in to nominate a new figure with a big name, U. S. Attorney Robert M. Morgenthau, for Governor, and James B. Donovan, the lawyer who was working on the ransoming of the Bay of Pigs Freedom Fighters from Castro's jails, for Senator. Rockefeller was reelected by more than a half million votes and Senator Javits by more than a million.

The embattled Mayor Wagner is still in favor, but the Kennedy organization is now trying its own hand at rebuilding a unified organization in New York. But the poison is still there. Whether it can be drained off remains to be seen. President Kennedy is personally popular with the millions of voters in the State. But Governor Rockefeller has twice been elected Governor and the Kennedy's are not taking any chances. They probably look with considerable favor on the Conservative Party organized in New York last year with Republican backing to bring about the defeat of both Rockefeller and Javits. The same outfit is already laying its plans to defeat the Republican Presidential candidate in 1964 and Senator Keating who is up for re-election.

The Conservative Party polled about 141,000 votes in the 1962 gubernatorial election for its own candidate, which reduced Governor Rockefeller's margin of victory over Mr. Morgenthau. The Party wants the GOP to nominate Senator Barry Goldwater for President, or some other conservative. What it will do if Governor Rockefeller is the party nominee and Senator Keating is renominated will be determined later. It may try to get its own candidates on the ballot. The only effect of such an operation would be to aid the President and the Democratic nominee for Senator.

While the Democrats in New York do not have to worry about their Presidential nominee in 1964, they do have concern over their Senatorial candidate to run against Senator Keating. He has gained stature since 1958 and he won't be a pushover in 1964. Mayor Wagner has long held ambitions to follow in the footsteps of his father, who was Senator, but his health is reported as not too good and he may not desire to make the campaign. Also, his efforts to have a 4% sales tax and his more than $3 billion budget have caused a lot of resentment. His latest break with Democratic colleagues is over these proposals.

Paine, Webber Names Shelton

SAN FRANCISCO, Calif.—Richard F. Shelton has been named Resident Manager of the San Francisco office of Paine, Webber, Jackson & Curtis, 369 Pine Street, as a part of a general expansion program in the Northern California area.

Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange and other principal stock and commodity exchanges, are major underwriters and distributors of securities in the corporate and municipal fields.

The firm, which was founded in Boston in 1879, has 45 offices in 41 cities throughout the United States.

Mr. Shelton, who has been in the investment business since 1950, was previously associated with the San Francisco office of Merrill Lynch, Pierce, Fenner & Smith.

Milwaukee Co. Absorbs Plunkett

MILWAUKEE, Wis.—It was announced by Harold A. Franke, President of The Milwaukee Company, that arrangements have been completed for merger of Raymond J. Plunkett & Company of Wausau, Wis., with the Milwaukee investment house.

The Milwaukee Company is one of the oldest investment companies in the Middle West, with its home office in Milwaukee and branches in St. Paul, Madison, Green Bay, Wausau, Oshkosh and Janesville. It is a member of the New York Stock Exchange, the Midwest Stock Exchange and an associate member of the American Stock Exchange. In addition, there is direct wire service to other markets.

Additional space is being added to present offices of the Plunkett firm at Suite 702, First American State Bank Building. Ray M. Heckman and Wibby Winetzki, representatives of The Milwaukee Company in the Wausau area will move their office to Suite 702 as soon as the expansion and remodeling work is completed and Mr. Heckman will be associated with Mr. Plunkett in the management of the merged offices.

Role of Bonds and Stocks In Savings Bank Portfolios

By Alfred J. Casazza, Executive Vice-President Savings Bank Trust Company, New York City*

Banker traces the declining proportion of U. S. Government and corporate bonds in savings bank's portfolio and observes that this trend will continue until such time as interest rate level will offer opportunities for both higher yields and prospects for capital gains. The success of savings banks' owned Institutional Investors Mutual Fund, Inc. is said to confirm value of stocks in building up mutual savings banks surplus funds to margin their future growth. Mr. Casazza, also points out that mortgages, tax-exempts and stocks possess for mutual savings banks distinct tax-advantages over U. S. Government and corporate bonds.

The role of bonds in savings bank portfolios has shrunken 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.

Alfred J. Casazza

As a result, bonds today make up only 25% of the earning assets of the nation's savings banks, whereas they accounted for almost 75% in 1947.

The chief reason for this great shift in the assets composition of savings banks has been the need for higher earnings to permit payment of competitive interest rates on deposits. Mortgage loans have offered substantially higher yields than have bonds throughout the past 15 years. With an ample supply of mortgages available, bonds could not compete effectively for new savings bank funds.

The quest for higher yields has also caused a major change within savings bank bond portfolios. U. S. Government security holdings have been cut almost in half since 1947, while holdings of corporates, which give higher yields, have quadrupled.

Looking to the future, yield considerations will doubtless continue to determine the role of bonds in savings bank portfolios. So long as mortgages give substantially higher returns than do bonds, they can be expected to remain the favored outlet for savings bank funds. Moreover, the Revenue Act of 1962 has placed taxable bonds at a further disadvantage. A reserve for losses on real estate mortgage loans can be set up out of taxable income, and both tax-exempt bonds and preferred and common stocks provide income that is entirely or largely tax free. Mortgages, tax-exempts and stocks possess distinct advantages from the tax standpoint over U. S. Government and corporate bonds.

Discouraging U. S. and Corporate Bond Yields

Government security holdings, which now aggregate over $6 billion for all savings banks in the country, are a favored liquidity medium. More than a third of the Government securities owned by savings banks mature within five years, and well over two-thirds within 10 years. Liquidity considerations may cause savings banks to maintain holdings of shorter and intermediate Governments around current levels. But long-term U. S. Government bond holdings will continue to decline if such issues do not provide yields that are fully competitive with those of other quality savings bank investments.

Corporate bond buying has been discouraged by the narrowing of the yields differential they provide over Governments. And tax considerations may further lessen the relative attractiveness of corporate bonds to savings banks in the future.

A future rise in the level of interest rates could cause savings banks to become larger investors in bonds corporate and Government, however. When interest rates were undergoing wide cyclical fluctuations during the 1950's, savings banks had favorable experience with bonds purchased in periods of high interest rates. Bonds bought at such times not only gave higher yields, but they also provided capital gains if sold when interest rates declined subsequently and bond prices rose.

We may expect, therefore, that bonds will constitute a gradually declining proportion of savings banks earning assets in the years ahead, at least until such time as a substantial upturn in the level of interest rates will again offer an opportunity to obtain both higher current yields and the prospect of 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 the mortgages and 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 basic advantages and disadvantages when they are compared with mortgages and bonds. Their chief advantage arises from the fact that profits of well-managed corporations increase over a period of years through (1) reinvestment of earnings and the cash flow from depreciation, (2) spending for research and development, and (3) the efforts of managements to build up receipts and cut costs. Larger earnings, in turn, lead in time to increases in dividend rates and to appreciation in market prices. The Revenue Act of 1962 provides for a deduction from taxable income of 85% of dividend income from stocks, and the market price appreciation is only taxed when realized.

The chief disadvantage of common stocks is their vulnerability to adverse developments in the economy, the industry, the company or the security markets that would cause declines in earnings, dividends or market prices. Because such risks are innate in common stocks, an equity investment program must be concerned primarily with long-term results, allowing for the possibility that performance will prove disappointing at times.

Because of the added risk that attaches to equity investment, the role of common stocks in savings bank portfolios has been limited by law. A savings bank's purchases of common stocks are limited to 3% of assets or a third of surplus, undivided profits and surplus reserves, whichever is less. The question that confronts the management of a savings bank considering a common stock program is only whether a portion of the surplus can be better invested in stocks than in mortgages or high-grade bonds.

Savings Banks' I. I. M. F., Inc.

By selecting the most attractive stocks available at the time of purchase and by minimizing the timing hazard in common stocks investing through dollar costs averaging, plus adequate supervision of the stocks purchased, good results can be achieved. Institutional Investors Mutual Fund, Inc. has been conducted by the mutual savings banks of New York to accomplish these objectives.

The shares of I. I. M. F., Inc. were offered, at its inception nearly a decade ago, at $100 a share, allowing for the 10 for 1 stock split. At the end of March, 1963, the shares had an asset value of $242.15 per share, an appreciation of 142% over costs or an average appreciation of 9% a year. In addition, over this period, the savings bank stockholder has received, in addition to cash dividends of $55.36 per share, capital gains distributions aggregating $30.79 per share. Aggregate dividend income, capital gains distributions and net unrealized appreciation have averaged over 15% a year on shares purchased at the inception of the fund and held to date. Later purchases at rising prices, needless to say, have given substantially smaller benefits, but results have been considerably better than from fixed income investments for the great majority of purchases of I. I. M. F., Inc. shares throughout the decade. Savings banks Trust Company acts as investment adviser for I. I. M. F., Inc.

Common stocks have benefited from an extraordinary rise in market price over the past 10 years. Future results from equity investment will depend upon the trend of corporate profits, dividends and stock prices in the years ahead. Through a dollar cost averaging program, a savings bank can lessen the timing hazard that is unavoidable with common stocks; 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 the reasons stated, investment in common stocks can perform a valuable role in building up the surplus funds of mutual savings banks to margin their future growth.

*Remarks by Mr. Casazza before the Savings Banks Auditors and Comptrollers Forum Savings Banks Officers Forums—Groups IV, V, VI, and VII, New York City, April 16, 1963.

THE SECURITY I LIKE BEST...

Continued from page 2

a French finance company, Sofifrance.

Revenue from investments in 1962 (in Canadian Funds) was $3,068,984 versus $3,057,631 in 1961. After expenses of $279,518, interest on debentures of $426,016, and taxes of $92,764, net profit for 1962 was $2,270,686, equal to .26½ per share on the 6,198,550 shares currently outstanding, compared to $2,216,731 or .25¾ in 1961. These earnings represented mainly dividends received, which in most cases was 50% or less of net profits of the companies held for investment, a factor which should be taken into account when considering price-earnings ratios.

The record of the management is excellent and the opportunities for the company to invest in special situations on attractive terms, as done in the past, appear to be broadening both in Canada and foreign fields. Since the objective of the management is investment primarily in Canada, the future of the company is closely tied with the development and growth of Canada. An important feature is the fact that there are no taxes on capital gains in Canada. Thus, the company is able to reinvest profits realized from sales of investments without tax dilution. The policy of the company has been not to distribute these profits to shareholders but build up reserves and assets through reinvestment. Accordingly, the shares of Power Corporation of Canada offer an attractive investment vehicle of a special nature featuring long term capital gains objectives free from capital gains taxation with the cumulative effect of profits reinvested. An American investor would be taxed only on profits realized upon the eventual sale of his holdings of Power Corporation of Canada stock.

The 30% discount from book value, the level at which the stock is currently trading, makes Power Corporation an attractive investment when compared to the small discounts and occasional premiums at which the leading American closed-end funds sell. Inasmuch as closed-end funds operate in widely divergent fields and with different objectives, it is difficult to make comparisons between them on a year-to-year basis. Also, most of their investments are made on a long term basis in relatively few industries and selected companies. However, the long term record of closed-end funds has been excellent. When shares of a major fund can be bought at a substantial discount, the investor has two factors in his favor — future capital gains plus the possibility of the shares selling closer to the break-up value. Power Corporation offers both these attractions.

Auerbach, Pollak To Admit Jennison

On May 2, Richard E. Jennison will be admitted to partnership in Auerbach, Pollak & Richardson, 30 Broad Street, New York City, members of the New York Stock Exchange. Mr. Jennison is manager of the firm's institutional research department.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The market for state and municipal bonds has been as nervous and as variable during the past week as we have ever observed it. The relatively high price level attained in early April climaxed by an abnormally heavy volume of financing, was impossible of sustenance under the additional market pressure exerted by the partly sold $300,000,000 long-term Treasury offering of last week. Investors generally have recently abstained from sizable purchases and the bank demand, which has largely put the tax exempt bond market as high as it is, has been drastically curtailed excepting in instances where substantial price reduction has been a factor.

Bids Lower by from 5 to 15 Basis Points

In the bidding for high grade general obligation new issues, the successful bids have recently been lowered to the market level obtaining early this year. Yields are thus 5 to 15 basis points higher in the 20-year maturities than they were just a few weeks back. This yield betterment has begun to reattract some of the latent bank interest and, with the less voluminous calendar that prevails at least for the near term, a more stable market period appears presently at hand.

There have been tangible symptoms of substantial potential demand at or close to this more attractive market level. Certain of the recent new issues have met with immediately hearty investor response. A few have been sell-outs; a phenomenon rarely experienced these days. The dollar quoted long-term revenue issues appear to have bottomed out and in many cases have rebounded sharply. We will detail these assertions in subsequent paragraphs.

In general, however, the offerings recently made at relatively bargain yields and prices (down 1 to 2 points) have shown indications of rekindling the appetite for tax exempts that most certainly had not been surfeited; just temporarily fed up with escalator pricing tactics.

Regardless of the fact that as we write this report the tone of the state and municipal bond market appears to be better than it has been in several weeks, the price level is slightly lower than it was a week ago. The *Commercial and Financial Chronicle's* yield Index, averaging 13 high grade 20-year general obligation offerings, shows the market off about a quarter of a point. The Index is 2.947% on April 24 as against 2.936% a week back. The 1963 high point for the market was reached a month ago when our Index stood at 2.888%. The reaction has been relatively slight but apparently stimulating.

Calendar Drastically Pared

The new issue calendar has been considerably reduced since the approximate $900,000,000 total that obtained early in April. For the month ahead, scheduled and tentatively scheduled items would appear to total less than $500,000,000. This circumstance, even though it may prevail for only a fortnight, poses a welcome respite for a record volume market thus far for 1963.

The largest calendar items continue to be $115,000,000 Placer County Water Agency, California revenue bonds and $122,000,000 Washington Public Power Supply System revenue bonds scheduled for offering on May 1 and May 8, respectively. From these two king size offerings the volume drops abruptly to a $17,500,000 Maryland State Roads Commission issue scheduled for May 1 flotation.

"High Hopes"

Inventories have continued to expand over the last several weeks and offerings of state and municipal bonds, according to the *Blue List*, have recently touched close to the historical high. During the past few sessions the daily *Blue List* totals have dropped back some which perhaps indicates a little easier inventory situation. Current total is $588,384,000. It may be added that this figure represents a sizable total of high priced stuff which might easily be translated into a first quarter loss for many hard working bond establishments.

From the appearances of yesterday's bidding for new issues, however, there might appear to be "high hopes." The ready demand which appeared for the $108,720,000 New York City (1964-1993) issue on Wednesday, May 23 formidably buttressed these hopes.

Recent Awards

In the course of the week there were a number of important new issues that were of various interest to investors. Some of these issues went extremely well, whereas a few attracted but little apparent attention. Last Thursday $25,000,000 Alabama State Highway Authority (1970-1983) bonds were offered at competitive bidding. The syndicate headed by *Halsey, Stuart & Co., Inc.* and *Smith, Barney & Co.* won the issue with a net interest cost bid of 3.30399%. The second bid, a 3.3299% net interest cost, was made by The First Boston Corp. group.

Other major members of the winning syndicate are Blyth & Co., Inc., Harriman Ripley & Co., Inc., Equitable Securities Corp., Ladenberg, Thalmann & Co. and F. S. Moseley & Co.

The bonds were offered to yield from 2.50% to 3.30%. The present balance in account is $20,465,000.

Fast Mover

There were no important new issues offered on Friday or Monday but on Tuesday of this week several interesting, moderately sized issues were up for bidding, the largest being $15,000,000 Los Angeles County, California Flood Control District (1964-1989) bonds. The syndicate headed by *The Security-First National Bank* and *United California Bank*, both in Los Angeles, was the successful bidder for this issue at a net interest cost to the county of 3.042%. The second best bid was made by the Harris Trust and Savings Bank at a net interest cost of 3.0709%. The winning group reoffered the bonds to yield from 1.80% in 1965 to 3.20% in 1989. Our understanding is that the account has been closed out.

Other members of the successful group are Bank of California, R. H. Moulton & Co. and Baxter & Co.

Another important Tuesday flotation involved $14,000,000 Washington Suburban Sanitary District, Maryland (1964-1993) bonds. The *First National City Bank of New York* was the manager of the successful syndicate which bid a net interest cost of 2.9936%. The bonds were not reoffered. The runner-up bid, made by the Halsey, Stuart & Co., Inc. group, figured a net interest cost of 3.025%.

Associated with the winning group are Chemical Bank New York Trust Co., Bankers Trust Co., The Northern Trust Co., Harris Trust and Savings Bank, Smith, Barney & Co. and Lehman Brothers.

Other Good Performers

Also on Tuesday $5,000,000 St. Louis County, Missouri (1964-1983) bonds were awarded to the syndicate headed up by the *Continental Illinois National Bank & Trust Co.* on its net interest cost bid of 2.974%. The second bid, a 2.9761% net interest cost, was made by the Drexel & Co. account.

Other members of the winning syndicate are Marine Trust Co. of Western New York, Reinholdt & Gardner and Tucker, Anthony & R. L. Day Co.

The bonds were reoffered to yield from 1.60% to 3.05% and the presstime balance was $660,000.

Another sizable Tuesday offering involved $10,500,000 State of Oregon (1966-1993) bonds. This issue was won by the *Harris Trust and Savings Bank, First National Bank of Oregon* and *Chase Manhattan Bank* group on its net interest cost bid of 3.0891%. The second bid was made by the First National City Bank of New York account at a net interest cost of 3.1156%.

Other members of the winning syndicate are The Northern Trust Co., Philadelphia National Bank, The Seattle-First National Bank and Merrill Lynch, Pierce, Fenner & Smith. The bonds were reoffered to yield from 2.00% to 3.25% in 1992. The 1993 maturity bore a one-tenth of 1% coupon and was reoffered to yield 4.15%.

Continued on page 42

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.20%	3.10%
Connecticut, State	3¾%	1981-1982	3.05%	2.95%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
New York, State	3¼%	1981-1982	3.00%	2.85%
Pennsylvania, State	3⅜%	1974-1975	2.70%	2.55%
*Delaware, State	2.90%	1981-1982	3.00%	2.90%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, California	3¾%	1981-1982	3.15%	3.05%
Baltimore, Maryland	3¼%	1981	3.00%	2.90%
Cincinnati, Ohio (U.T.)	3½%	1981	3.05%	2.90%
Philadelphia, Pennsylvania	3½%	1981	3.25%	3.15%
*Chicago, Illinois	3¼%	1981	3.20%	3.05%
New York, New York	3%	1980	3.09%	3.06%

April 24, 1963 Index=2.947%

*No apparent availability.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

April 25 (Thursday)			
Central Missouri State College	3,150,000	1964-2001	2:00 p.m.
Clark County, Wash.	4,500,000	1969-1988	8:00 a.m.
Florida State Board of Control	1,814,000	1966-2003	11:00 a.m.
Horicon Junior S. D. No. 10, Wis.	1,184,000	1964-1982	1:30 p.m.
Methuen School & Water, Mass.	1,800,000	1964-1983	11:00 a.m.
Syracuse School & Public Safety Building, N. Y.	7,800,000	1964-1981	11:00 a.m.
Wade Hampton W & S Dist., S. C.	1,950,000	1965-1997	Noon
April 26 (Friday)			
Sny Island Levee Drainage D., Ill.	1,270,000	1982	1:00 p.m.
University of Kentucky, Comm. Colleges Education Building	1,200,000	1965-1988	11:00 a.m.
April 29 (Monday)			
Fla. Dev. Comm. Osceola Co., Fla.	4,500,000	1964-1979	2:00 p.m.
Plainfield Township, Mich.	1,300,000	1968-2003	7:30 p.m.
Southfield Bldg. Auth., Bldg. Rev., Michigan	1,000,000	1965-1988	8:00 p.m.
April 30 (Tuesday)			
Beaumont, Texas	2,000,000	1973-1989	10:00 a.m.
Cleburne, Texas	3,200,000	1963-2002	4:00 p.m.
Ft. Lauderdale, Fla.	16,050,000	1964-1992	11:00 a.m.
Gloucester Township S. D., N. J.	1,400,000	1964-1987	8:00 p.m.
Hamburg, Boston, Etc. Central Sch. Dist. No. 1, N. Y.	2,488,000	1964-1983	3:00 p.m.
Long Beach, Miss.	1,300,000	1965-1997	7:30 p.m.
New York State Dormitory Auth. Skidmore College	5,580,000	1965-1994	11:30 a.m.
Orlando Utility Commission, Fla.	14,000,000	1965-1992	11:00 a.m.
Santa Clara, Calif.	1,095,000	1964-1988	8:00 p.m.
Santa Clara County, Calif.	8,000,000	1964-1983	10:00 a.m.
Shelton, Conn.	1,755,000	1964-1983	2:00 p.m.
Webster Groves Sch. Dist., Mo.	3,495,000	1964-1983	8:00 p.m.
May 1 (Wednesday)			
Chicago Transit Authority, Ill.	7,500,000	1963-1973	2:00 p.m.
Davenport Indep. Sch. Dist., Iowa	1,900,000	--------	--------
Greenville County Sch. Bldg., S. C.	12,000,000	1964-1983	Noon
Maryland State Roads Commission	17,500,000	1964-1978	11:00 a.m.
Placer County Water Agency, Cal.	115,000,000	1968-2013	11:00 a.m.
Walla Walla County Sch. Dist. No. 140, Wash.	1,160,000	1965-1983	--------
May 2 (Thursday)			
Clay Public Improvement, N. Y.	1,140,000	1964-1988	11:00 a.m.
Cortland City Sch. Dist., N. Y.	2,090,000	1964-1993	2:00 p.m.
May 3 (Friday)			
Pearl River Valley Supply D., Miss.	3,000,000	1964-1999	10:00 a.m.
May 6 (Monday)			
Benzie Co. Central S. D., Mich.	1,500,000	1965-1989	7:30 p.m.
Helena, Mont.	1,250,000	1964-1981	1:30 p.m.
Kenosha, Wis.	6,255,000	1964-1978	1:30 p.m.
Palo Alto Unified S. D., Calif.	2,500,000	--------	10:00 a.m.
May 7 (Tuesday)			
Hayward, Calif.	3,000,000	1967-1988	4:00 p.m.
Lafayette, La.	6,000,000	--------	--------
New Mexico (Highway Revenue)	3,000,000	1965-1968	10:00 a.m.
Rush, Henrietta, Etc. Central Sch. Dist. No. 1, N. Y.	1,429,000	1963-1987	3:00 p.m.
Sacramento County, Calif.	2,500,000	1964-1978	10:00 a.m.
Salt Lake Co. Granite S. D., Utah	3,000,000	--------	--------
Whatcom Co. Bellingham School District No. 501, Wash.	1,250,000	1965-1978	2:00 p.m.
May 8 (Wednesday)			
Cincinnati, Ohio	15,330,000	1964-1996	Noon
Milledgeville, Ga.	1,075,000	1964-1992	Noon
Vallejo Sanitary & Flood Control District, Calif.	1,055,000	1975-1990	10:00 a.m.
Wash. Public Pwr. Supply System	122,000,000	1967-1996	9:00 a.m.
May 13 (Monday)			
Euclid, Ohio	1,800,000	--------	Noon
University of North Carolina	1,000,000	1965-2002	10:30 a.m.
May 14 (Tuesday)			
Denver, Colo.	1,170,000	1966	10:30 a.m.
Lafayette, La.	6,600,000	1965-1992	10:00 a.m.
St. Bernard Sch. Dist. No. 1, La.	1,300,000	1965-1988	11:00 a.m.
Tacoma, Wash.	4,780,000	1965-1983	10:00 a.m.
May 15 (Wednesday)			
Augusta, Ga.	6,000,000	--------	--------
May 16 (Thursday)			
Hawaii G. O. (Honolulu)	10,000,000	1966-1983	--------
Ogden City, Utah	2,000,000	1966-1990	6:00 p.m.
May 21 (Tuesday)			
Cleveland, Ohio	13,150,000	--------	--------
Monroe, La.	6,000,000	1966-1993	10:00 a.m.
May 22 (Wednesday)			
Springfield S. D. No. R-12, Mo.	1,750,000	--------	--------
May 23 (Thursday)			
Penn. State P. S. Bldg. Authority	23,500,000	--------	--------
May 24 (Friday)			
Valley Center Mun. Water D. Cal.	1,250,000	1964-1992	7:30 p.m.

$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. Coupon Bonds in denomination of $5,000, convertible into fully registered Bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

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, 1964-93, 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

Maturities	Prices to Yield	Maturities	Price or Yields	Maturities	Prices to Yield
1964	1.70%	1971	2.70%	1980	3.15%
1965	1.95	1972	2.80	1981	3.20
1966	2.15	1973	2.85	1982-83	3.25
1967	2.30	1974	2.95	1984-88	3.30
1968	2.40	1975-76	3.00	1989-90	3.35
1969	2.50	1977	3.05	1991-93	3.40
1970	2.60	1978-79	100		

(Accrued interest to be added)

The above Bonds are offered, subject to 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 Messrs. Wood, King, Dawson & Logan, Attorneys, New York City.

First National City Bank New York | Morgan Guaranty Trust Company of New York | Bankers Trust Company

Harriman Ripley & Co. Incorporated | Smith, Barney & Co. | The First Boston Corporation | Halsey, Stuart & Co. Inc.

Continental Illinois National Bank and Trust Company of Chicago | Mellon National Bank and Trust Company | C. J. Devine & Co. | Salomon Brothers & Hutzler

Kidder, Peabody & Co. | Phelps, Fenn & Co. | White, Weld & Co. | W. H. Morton & Co. Incorporated | Shields & Company | Mercantile Trust Company

Stone & Webster Securities Corporation | The First National Bank of Oregon | L. F. Rothschild & Co. | Roosevelt & Cross Incorporated | Ira Haupt & Co.

First of Michigan Corporation | Clark, Dodge & Co. Incorporated | Shearson, Hammill & Co. | Francis I. duPont & Co. | F. S. Smithers & Co.

Lee Higginson Corporation | Wood, Struthers & Co., Inc. | W. E. Hutton & Co. | Dick & Merle-Smith | Kean, Taylor & Co. | Estabrook & Co.

Geo. B. Gibbons & Company Incorporated | Bacon, Stevenson & Co. | Coffin & Burr | Spencer Trask & Co. | Fidelity Union Trust Company Newark

Industrial National Bank of Rhode Island | Laidlaw & Co. | Eldredge & Co. Incorporated | Fitzpatrick, Sullivan & Co. | Manufacturers and Traders Trust Company Buffalo

Boland, Saffin, Gordon & Sautter | The National City Bank of Cleveland | G. H. Walker & Co. | Hartford National Bank & Trust Co.

Tucker, Anthony & R. L. Day | Glickenhaus & Co. | Stern, Lauer & Co. | Tilney & Company | The Franklin National Bank of Long Island

James A. Andrews & Co. Incorporated | Model, Roland & Co. | Dreyfus & Co. | Charles King & Co. | Shelby Cullom Davis & Co. | Fabricand & Co.

R. James Foster & Co., Inc. | Penington, Colket & Co. | Byrd Brothers, King | G. C. Haas & Co. | Austin Tobin & Co., Inc.

April 25, 1963.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aluminum Industry—Review with particular comment on **Aluminum Company of America**—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Bank Stocks—Statistical Comparison of forty-three leading banks—Putnam & Co., 6 Central Row, Hartford 3, Conn. Also available are comments on **Chase Manhattan Bank, County Trust of White Plains, Pittsburgh National Bank, Crocker Anglo National Bank, Security First National Bank** and **Valley National Bank of Phoenix.**

Canadian Market — Comments — Annett & Co. Ltd., 220 Bay St., Toronto 1, Ont., Canada.

Cincinnati Bank Stocks—Comparative figures on four Cincinnati banks—Pohl & Co., Inc., Dixie Terminal Bldg., Cincinnati 2, Ohio.

Dividends For A Decade—16 page booklet showing 285 common stock issues traded on the American Stock Exchange, which have paid dividends for 10 to 114 consecutive years — American Stock Exchange, 86 Trinity Place, New York 6, N. Y.

Economic Growth In Latin America — Study in current issue of "Latin American Business Highlights":—Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York 15, N. Y.

Favored Common Stocks—Compilation of stocks in various categories which appear attractive—Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

How We Measure The Quality of a Stock—Study—Moore & Schley, 120 Broadway, New York 5, N. Y. Also available are studies of **General Motors and Other Automobile Companies, Rayonier,** and **Union Carbide.**

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

Japanese Market — Review — Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are studies of **Kirin Brewery, Kanegafuchi Spinning, Takeda Chemical, Asahi Glass, Yawata Iron & Steel, Ebara Manufacturing, Isuzu Motors, Minolta Camera, Nippon Kogaku, Mitsubishi Estate.**

Japanese Market — Review — Yamaichi Securities Co. of New York 111 Broadway, New York 6, N. Y. Also available is an analysis of **Takeda Chemical Industries Ltd.**

Life Insurance Stocks—Memorandum—McDonnell & Co. Inc., 120 Broadway, New York 5, N. Y.

Life Insurance Stocks—Bulletin—Ralph B. Leonard & Sons, Inc., 50 Broadway, New York 4, N. Y. Also available is a memorandum on **American Income Life Insurance Co.**

Municipal Market — Review — Goodbody & Co., 2 Broadway, New York 4, N. Y.

New York City Banks—Comparative figures on ten New York City Bank Stocks — Laird, Bissell & Meeds, 120 Broadway, New York 5, New York.

Oil Companies — Memorandum — Carl H. Pforzheimer & Co., 25 Broad St., New York. N. Y.

Real Estate Securities—Bulletin—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

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

Savings & Loan Companies—Bulletin with particular reference to **First Charter Financial** and **San Diego Imperial**—Bache & Co., 36 Wall St., New York 5, N. Y. Also available are comments on **Spiegel, Pan American Sulphur, American Metal Climax, Inland Steel, Safeway** and **Von's Grocery.**

Steel Companies—Memorandum—A. L. Stamm & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Witco Chemical.**

Treasury Market — Review—New York Hanseatic Corp., 60 Broad St., New York 4, N. Y.

West Coast Utility Stocks—Comparative statistics on seventeen selected issues—J. S. Strauss & Co., 155 Montgomery St., San Francisco 4, Calif.

* * *

Abbot Laboratories — Memorandum—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Allied Chemical Corp.—Bulletin—Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Allied Chemical Corp.—Memorandum—Iselin, Legge, Stonehill & Co., 51 Broad St., New York 4, N. Y.

American Savings & Loan Association—Analysis—J. A. Hogle & Co. 40 Wall St., New York 5, N. Y.

American Viscose — Bulletin — Walston & Co., 74 Wall St., New York 5, N. Y.

Argus Corp. Ltd. — Analysis — Wills, Bickle & Co. Ltd., 44 King St., West, Toronto 1, Ont. Canada.

Arrow Hart & Hegeman Electric Company — Analysis — Chas. W. Scranton & Co., 209 Church St., New Haven 7, Conn. Also available are analyses of **Associated Spring Corp., John Sexton & Co., Standard Screw Co., Veeder Root Inc.,** and **West Coast Telephone.**

Atlas Chemical Industries—Analysis—Colby & Co., Inc., 85 State St., Boston 9, Mass. Also available is a study of **United Fruit.**

Automated Building Components—Memorandum—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Bankers Security Life Insurance Society—Analysis—Forster, Morson, Nardone Co., 150 Broadway, New York 38, N. Y.

Bell Telephone Company of Canada — Analysis — Royal Securities Corp. Ltd., 244 St. James St., West, Montreal 1, Que., Canada. Also available is an analysis of **Dominion Tar & Chemical Co. Ltd.**

Canadian Pacific Railway—Memorandum—C. M. Oliver & Co., Ltd., 821 West Hastings St., Vancouver 1, B. C. Canada.

Cascade Natural Gas Corporation—Analysis—Parker, Ford & Co., Inc., Vaughn Bldg. Dallas 1, Tex. Also available is an analysis of **Great America Corporation.**

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

Central Charge Service, Inc.—Analysis—Ferris & Company, 611 Fifteenth St., N. W., Washington 5, D. C.

Coastal States Gas Producing—Memorandum—Ebin, Robertson & Co., Inc., Rand Tower Minneapolis 2, Minn. Also available is a memorandum on **La Maur.**

Columbia Broadcasting System—Comments—Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga. Also available are comments on **General Telephone, National Biscuit Company** and **Oxford Manufacturing Company.**

Crocker Citizens National Bank—Report—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available are memoranda on **Petrolane Gas Service Inc.** and **Weyerhaeuser Co.**

DWG Cigar — Review — Purcell, Graham & Co., 50 Broadway, New York 4, N. Y. Also available are bulletins on **Carlisle Corp.** and **Motorola.**

Dominion Stores Limited — Analysis — Equitable Brokers Limited, 60 Yonge St., Toronto 1, Ont., Canada. Also available is an analysis of **Bank of Nova Scotia.**

Doughboy Industries, Inc.—Report—William A. Fuller & Co., 209 South La Salle St., Chicago 4, Ill.

Fayette County, Kentucky, School Bonds—Memorandum—The Kentucky Company, 320 South Fifth St., Louisville 2, Ky.

Federal Mogul Bower Bearing — Memorandum—First of Michigan Corp., Buhl Building, Detroit 26, Michigan.

Federal National Mortgage Association — Review—Gerstley, Sunstein & Co., 211 South Broad St., Philadelphia 7, Pa. Also available is a review of **Society Corp.**

Flintkote — Memorandum — Sincere and Company, 208 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Tastee Freez.**

Frontier Refining Company—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Pacific Gamble Robinson Co.**

General Foods — Memorandum—Paul J. Nowland & Co., Bank of Delaware Building, Wilmington 99, Del.

Gillette—Memorandum—Hardy & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Heller.**

Gulf, Mobile & Ohio Railroad Co.—Analyssi — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Grand Union.**

Gulf Sulphur Corp. — Report—Dempsey - Tegeler & Co., Inc., Americana Building, Houston 2, Tex.

M. A. Hanna — Bulletin—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Houston Lighting & Power—Memorandum — R. W. Pressprich & Co., 80 Pine Street, New York 5, N. Y.

Hugoton Gas Trust Units—Memorandum—First Nebraska Securities Corporation, 1001 "O" St., Lincoln 1, Neb.

Interchemical Corporation—Anlysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

International Business Machines—Review—Orvis Brothers & Co., 30 Broad Street, New York 4, N. Y. Also available are reviews of **Scott, Foresman & Co.,** and **Swingline, Inc.**

International Flavors & Fragrances, Inc. — Analysis — Glore, Forgan & Co., 45 Wall St., New York 5, N. Y.

International Minerals & Chemical — Memorandum—Flood, Wittstock & Co., 60 Yonge St., Toronto 1, Ont., Canada.

International Minerals & Chemical Corp. — Report—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are reports on **U. S. Vitamin & Pharmaceutical** and **Chicago & North Western Railway.**

International Railroads' Weighing Corporation — Detailed report — Link, Gorman, Peck & Co., 208 So. La Salle Street, Chicago 4, Ill.

Levy Industries Limited—Analytical brochure—Ross, Knowles & Co., Ltd., 105 Adelaide St., West, Toronto, Ont., Canada.

Liggett & Myers—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Li'l General Stores, Inc.—Analysis — Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

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

Mary Carter Paint Co.—Study—United Securities Co., Southeastern Building, Greensboro, N. C.

May Department Stores — Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

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

Mosler Safe Company—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

National Can—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Noranda Mines Ltd.—Study—Davidson & Company, 25 Adelaide Street, West, Toronto, Ont., Canada.

North American Van Lines, Inc. — Analysis — Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

Nytronics, Inc.—Bulletin—Charles A. Taggart & Co., Inc., 1516 Locust Street, Philadelphia 2, Pa.

Oak Manufacturing — Memorandum—Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

Pacific Gas & Electric Company—Analysis—Stewart, Eubanks, Meyerson & Co., 216 Montgomery Street, San Francisco 4, Calif.

Continued on page 41

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 off coal as fading source of energy. They viewed first oil, then natural gas and finally nuclear energy as competitors too formidable for troubled bituminous to cope with. But the experts were wrong and, like some latter day Phoenix, soft coal is rising from its ashes to "hot up" 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 speeded up their services by "unitized" freight runs that high-ball coal trains directly from mine to market with no costly and delaying yard switching or interchanges. These cost cuts in conveying coal in huge tonnage to big customers have restored coal's competitive 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 the future of coal for steam power generating plants is most encouraging. In 1963 electric utilities will burn 203 million tons —6.3% above 1962. Use of coking coals in the steel industry is expected to reach 72 million tons (2.3% 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 mainly steam grade coal, and sell almost 70% of their output to utilities whose business is expanding faster, and is far less cyclical, than the steel trade (which uses metallurgical coal). Midwestern coal reserves are massive, and mining is largely of the strip variety which permits low cost production. Moreover, producers in this geographical region, benefit from accessible river transportation, and escape the competition of low priced imported oil, prevalent 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 both in sales and net profits.

In steadily expanding its production and building up earning power, Peabody has benefited from five factors: (1) vast and favorably situated coal reserves estimated at over 2½ billion tons. (2) 80% of total production from strip reserves. (3) use of low-cost inland water transportation on over half of its delivered tonnage. (4) over 70% of sales to electric utilities, mostly on long term contracts. (5) outstanding managerial competence and operating efficiency.

The great upsurge in Peabody Coal began in 1955 when the Sinclair group of strip mining properties was acquired. In the period 1955-62, Peabody's production increased by over 65%, against 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 new 1 million 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 under way, 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 about 43 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 supply contracts with its customers. These long contracts have the effect of fending off competition for years to come, and giving an annuity-like characteristic to Peabody earning power. For example, the Tanner Creek station of American Electric Power Corp. will buy 1.1 million tons a year, starting Jan. 1, 1964, under a 15 year contract; and 65 million tons 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.

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. Ahead lie possible market expansions into the West and Southwest (Arizona Edison and Utah Power are now constructing, for the first time, coal burning generating plants). Overseas, Peabody is in a joint venture for the development of metallurgical coal production in Australia.

Financial Picture Bright

Thus by virtue of its reserves, its expanding production and big volume contract sales, Peabody Coal appears in an excellent long range conjecture. Sales have risen successively in each year since 1957. The sales total for 1962 was $133.3 million against $92.6 million in 1958; and in the same time interval, net earnings per share rose from $1.01 to $1.49. 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 10% on stockholders' equity. Long term growth rate of about 7% a year compares favorably with the electric utility industry.

Capital expansion of about $33 million is planned in 1963, financed about two-thirds from depletion charges and retained earnings, and the balance by long term bank loans. No stock financing is expected. Present capitalization (Dec. 31, 1962) consists of $43,225,000 in long term debt, $4,700,000 in preferred, and 9,717,847 common shares listed on NYSE and currently selling at 33½ 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 monarchy. In 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 408 Olive St. The firm has also 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. Lickdyke 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

Mr. Bache, who attended Cornell, succeeds John E. Sullivan, whose term expired last June.

Mr. Bache, a veteran of World War I, is a member of the New York City Youth Board and the City's Youth Council Bureau.

Trustees of Cornell serve without salary.

Yates, Heitner Office

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

Named Branch Mgr.

LYNCHBURG, Va.—Bernard Tallman has been named manager of the Lynchburg office of Francis I. duPont & Co., 1016 Main Street, it has been announced.

Mr. Tallman 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 1958.

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 proposed tax-cuts and reforms, but does agree that the near outlook for business depends largely on the date and nature of tax reduction. Troublesome spots discussed include: unemployment problem, pace of capital outlays, and mounting labor trouble. Bases for optimism about our economic prospects in 1963 are said to consist of revised consumer buying intentions, growing family population, continued technological improvements causing obsolescence, and improved inventory control.

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 we have run up a Federal deficit of 42 billion dollars in the last eleven years with every prospect of increasing it further in view of our world wide involvements. Herbert A. Leggett of the Valley National Bank in Phoenix, Ariz., has characterized the average American as plodding along "in the lap of luxury, but in the grip of a mortgage". He is hooked on the horn of plenty from which extrication is becoming increasingly difficult. The surprising thing is how well he manages to get along and how 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 either. In the time of Henry VIII, John Heywood, who was famous for his epigrams, wrote these lines:

David Faville

"Let the world slide and let the world go
A fig for care and a fig for woe
If I can't pay why then I can owe
And time makes equal the high and the low."

The leveling of the economic status of all has been one of the favorite operating methods of Democratic Administrations for some time, first in the New Deal and now in the New Frontier. Its most recent manifestation is in the President's new tax cut plan which is billed as a stimulus to the economy by cutting corporate taxes and releasing more consumer spendable income, but which with its tax reform measures chiefly benefits the lower income groups where the votes lie, and gives precious little relief to business and the middle and upper income groups. For a while it appeared that the administration had awakened to the realization that by shackling our free enterprise system with exorbitant taxes we weren't getting the best out of it. But now business men are puzzled as to what attitude to take toward the new tax program with its rather startling proposed reforms.

Also there is the matter of reducing taxes in the face of mounting deficits. Mr. Kennedy estimates an $11.9 billion deficit in the first year of his program, but then this assumes that the tax reforms he proposes will be adopted, and many of these reforms would in themselves put a damper on business in other directions. It must be remembered, too, that taxes alone have not put the squeeze on profits. Also to blame are rising real estate, construction, maintenance, shipping and wage costs. While our Gross National Product has nearly doubled in the past 12 years, corporate profits have declined approximately 50%. The true picture has been obscured by inflation and a failure to keep up on plant modernization.

What assurance is there that the Administration's budgetary estimates of deficits growing out of the tax cuts are even approximately correct? The past record in this regard speaks for itself. On March 21, 1961, we were told that the budgetary deficit in Mr. Kennedy's first fiscal year would be $2.1 billion. On May 25, 1961, this was revised to $3.6 billion. On July 25, 1961, the amount was changed to $5.3 billion and on Jan. 16, 1962, we were told it would approximate $7 billion. The plausible reason for this was that the Gross National Product did not move ahead as rapidly as expected—in fact, it moved ahead hardly at all. What progress it seems to have made can mostly be accounted for by inflated dollar values. We have been in a business cycle upswing for two years now since February, 1961, but you would scarcely know it. The Federal Reserve Board index, on a 1957-59 base, stood at 103 on Jan. 1, 1961. By Jan. 1, 1962, it had moved up to 116. But in all of '62 it rose only 4 points to 120. Several times in the past we have moved along on a high plateau like this only to find a decline at the end of it. Our business cycle upswing is now two years old, and by historical standards is well along toward maturity. Its chief saving grace is that the upward incline has been so mild and so free of speculative excesses that we can hope that any decline will also be mild.

I would like to analyze a few of the trouble spots in our economy and then discuss some of the more hopeful aspects in an effort to come to some conclusion as to what may be ahead for us this year.

Trouble Spots

On the domestic scene we have increasing unemployment, declining construction, mounting labor troubles and a cumbersome tax structure.

(1) First consider unemployment—a very significant drag on our economy today. Unemployment has shown an increasing upward secular trend for the past ten years.

In 1953 it was 2.9% of the employable population.

In 1955 it was 4.4%.

In 1962 it was 5.6%.

1963 points to a figure of 5.7% unless we get a tax cut that stimulates industry. The industries in which the decline in jobs has been greatest are those that are highly ununionized and have therefore pressed the hardest for automation, such as manufacturing, mining, construction and transportation. The biggest gains in jobs have taken place in the state and local governments, where more public servants such as policemen, firemen and school teachers are needed to take care of an expanding population. The suburban movement also has helped to create jobs in the expanding shopping centers. But in the seven years from 1953 to 1960 1½ million jobs simply disappeared. Even while output has increased, the jobs to produce that output have declined.

Today's machines are uncanny in what they can accomplish in such areas, for example, as controlling inventories, preparing production reports and analyzing the stock market. In agriculture, one of the leaders in the adoption of mechanized methods, farm output has increased more than 75% since World War I, while labor used in agricultural production has dropped over 30%. In this same period the amount of land area coming under cultivation has increased very little. Yet I don't know what we would have done without automation. Its use has become indispensable for example in the handling of the burgeoning volume of bank checks and telephone calls. In the monthly economic letter of the National City Bank of last November there is an estimate that if the Bell Telephone Company had not begun installing automatic switch-boards in the 1920's, it would now require all the single women between ages 18 and 30 in this country to handle the 90 billion telephone calls Americans make each year.

(2) A second drag on the economy has been the progress in construction, which accounts for one-ninth of our Gross National Product. While the dollar figures for 1963 may not show a decline due to increasing costs, the total volume of business investment covering private construction and expenditures for durable equipment shows little immediate promise of improvement. And here it may be in order to call attention to the world wide excess in plant capacity and the highly competitive situation in the commodity markets as the result of an over-abundance of available raw materials. Aluminum, steel, copper and lead all vie with each other. Plastics substitute for metals. Depressed prices exist for the raw products of Africa, Asia and South America, causing economic woe in the "have not" nations and reflecting in turn in the richer nations as the shrinkage of overseas markets idles their production machinery. It is in this sort of a setting that our cost inflation is pricing us out of world markets and helping to create an unfavorable balance of trade.

(3) A third drag on our economy is our continuing and ever mounting labor troubles. Labor leaders see the handwriting on the wall in automation and they are greatly concerned about it. Instead of fighting for wage increases today they are fighting more to retain numbers of jobs. The as yet unsettled labor dispute in the Southern Pacific Company hinges on the fact that 5,000 clerks are being displaced by automation, which has wiped out a need for the jobs they performed.

The President's Council of Economic Advisers has urged him not to allow wage increases in key industries without corresponding increases in production and not to approve increases of more than three per cent. Already the Eastern dock strike settlement is out of line with this concept with a five per cent wage increase. While labor leaders support the idea of no wage increases without increased productivity, their interpretation of what constitutes increased productivity often does not jibe with that of economists. What an economist may call a two per cent increase in productivity, a labor leader may regard as five per cent.

Since Washington reacted so violently when Mr. Blough announced price increases in the steel industry last April, it should be most interesting to see what happens if the steel workers move for higher wages and fringe benefits this spring. Unlike prior steel pacts, the current steel labor contract has no definite termination date and so sets no hard and fast deadline. The union though can re-open the pact after April 30 with the right to strike 90 days later. If steel production continues to rise as it has almost steadily since last summer and with the promise of another good automobile year, it can be expected that the labor leaders in the steel industry will strive for a round of either wage increases or fringe benefits or both.

(4) The fourth big drag on our economy is our tax structure and the uncertainty as to whether a tax cut will be enacted this year, whether it will come soon enough, and whether it will be of such nature as to accomplish its main objective or releasing the brakes on business enterprise while at the same time releasing more consumer spendable income. At the present time it appears that we may get some release of consumer spendable income later in the year, but not much corporate tax relief. The case for tax relief has been so thoroughly aired in the press of late that I do not propose to go into it here except to state that the central purpose of a tax cut would be to provide new impetus for the economy by stimulating plant expansion and modernization and encouraging new business ventures. While enthusiastic about the tax cut idea at first, I think many businessmen are becoming increasingly concerned because of the huge deficits that are projected to accompany them and by the tax reforms proposed to reduce those deficits. Powerful special interest blocs have been aroused by these reform proposals.

The oil industry is sure to move in full force in opposition to the President's proposal to reduce the 27½% depletion exemption allowance.

Real estate interests are most unhappy about the suggestion to end capital gains treatment of depreciated real estate holdings and the move to throw out tax deductions for interest and local taxes.

The tax proposal to limit individual deductions to amounts in excess of five per cent of adjusted gross income, and to cut out the $50 dividend exemption and the four per cent dividend credit is raising a cry of anguish from the middle and upper income groups.

The plan for a capital gains tax on capital gains on assets at the time of death or by gift while at the same time collecting gift and estate taxes is bound to make a lot of people unhappy as soon as they realize what it is all about.

Under the new tax proposals charitable organizations will find gift raising more difficult because of restrictions on tax allowances for charitable gifts.

Group insurance policies would make the employee who benefits under them subject to increased taxes.

Stock options for executives would lose a lot of appeal because of a proposal to remove them from capital gains treatment.

And there are others. They all add up to a lot of wrangling and political data processing out of which is likely to emerge some sort of a tax cut all right enough, but not much in the way of reform.

I have been reviewing the forces that have acted as a drag on the economy. I would like now to turn to some of the more promising forces at work to get us off dead center:

Promising Forces at Work

Consumer buying consistently has been the most potent force for bailing us out of past recessions and since the war has been one of the main reasons why post war recessions have been mild. There is considerable strength today in the market for major appliances. Mere replacement demand alone should stimulate appliance sales. We are in an upswing phase of the appliance buying cycle. Color T.V. reached mechanical perfection for the first time last year so that sales in this field have zoomed upward with promise of more business ahead.

I don't need to tell you that automobile sales were exceptionally good in 1962—the best year since 1955. But the prospects for 1963 are also impressively good and for a variety of reasons:

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

(2) Replacement demand for cars is much greater than it used to be in sheer numbers of vehicles needed to accomodate our increased population. Also, the average age of cars on the road has increased the scrapping percentage on old cars.

(3) The formulation of a million new family units a year as our war babies reach marriageable age is a powerful growth factor in stimulating the demand for cars—not only new cars but the better used cars. Thus there has been strength of late in both the new and used car markets.

It is true, however, that automobile credit increased 20% in 1962 over 1961 to a new all-time high and that two good auto sales years back to back do not fit the customary up and down pattern of car sales. Nevertheless sales are continuing at a high rate with the best January on record. If a tax cut comes early enough, I think it not only possible but very probable that 1963 automobile sales will turn out to be at least the third best year in history and this would give a real boost to the lagging steel industry.

There has been much talk about the "soaring sixties" turning into the "souring sixties." This is perhaps because we have been led to expect too much too soon and because we have been so worried about the international situation. But I think when we reach 1970 and look back we will find the economy has made very solid progress. Don't forget that we have some substantial built-in supports:

(1) Our unabated upsurge in population—57,000 new Americans every week.

(2) The continued onrush of technological improvements creating obsolescence and

(3) Improved inventory control methods accompanied by a growing awareness of the dangers of over-supply.

The forecast of what 1963 will turn out to be depends now **largely** on the date and nature of a tax reduction. Given a substantial tax reduction and prudent restraint in holding down the budgetary deficit, 1963 could turn out to be a most satisfactory business year with an upward tilt in the latter half and forward promise for '64.

*An address by Professor Faville at the Stanford Alumni Conference, Phoenix, Ariz.

Elected Director

Ben Regan, a partner in Hornblower & Weeks, 75-year old brokerage and investment banking firm, has been elected a director of H. C. Bohack Company, Inc., it has been announced. Mr. Regan is also a director of Automatic Canteen Co. of America, Muntz TV Corp. and American Decalcomania Company.


Ben Regan

H. C. Bohack Company, Inc. conducts an extensive chain store grocery and meat business in the Bronx, Brooklyn, Long Island and Westchester County. At present, it operates 200 stores.

McDonnell & Co. Appoints Dunlevy

McDonnell & Co., Inc., 120 Broadway, 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 Institutional Sales Department as account executives.

Greene & Ladd to Admit Partner

DAYTON, Ohio — On May 2, Thomas J. Laufersweiler will become a partner in Greene & Ladd, Third National Building, members of the New York Stock Exchange. Mr. Laufersweiler has been associated with the firm for a number of years.

United Life Stocks

SPRINGFIELD, Ill.—United Life Stocks, Inc., has been formed with offices at 718 East Scarritt Street to engage in a securities business. Officers are Fred E. Skinner, President; Harold C. Michener, Vice-President; and H. B. Johnson, Secretary.

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 Maulding's Budget. The press is reprimanded for exaggerating expected reflationary measures which made the ones actually proposed look milder than they turned out to be. Dr. Einzig comments on other factors bound to effect 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 so as not to antagonize the electorate. The writer hopes that Macmillan will not subsequently outdo the Labor Party in making unilateral inflationary concessions in the mistaken hope 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 compaign during the weeks immediately preceding the Budget, in the course of which expectations were allowed to soar higher, rendered a disservice to Chancellor Maudling, to the government, to the Conservative Party, to the business world and to investors. But for that campaign the country might have been duly impressed by the reflationary measures adopted by the Chancellor, coming as they did in addition to a series of previous reflationary measures. As it was, the first week after the Budget was characterized by a spell of acute pessimism because of the absence of really spectacular reflationary measures.

Bullish Second Thoughts

On second thoughts the Stock Exchange came to realize that, after all, Mr. Maudling has gone as far as he could reasonably be expected to do without deliberately running the risk of inflation. Indeed, those with a modicum 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 measures in accordance with widespread anticipations. Had he done so a reversal of the measures resulting from their effect on the balance of payments and on the gold reserve, would have been a mere question of time. Even as it is, it is by no means absolutely certain 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 swim with the expansionary tide, at any rate until the general election, without running into a major crisis.

It was the increasing realization of this that has brought about a better trend in equities. In any case, there is growing evidence of widening profit margins, and other business indices, too, 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 general election and in part to the unsatisfactory labor situation.

No doubt the government might recover much of its lost popularity if its measures brought about a large measure of business recovery and a reduction of unemployment. Unsatisfactory business conditions are not, however, the only reason for the government's unpopularity. It has come under a cloud because of a series of coincidences in a number of entirely 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 — damn the government" characterizes the attitude of the public in countries other than Italy. If, for no matter what reasons, the government should remain unpopular then the approach of the general election is bound to cause a sharp decline on the Stock Exchange in anticipation of a Socialist victory.

At the moment the election date is uncertain and remote. As and when it will approach, the Stock Exchange trend will become increasingly under the influence of Gallup Poll results and of local election results. It would be idle to make any forecasts at this stage, but it is easily understandable that even though the election is still far away investors and speculators are inclined to err on the cautious side.

Much depends on the development 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 improve, 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 increases. On the other hand, there will be less likelihood of major strikes of a kind that would react sharply on sterling. This is because the Labor Party is doing its utmost to dissuade the trade unions from embarking on militant action. The Socialists suspect —possibly with reason—that Mr. Macmillan has a Machiavalian plan to decide on an immediate election whenever the trade unions should incur extra unpopularity in the country as a result of some major strikes that caused widespread inconvenience. Whether the political end of the labor movement succeeds in persuading the industrial end to exercise 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 advantages under a labor government.

There is growing concern in business circles about the government's mistaken policy in trying to recover its popularity by means of unilaterial 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, on whose support the government mainly depends, without winning support from the working classes. The result will be that, should a Socialist Government come to power, it would have to outbid the excessive Conservative promises of concessions. This would gravely handicap Britain in international competition. It would further increase the appetite of trade unions, since past experience has shown that the more they receive, the more additional concessions they demand.

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 seriously thwarted by governmental intervention, 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 economic system. His paper concludes with the suggestion that businessmen withdraw advertising and support dollars from publications and organizations favoring bigger governments at more cost, by refusing to support educational institutions that favor unbalanced budgets, fiscal irresponsibility and "ridiculous" economics. The writer outlines what businessmen seek from Government; urges tax cut be accompanied by spending reduction; says a businessman is too selfish to be a class apart and not have the country's welfare at heart; and avers that the cure to the problem posed is 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 economic growth, high standards of living constantly improving, and an ever increasing flood of goods 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 energies to profitable results, unfettered by hampering regulations, dictatorial fiat, and governmental direction. But is this still true today? The sweet music of this outstanding success has some sour notes in it now.

F. J. Robbins

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 country today. Only three lines and they go:

"It is the little rift within the lute
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 lute." This is true only because the steel industry, being basic, found itself encountering certain problems sooner than most businesses and in trying to solve some of these problems got itself slapped down severely amid more publicity than 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 we must speak out.

We are very quickly gaining new recruits among many other industries. You have only to pick up the newspapers to find increasing references to actions taken by the FTC, the Anti-Trust Division of the Justice Department, the Kefauver Committee, and a host of others investigating this, that, and another industry for this, that, and another alleged violation of the "public interest."

Must Speak Out Now as Neither Party Favors Business

Government activities are becoming so encompassing; and government has become so heavily armed with power; has resorted to such unscrupulous use of this power; and the intrusion of government into business has become so common, that the time to speak out is now. Very few in business across the country today can truly say they are unaffected by governmental activity. No matter how law abiding a businessman feels himself to be or what safeguards he has undertaken for his company's protection, or to insure its strict observance of the law, he yet is vulnerable and feels the heavy hand of interference and harassment.

It is difficult to understand why today all business people automatically are assumed to be Republicans. This is not true. It is my own conviction neither major party offers any inducement to the businessman. In fact, the contrary is certainly more to the point. This mistaken belief may explain in part why businessmen are so unpopular in Washington just now, but not altogether. More important is his insistence on the need to make a profit. This is something that certainly puts him outside the pale and makes him unpopular. Certainly his brand of economics is not in vogue either, one reason being you can't run a successful business when its income is less than its outgo. Being against deficit financing, inflation and heavy debt at prohibitive fiscal costs ensures any of us of a chilly reception in the offices of people who use these as their sole means of perpetuation in office, no matter which party put them there. Besides that, in filling jobs on their staffs, businessmen must insist on some innate ability, experience, and intelligence. This need no longer be true in government circles.

Discussions such as this can be—yes, must be—objective and nonpartisan. Our present difficulties seem to have origin in a political philosophy based on paternalism, being a friend to everyone, assuming responsibility for the woes of everybody, domestic and abroad, along with an intense desire for more and more centralized government at whatever size and cost. Neither political party can claim to be free from this disease and both are equally culpable. Why? Because it is the only way either can ensure enough votes; first, to get into office, and then to stay there. This, in my opinion, is proved by how closely each parallels the other in thought, word, and deed. Though we remember when this was not true, none or very few of our children can remember a time of political divergence in philosophy. So let us discuss our problems without animosity and name calling and in a broadly nonpartisan view. The problems are serious, grave enough to make this approach vital.

What Businessmen Seek

What do responsible business people want from government? This is an easy question to answer but awfully difficult to keep brief. As citizens we want fiscal responsibility on the part of all government. What is fiscal responsibility?

We are, according 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 year in the automotive 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 sharply rising costs. These add up to a whole series of contradictions. Why is our economy "lagging?" Only because it is not producing sufficient income to keep up with ever increasing expenditures on the part of the government and possibly because of the unemployment problem. The government is operating at a tremendous deficit which in fiscal '63 will certainly run into several billions of dollars more requiring further increase in debt limit. And what are the proposed remedies?

A tax reduction to stimulate the economy. This is supposed to balance the budget at some indefinite time in the future. But when has cutting income with no cut in outgo ever balanced anything? It can only increase debt. Neither business and industry nor the private individual can long operate in this manner since they are not "endowed" by the taxpayer. Is this fiscal responsibility? Far from it. A businessman would get fired for this kind of thing.

Stability is something everybody is always striving for and is a key to prosperity. Personal savings, home ownership, pensions, social security, all of these evidence the stability we seek. Does constantly increasing debt represent stability in any form? Lincoln said "You cannot establish sound security on borrowed money. You cannot keep out of trouble by spending more than you earn." And he wasn't the first or the last to say it. But have times so changed, are we so much smarter than ever before that these plain facts are no longer either plain or facts? I think not.

Tax Cut Requires Spending Cut

It is true that taxes should be reduced. The Federal Government is the largest single partner in any business today. Its 52% take is greater than any other. And all the other taxing groups share substantially in a business's profits too. Some of this money retained in the business would undoubtedly provide greater productivity through new, efficient equipment and technological development; would reduce costs and make more goods available to more people; would increase our ability to compete in foreign markets; would create jobs.

But these benefits can be only temporary unless government expenditures are reduced at the

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Florida's Land Boom—Past and Present

By Roger W. Babson

Guidelines for the small investor on what, and what not, to buy in Florida are suggested by one of the most conversant writers on the subject. Today's generation are reminded that this year marks the 40th anniversary of the Florida land boom's start and, also, on what happened to the last party unfortunate enough to be left holding the bag—not all of whom were non-professional speculators—when the historic collapse occurred.

I came to Florida 40 years ago when convalescing from tuberculosis (TB, not TV)! I never got mixed up with the Florida boom as I then had neither ambition nor strength.

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 then happened. One illustration will give the picture. The young man who typed for me showed me a check 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 they "bought." They were content to receive a "purchase and sale agreement" which they did not bother to file at the Court House. They merely gave their note for the sales agreement; then they sold this at a profit to someone else, who in turn, sold it to another party. A man could build $1,000 up to $100,000, swapping one piece of paper for another. Finally the crash came, and the last party lost everything.

Florida Municipal Bonds

Farmers were not the only ones taken in. Many banks failed. And municipal bond prices collapsed. Sarasota bonds fell from $100 to $20; Orlando bonds fell to $40; the bonds of the city of Sanford dropped from $100 to $10. Beautiful homes costing $500,000 sold at 10 cents on the dollar. Most people called it a "panic" but it was more like 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 pieces of paper. Most speculators are buying large acreage and dividing it into house lots. People are buying one or two lots on speculation, but their total loss would be not more than $5,000 even if the development company went into bankruptcy. The difficulty is that these companies sometimes fail to put in water systems or hard roads or other improvements promised. There is still considerable speculation in Florida land, but it is legitimate; the lots have been bought and the deeds recorded.

Where to Buy?

I do not answer specific questions which come to me, as I cannot afford to get involved in any lawsuits; but I am willing to say that anyone who buys a small house and an adjoining lot in a Florida city of 20,000 or less, in which he plans to live, should make a good and healthful investment. He, however, should first drive down to Florida and take a trip around the state. The local bank of any city will give the name of a reliable real 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 good investments if they are in frost-protected sections and old enough so that a freeze will not hurt the trees, even if the fruit is lost for a year. However, if I had all my investment in orange groves, I should certainly sell one-half and invest that money in the stock of General Foods Co. or Coca-Cola Co. (which owns Minute Maid). I also advise all subscribers to this newspaper to read "THE DAY MONEY STOPPED" by Caroline Bird (*Look Magazine* for March 12).

Different Sections of Florida Discussed

If buying land for speculation—by the acre or by the foot—I would surely get ocean-front property. For many years there will be plenty of available land in Florida, but ocean front will be very scarce; the most expensive is on the East Coast north of Miami.

The Everglades should be avoided on account of mosquitoes and other insects. The most attractive area at present may be the West Coast south of Sarasota—including Venice, Punta Gorda, Fort Myers, and Naples. A portion that has appealed to friends of mine is Sanibel Island. A bridge to Sanibel is soon to be opened and a second bridge to Pine Island is under consideration. If prices have not increased too much in anticipation, seashore property on one of these islands might be attractive.

Luce, Thompson Absorbs Firm

KANSAS CITY, Mo. — Luce, Thompson & Co. announce the acquisition of McDonald, Evans & Co. of 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, Kan. The expanded firms have memberships on the Midwest and Pacific Stock Exchanges 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, member of the New York Stock Exchange, will be admitted to partnership in the Exchange firm of Federman, Stonehill & Co., 70 Pine Street, New York City.

Warren L. Dahl will withdraw from partnership in Federman, Stonehill & Co., as of April 30.

Non-Branch Banking Policy—A Formula for Stagnation

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

National banks' top Treasury administrator sets forth general guidelines on branching, merging, forming holding companies, and chartering. Mr. Saxon warns unit banks that their opposition to banking growth is directly responsible for competitive growth of non-banking financial institutions which, paradoxically, imperils them as well as other commercial banks and, further, the economy's progress. The banks' Comptroller does not hesitate to charge that antiquated limitations and other impediments to more effective banking coverage lessens banking efficiency, halts the rise of small and large banks able to meet the needs for which they are respectively best fitted, and invites not only non-banking competition but also affiliate, 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 worry about in the field of banking. We all have heard the argument that the forces which lead to economic growth are certain to have their effects — and that banks will respond to the needs as they appear, without any special public concern for the manner in which banks perform.

Hon. James J. Saxon

This, we believe, is a mistaken view. Where banking facilities are inadequate, the forces of economic growth will not be fully 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 depressing influence throughout the economy.

It is no accident that the economies of the free societies which have displayed the most persistent growth, have been those which possessed the most active and effective banking systems. This has been true also of individual areas and communities, 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 which abound, the forces of initiative can be stifled, and talents and resources lie idle 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 important degree upon the mobility of capital to the points at which it may be utilized to best advantage in support of economic advance. Any obstacle which impairs this mobility destroys in that degree the opportunity for achievement.

In a free enterprise economy, banks are one of the chief instrumentalities for carrying out this indispensable function. Without banking institutions, much of the savings of our citizens would never find their way into productive uses—and certainly not to the most productive uses. Unless adequate banking facilities are available at all the points at which resources are needed to finance enterprise, economic development will be hampered or distorted. The greatest needs for banking facilities are precisely at the points at which prospective future growth is most promising.

In the highly developed banking system of our own country, it is possible in some degree to overcome local inadequacies of 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 deficiencies of outlook which are affected by the limitations of our personal knowledge and experience. In appraising new prospects for productive enterprise, it is essential to have the intimate awareness which can come only 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 to-day and of the future. A searching examination of our past experience has clearly disclosed the presence of many antiquated limitations which now operate to obstruct the effectiveness of banks in discharging their vital public functions. On a number of fronts, we are proceeding to 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 emerging 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 misunderstanding of the objectives 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 deteriorate into a plethora of banks, which could lead only to destructive competition fatal to the solvency and liquidity of many institutions. Some feel that the inevitable outcome would be the virtual disappearance of small banks, thus bringing about an excessive concentration of banking control. None of these doubts are, 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 branch banking. We should first understand the strong forces which have lain behind the insistent demands for additional branching which have appeared in virtually all parts of the country.

During the past several decades we experienced a pronounced growth of many metropolitan and suburban communities, which gave rise to requirements for additional banking facilities in a number of our major cities and outlying suburban areas. At the same time, there occurred an increase in the level of per capita income, which led to a growth in the volume of expendable funds, and consequently of savings. These factors have operated to produce both increased demands for banking facilities, and shifts in the location of those demands.

Under the influence of these changes, some banks found increasing demands for their services close at hand, while others found their customers moving to adjacent areas. Deficits and surpluses began to appear in the supply and need for financial resources and banking facilities. Particularly in those parts of the country which experienced rapid suburban growth, local supplies of financial resources often exceeded local demands, and opportunities arose to tap the supply of deposits emerging in those areas for more productive uses elsewhere.

It was a natural expression of competitive forces, that banks sought to provide new facilities as these new demands and new opportunities appeared. By so doing, they were effectively discharging their essential role of providing banking services at the points at which they were required, and channeling excess supplies of financial resources to the points at which they could be employed most usefully. These efforts toward bank expansion in response to emerging needs were in clear conformance with the standards which an enterprising 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 at 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 of most 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 efficiently 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

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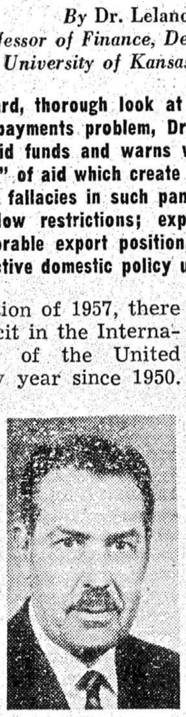
We No Longer Can Delay Stopping Our Dollar Drain

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

Taking a hard, thorough look at the basic cause for our chronic balance of payments problem, Dr. Pritchard castigates dissipation of foreign aid funds and warns we have no choice but to curtail "those types" of aid which create a drain on the dollar. Paper finds and exposes fallacies in such panaceas as devaluation, import and capital outflow restrictions; explains how we can improve our already favorable export position, and warns against resorting to credit restrictive domestic policy under present economic conditions.

With the exception of 1957, there has been a deficit in the International accounts of the United States for every year since 1950. The cumulative total of this deficit now exceeds $23 billion. This is the proximate source of our balance-of-payments problem. The problem arises from the fact that the accumulated deficits jeopardize the future gold convertibility of the dollar.



L. J. Pritchard

At the end of 1949 our monetary gold stocks were in excess of $24 billion while net foreign short-term claims against these stocks came to about $7 billion. Now we find the situation reversed with over $25 billion of foreign demand claims outstanding against our gold, and a gold stock which has shrunk to less than $16 billion. It is no exaggeration to say that the United States is only technically solvent.

If the dollar is to remain a reserve currency, which is tantamount to saying; if the United States is to remain a leader of the western bloc, the convertibility of the dollar must remain credible—the dollar must continue to be "as good as gold."

An understanding, and acceptance, of these statements will be facilitated if we define our terms and explain some of the more salient relationships involved in balance-of-payment analysis.

The so-called balance-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) include: exports of merchandise, services rendered to foreigners, the collection of interest, dividends, rents and royalties from foreigners, the sale of securities to 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 insurance premiums to foreign owned companies, the purchase of foreign securities, 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 net transfer of bank deposits. The fact that payments can be, and are, made by using hand-to-hand currency in no way invalidates this economic law, since national regulations tend to restrict net transfers of hand-to-hand currency to inconsequential magnitudes.

Where international transactions are largely negotiated by private individuals and business firms on their own initiative, rather than through state agencies, it would only be by sheer coincidence that the "payments transactions" entered into in a given period came to an equality with the "receipts transactions" for that period. To the extent that equality is not achieved, some type or types of payments (or receipts) are necessary to fill the "gap"; for, as noted, the balance-of-payments always balances.

These "stop gap" payments (or receipts) involve changes in monetary gold stocks and/or net foreign short-term dollar claims. Insofar as these claims are against us they are in the form of demand and time deposits and Treasury bills. A country 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, when an increase in 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 claims (in effect international clearing balances) against less than $16 billion of gold, $12 billion of which is pledged (via the gold certificate) as collateral for the note and deposit liabilities of the Federal Reserve banks, the United States dollar could even now be dethroned 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 eastern bloc) are now in excess of $43 billion, nearly $30 billion of which is held by western Europe. Even on the basis of an enlarged volume of world trade this represents an excess of dollar liquidity for western Europe. Even were the Reserve authorities to suspend the gold certificate requirement or Congress to abolish this provision altogether (proposed by H.R. 642, introduced into Congress Jan. 9, 1963), the future of the dollar as a reserve currency would remain uncertain.

How has the once almighty dollar been brought into such jeopardy? An examination of the components of our balance-of-payments will provide the answer. In dissecting the balance-of-payments we are justified in placing complementary transactions in juxtaposition; that is, receipts from exports are matched against payments for imports; receipts from services rendered foreigners are matched against payments for services rendered to us by foreigners; and capital items (interest, dividends, purchases and sales of securities, etc.) involving receipts are offset against capital items involving payments.

For the period of our chronic deficits (since 1950) receipts from merchandise exports have amounted to $206.5 billion; payments for imports, $163.7 billion or an excess of receipts of $42.8 billion. Receipts from services total $43.0 billion while payments for services came to $51.3 billion on an excess of payments or service accounts of $6.3 billion. Capital account receipts during this period total $35.7 billion, payments on capital accounts, $38.5 billion or an excess of payments of $2.8 billion. Summating all of these non-governmental transactions we find receipts equal to $285.2 billion, payments equal to $253.5 billion, leaving an excess of reseipts on non-governmental account of $31.7 billion. Obviously the private sector is not responsible for our chronic deficits. The explanation is to be found in the vast volume of unilateral transfers (payments) made by the Federal Government to finance foreign military and economic aid.

During the post war period (fiscal years 1946-62) these outlays, on a net basis, amounted to $89.9 billion, and to $66.7 billion since 1950. The largess of the Federal Government in dispensing free dollars to foreigners has been on such a vast scale it has washed out the $31.7 billion of dollar credits accumulated by the private sector during the past 13 years and has brought about a cumulative deficit in our balance-of-payments in excess of $23 million.

Impractical Solutions

The obvious solution to our balance-of-payments difficulties is to reduce foreign aid. This solution has not been adopted because of the widespread tendency in this country to regard military expenditures both at home and abroad as sacrosanct and therefore inviolate. In lieu of reducing foreign aid it has been suggested that we devalue the dollar, increase exports, and even curtail imports and foreign investment by United States nationals.

To meet the situation through a devaluation of the dollar, or a suspension of the convertibility of the dollar would eliminate the dollar as a reserve currency. It would destroy confidence in this country and definitely eliminate the United States as a leader of the western bloc. Furtherfore, devaluation would provide only temporary relief even if other nations did not devalue by compensatory amounts. Devaluation would not change the underlying causes of the imbalance and deficits would resume as domestic prices rose in response to the devaluation.

If, perchance, devaluation did not destroy the confidence requisite to maintaining the dollar as a reserve currency, devaluation would decrease international liquidity. Of the approximately $50 billion of gold and dollar balances held by the western bloc (excluding the United States) approximately one-half is in the form of United States dollars. A 50% devaluation would, for example, eliminate 50% of these dollar reserves. If, to avoid this loss, other western bloc countries devalued by compensatory amounts, then the short-term trade advantage accruing to us would be eliminated and the only long-term gainers would be the gold producing countries—principally South Africa and the Soviet Union.

An endeavor to reduce the deficits through greater import restrictions or through curtailment of United States overseas investment would be self-defeating and contrary to our professed intentions of fostering a "free world." Furthermore, capital outflows can only be moderately affected through a restrictive domestic monetary policy, and we can ill afford the higher interest rates required by such a policy. Such punitive rates would further dampen down an already sluggish economy. Direct controls must be eschewed because of their totalitarian nature.

Some expansion of exports, however, is possible. This can be achieved by providing more "ties" of exports to our foreign aid, and by changing our selection of foreign aid beneficiaries. Under the Marshall plan aid went mostly to western Europe and gave rise to a concomitant volume of exports: tractors from International Harvester, generators from General Electric, etc. Now our aid is mostly to governments located in east and south-east Asia, Latin America, Africa and the middle east. Too often these governments are controlled by military strong-men, wastrels and plain incompetents (these designations are not necessarily mutually exclusive); men who have difficulty distinguishing their private purse from the public treasury; who have little interest in, or aptitude for, the economic development of their countries; who lack the support of the mass of their peoples and who regard their offices as temporary sojourns for their private enrichment. For these and other reasons they prefer an anonymous Zurich bank account to spending balances allocated to them in the Chase-Manhattan bank on machinery, equipment and supplies that would assist in the habilitation of their national economics. So great has this dissipation of funds been that the United States has had to obtain loans from Switzerland, Italy and West Germany to arrest the outflow of gold. Central bank and treasury loans from these countries now amount to $500 million.

Temporary Panaceas

In addition to obtaining loans to support the dollar the Treasury and the Federal Reserve have entered into reciprocal currency "swap" agreements amounting to $1.1 billion with 10 foreign central banks and the Bank for International Settlements. Neither the Treasury nor the Federal Reserve has any illusions that such devices provide temporary stability to the dollar and discourage speculative forays against the dollar. All such loan and stabilization arrangements are mere palliatives. They can do no more than temporarily slow down the denudation of our gold stocks.

In some instances we could actually increase our exports by decreasing foreign aid, for, as any Yankee trader should know, it makes little sense to buy something if it can be obtained free.

Improvement in our export position could also result from spending more on research and development of civilian products, and by holding prices down our goods would remain competitive on both quality and a price basis. But the gains to be achieved here can easily be overestimated; for we are not suffering from declining exports. Our exports have not only increased markedly, approximately doubling in value in the 1950-1962 period, but their value, as a proportion of total world trade, has not diminished.

Because the deficit in our balance-of-payments was about $2.2 billion in 1962 compared to $2.4 billion in 1961 and $3.9 billion in 1960, some believe the problem can be solved without a drastic cut in foreign military and economic aid. Those who hold to this view seem to overlook the fact that a part of the decline in the deficit is due to the payment ahead of schedule of debt service charges by West Germany and France, as well as to increased military procurement in this country and an actual reduction in overseas military personnel expenditures. And they seem far too sanguine about the possibility of expanding exports.

The maintenance of personnel overseas, a number now exceeding 600,000 not counting dependents, constitutes the principal drain on the dollar since their maintenance necessitates a multi-billion conversion of dollars into local currencies. A lesser, but nevertheless substantial, drain derives from the rental of overseas military bases and the many other costs associated with their maintenance. On the other hand, a polaris submarine roaming the Atlantic provides no foreign exchange problem—unless it is based abroad.

We are incessantly told that a curtailment of our foreign military establishment or a reduction in foreign economic aid will "open the flood gates and communism will inundate the world," or, at least, would produce a "loss of confidence in the United States as a leader of the free world."

What Must Be Done

Even if one subscribes to the questionable belief that our extensive overseas military bases have contained communism, the fact is that the situation has deteriorated until we have no choice except to curtail **those types** of foreign military and economic aid which creates a drain on the dollar.

If we do not, the dollar will cease to be a convertible currency, will cease to be a reserve currency, and the United States will be forced into a high degree of economic isolation, and into an increasingly totalitarian mold. We shall then discover that, irrespective of the number of bombers and missiles we have, we are no longer the leader of the free world; indeed, we will be held responsible (and rightly so) for scuttling a goodly share of it.

Scherck, Richter Wire to Coast

ST. LOUIS, Mo.—Scherck, Richter Co., 408 Olive St., members of the Midwest Stock Exchange, have announced the installation of direct private wires to Schwabacher & Co., members of the New York Stock Exchange, in San Francisco and Los Angeles.

How the Commercial Banker Sees the Mortgage Banker

By Dr. Kurt F. Flexner, 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. So, too, will the declining significance of Government-endorsed mortgages. Dr. Flexner says mortgage bankers definitely should not view this development with alarm or as undesirable providing they face their problems and make certain changes. The writer pinpoints the problems and what mortgage bankers should do to cope with the fact that commercial banks are preparing themselves for the next housing boom expected in 1966-67.

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 had restricted their mortgage activities to extending lines of credit to those mortgage companies which in turn would originate mortgages which either some commercial banks or, in most cases, insurance companies or savings banks invested in as long-term lenders. Where mortgage companies originated mortgages and the bank took over the long-term financing, the mortgage company would often retain the servicing; or, if a bank sold from portfolio mortgages via a mortgage company, the mortgage company would take over the servicing of such mortgages.

Kurt Flexner

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 full-service banking. Atfer the Second World War, growth of time deposits in commercial banks become 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 credit via the mortgage. The mortgage debt today is about $250 billion and it is expected that the residential mortgage debt—now approximating $200 billion—will exceed $300 billion by 1970. The importance of 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 in serious jeopardy. In other words, basic changes in our economy, the importance of time deposits in commercial banks and the increase of corporate self-financing have 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 need not change since, in fact, it has already changed. The interest of commercial banks in mortgage lending, which I regard as a permanent development for the reasons 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 availability of trained personnel. There is little doubt in my mind that as a result of educational and related activities of The American Bankers Association and others, the trained personnel required will become available. By the time the next housing boom begins, which according to present forecasts is expected about 1966-1967, commercial banks will, in my opinion, be ready and anxious to take their proper place in financing the two million housing starts annually which are expected by 1970.

Does this mean that the mortgage banker must look at this development with alarm or that he must regard it as undesirable? My answer to that question is "definitely no." With the expanding housing market of the future, it will in fact be necessary for commercial banks to invest as large a share of their time deposits in mortgage credit as is consistent with sound banking practices. If commercial banks stay out of this next housing boom, the only alternative, as I see it, would be greater Government intervention. Fortunately this will not happen. The commercial bankers see their future as being too closely woven into the growth of mortgage credit to ignore it.

The mortgage bankers have performed an invaluable service to the country in helping to originate mortgages, to service them and to trade them. Although many banks will plan their operations to do this themselves, the efficient mortgage companies, in my opinion, have yet to experience their greatest growth. It may be that their operations will change somewhat, but when it is considered that only a small percentage of all the banks today use the servicing of mortgage companies, it becomes obvious that if the involvement of commercial banks in mortgage lending increases greatly, as I expect it will, the number of banks using mortgage companies will not decline but rather increase even if the bulk of the banks do their own originating, servicing and selling.

Chief Problems to Face

It seems to me that the chief problems facing the mortgage bankers can be divided into two major categories. If they want to assure their industry of growth and prosperity, they must find ways to become better capitalized, to find continuity of management and to become subject to the kind of supervision to which other financial institutions operating in the public interest are already subjected. In addition, they must take advantage of all possible improvements that can be made in their operations. They must find ways of servicing and originating at a price that is competitive now and in the future. This means the application of the latest principles of technology.

These suggestions should not be taken lightly—first of all, because they have been made by many leaders of the industry; and secondly, because the greater competition which mortgage companies will face from commercial banks is likely to lead to the disappearance of the marginal or submarginal firms.

The second major challenge to the mortgage bankers lies in the growing importance of the conventional mortgage, which in my opinion will continue because it is logical and desirable. The mortgage banker has relied almost exclusively on the use of Government-endorsed mortgages, and if this reliance continues without change, the role of the mortgage banker must shrink as surely as the role of the Federal Government will shrink in the area of housing in which private enterprise does not need the assistance or the assurances of the Federal Government. With the continued progress that is being made in the mortgage market and with the mature development of private enterprise in this area, it seems to me most unlikely that the Federal Government will ever again reach the importance it had in the field of mortgage lending during the period which followed the Great Depression.

This is not to say that private enterprise should diminish its effort to help make F.H.A. and other Government agencies operate as economically efficiently as possible. I am merely saying that the mortgage banker must find ways to make use of the conventional mortgage if his part in the economy is not to shrink significantly. I know that this may appear to be an alien thought for many mortgage bankers who have been brought up with the F.H.A. mortgage. But reflection should quickly show that an exclusive reliance upon the F.H.A. mortgage will greatly limit the mortgage banker's horizon and future.

In summary, then, it is my belief that the greater competition which mortgage bankers will face from commercial banks should merely help to put their house in order. This competition, however, is not a threat. It should be regarded as a challenge. If the necessary improvements are made within the mortgage banking industry, as suggested earlier, and of mortgage bankers help develop the marketability of conventional mortgages, their future looks, indeed very bright to me.

*An address by Dr. Flexner before the Installation Banquet of the Mortgage Bankers Association of Ohio, Columbus, Ohio.

Lincoln Printing Announces New Officers

William J. Wildeman

Harold T. Andrews

Allan B. 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 Service.

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., Susquehanna Builders, Inc., Gobi Construction Co. and Sutter Village Corp.

The State of TRADE and INDUSTRY

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

Five recently tabulated important economic performers turned in encouraging evidence of healthy, resurgent domestic economic growth. They comprise the significantly indicative new orders for metal cutting tools; consumer incomes; corporate earnings; sales and new orders of durable goods manufacturers; and even housing starts. Data for the first item are supplied by the National Machine Tool Builder's Assn., and the remaining four by the Department of Commerce, Washington, D. C. Here is what the data and other findings show:

Domestic and foreign new orders for metal cutting type machine tools during March amounted to $60,300,000—the best single month since January, 1957, when orders totalled $63,250,000.

Domestic orders in March were $48,300,000, 8% higher than the $44,800,000 of February and 37% higher than the $35,300,000 total for March, 1962. Foreign orders were $12,000,000, 40% over the $8,550,000 of February and 29% over the $9,300,000 of March, 1962.

Net new orders for the first quarter of 1963 total $159,850,000, which is 33% better than during the first quarter of 1962 and 9% better than during the fourth quarter of 1962. Domestic business 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 for metal forming type machine tools was experienced in March, when they totalled only $13,050,000. This amount is 32% less than the $19,200,000 of February and 30% less than the $18,750,000 of March, 1962.

Domestic orders totalled $12,150,000, compared to $16,500,000 in February—a 26% decline—and $14,100,000 in March, 1962 — a 14% decline.

Foreign orders of $900,000 were off 67% from the $2,700,000 of February and off 81% from the $4,650,000 of March, 1962.

For the quarter ended March 31, 1963, metal forming type machine tool orders amount to $46,200,000, which is 9% less than the total of $50,600,000 for the first quarter of 1962. Domestic orders amount to $40,850,000 for the 1963 initial period, and are running about 3% higher than for the same period of 1962. Foreign orders of $5,350,000 for the first quarter of 1963 are down 52% from the $11,100,000 total for the same period of 1962.

The increase in foreign business for cutting type machine tools in March marks at least a temporary halt in the downward trend of the past year. Currently, foreign order backlogs are low, and export shipments may drop quite sharply unless new order volume is quickly forthcoming. The increase in March appears substantial from a percentage standpoint, but actually represents only a $3.5 million increase. The increase was not confined to any specific type of equipment. It is speculated that it resulted largely from new orders from European automotive manufacturers; and there is hesitancy 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 comprehensive measure of economic activity available on a geographic basis, rose to record highs in all states last year, the Office of Business Economics, U. S. Department of Commerce announced. Complete details of preliminary data will be available this week in the April issue of OBE's monthly *Survey of Current Business*.

Nationally, personal income totaled $438 billion—$24 billion, or 6%, more than in 1961. In New England, the Plains, and Southeast regions, advances matched the national increase. In the Rocky Mountain and Far West areas, gains were slightly higher (7%), while in the Mideast, Great Lakes and Southwest regions, they were a little less (5%). Largest relative income advances from 1961 to 1962 were scored in the smaller states.

Per capita personal income advanced to a record high of $2,357 for the nation last year—4%, or nearly $100, more than the 1961 amount, OBE reports.

With employment and productivity expanding in 1962, income rose in nearly all industrial sectors.

Manufacturing

Earnings of persons engaged in manufacturing last year increased 7%, a rise significantly higher than that in income from nonmanufacturing industries. Geographical unevenness characterized the shifts in this industry, in part, because the recession had struck with uneven force in the various states. In nearly all nonfarm states, factory earnings rose at rates equaling or bettering income gains from sources other than manufacturing. In the Great Lakes and Southeast regions, manufacturing was directly responsible for boosting the rate of income gain.

In the Great Lakes region 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's expansion centered chiefly in the apparel, textile and transportation equipment industries and was responsible for top-ranking gains in Virginia, Mississippi, Arkansas, Georgia and the Carolinas. Aircraft and missile production were main contributors to the above-average gains in several western states.

Other Developments

Income from governmental sources expanded from 1961 to 1962 by 7%, with the geographical uniformity of increase greater in government than in any other major income component. Federal and state and local disbursements rose 5% and 9%, respectively.

Record High Corporate Earnings

Corporate earnings before taxes rose sharply in the fourth quarter of 1962 to a record $54 billion at a seasonally adjusted annual rate, according to the Office of Business Economics, U. S. Department of Commerce.

This compares with the previous high rates of $51 billion in the fourth quarter of 1961 and the third quarter of last year.

For 1962 as a whole, corporate earnings advanced $6 billion over those reported for 1961, carrying the total for last year to a record high of $51½ billion, $4⅓ billion above the previous yearly high set in 1959.

The relatively large 1961-62 increase reflected the fact that profits in 1961 as a whole were cyclically low despite their sharp recovery in the last three quarters of the year. Through the first three quarters of 1962, profits were maintained at the comparatively high level set in the final quarter of 1961.

Book profits, which include inventory losses due to 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 1962 resulted from a rise in the inventory valuation adjustment which eliminates from profits inventory losses due to price declines.

The year-end increase in profits followed a small third quarter advance, featuring a gain in durable goods industries, normally the leader in movements in corporate earnings. The fourth-quarter gain was widespread among industry groups, with the largest rises occurring in both durable and nondurable goods manufacturing, wholesale trade, finance, and in returns from overseas investments. For the entire year 1962, all industries except finance shared in the increase in profits. In finance, lowered earnings of banks offset increases elsewhere.

The additional depreciation permitted under the liberalized guidelines issued by the Internal Revenue Service in 1962 and the investment tax credit have been excluded from the 1962 compilation of corporate profits, pending the availability of more detailed information from a survey now underway. This procedure makes the fourth quarter profits figures comparable to those published for previous quarters, the OBE notes.

Other Types of Income Gain

In addition to the rise in corporate profits in 1962, there were increases of $19½ billion in employee compensation, $2 billion in both proprietors incomes and net interest, and a $½ billion gain in net rental income, carrying national income for the year to $458 billion.

During the initial period of cyclical recovery in 1961, corporate earnings rose sharply in relation to total corporate output. Since the end of 1961, when the early phase of recovery had been largely completed, changes in corporate profits relative to corporate output have been small.

Ratios of earnings to corporate output have increased or held stable for seven quarters since the beginning of recovery from the 1960-61 recession. In other postwar expansion periods, profits as a percent of output have declined at an earlier stage.

Durable Goods Orders 7% Above Year Ago

Sales and new orders of durable goods manufacturers in March after seasonal adjustment were maintained at their record February rates, the Office of Business Economics, U. S. Department of Commerce reported.

At $17.2 billion, new orders receipts in March were 7% higher than a year earlier. During March a large rise in new orders received by steel producers, and a moderate advance in electrical machinery, were offset by orders declines in nonelectrical machinery and transportation equipment. New business received by other industries was virtually unchanged.

The sample on which this advance report is based accounts for almost one-half the value of sales and unfilled orders backlogs of all durable goods manufacturers. Although this sample is smaller than the full sample, the advance estimates during the past year have consistently indicated the correct direction of change, generally with only minor quantitative deviations.

Housing Starts 4% Above Year-Ago

During March 1963, the number of privately owned housing units started (nonfarm and farm) was at a seasonally adjusted annual rate of 1.49 million units, almost 17% above the revised February rate of 1.28 million, and 4% higher than the March 1962 rate of 1.43 million, according to preliminary estimates of the Bureau of the Census, U. S. Department of Commerce. Private nonfarm housing starts showed changes nearly identical to those of all private units.

Geographically, the changes from February to March 1963 were mixed. Total private starts, after adjustment for seasonal variation, were up 68% in the Northeast, up 11% in the North Central region, up 29% in the South, but fell 10% in the West.

The actual number of private housing units started during March 1963 was 121,400 compared with the revised total of 86,400 units started in February. In addition, some 3,000 publicly owned housing units were started in March, bringing the grand total for the month up to 124,400 units.

Bank Clearings 1.9% Under 1962 Week's Volume

Bank clearings in the latest statement fell behind that cleared a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, April 13, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 1.9% under those of the corresponding week last year. Our preliminary totals stand at $32,412,424,201 against $33,026,290,459 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Apr. 20—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$16,954,614	$18,929,024	—10.4
Chicago	1,671,661	a1,197,390	+39.6
Philadelphia	1,326,000	a1,090,000	+21.7
Boston	b737,239	823,860	—10.5
Kansas City	582,334	593,110	— 1.8

a Four days only, Good Friday a holiday.
b Four days only, Friday Patriots Day a holiday.

Twelfth Consecutive Weekly Steel Output Rise Reaches Highest Level in Three Years and Leaps 17.9% Above Year-Ago-Week

According to data compiled by the American Iron and Steel Institute, production for the week ended April 20 was 2,521,000 tons (*135.3%) as against 2,464,000 tons (*132.3%) in the week ending April 13. The week to week output increased 2.3% and it was the 12th consecutive weekly gain which finally topped weekly output going back three years ago to early April, 1960. It exceeded the year-ago week by a resounding 17.9% than that of any week in 1961.

The 12th consecutive weekly increase is attributed to an advancing current use demand for steel as well as surging hedge-buying against a possible steel strike. Not since early 1955, the historic steel output high of eight years ago, has the industry experienced such a long sustained weekly sequence of rises.

The chances of a strike for, or a concession of, higher wages, have been enhanced by President Kennedy's "Go-Ahead" on selective steel price increases qualified with an admonition against forcing overall costs up. Almost all steel companies including U. S. Steel, have generally raised prices on those steel items in greatest demand.

So far this year — through April 20 — the output of ingots and castings has totaled 34,206,000 net tons which is 9.4% below the Jan. 1-April 20, 1962 production of 37,745,000 net tons (*126.6%).

Data for the latest week ended April 20 show production was 17.9% larger than last year's week output of 2,138,000 net tons (*114.8%).

District—	*Index of Ingot Production for Week Ending Apr. 20	Apr. 13
North East Coast	129	127
Buffalo	146	147
Pittsburgh	126	124
Youngstown	129	125
Cleveland	158	155
Detroit	172	167
Chicago	137	133
Cincinnati	140	132
St. Louis	130	122
Southern	131	123
Western	132	132
Total industry	135.3	132.3

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

Steel Price Hikes May Spur Demand

Steel price increases may spur demand and speed the buildup of consumer inventories, *Steel* magazine said.

Users started ordering extra tonnage last month. Now some are afraid their protection against a strike is not adequate. Reason: Higher prices may boost steel industry earnings and encourage the United Steelworkers of America to bargain more aggressively.

A growing number of people believe a contract reopening is virtually certain—not on May 1, perhaps, but as soon as USW President David J. McDonald regains his health and summons his wage policy committee.

Pittsburgh mills say hedging has spread to nonautomotive markets and is being felt in tubular and wire products. Eastern mills note increased stockpiling of hot rolled bars, particularly by smaller consumers. Chicago mills express divergent views — some say orders are rising, while others assert demand is leveling off.

Consensus: April bookings will top last month's by 10 to 15%.

Steel's editor, Walter J. Campbell, championed the market place as the final judge of prices. He said: "We profoundly hope that we will arrive at a national policy that prices should be determined by the market place. Government control inevitably leads to distortions, imbalances, and inequities. A free market works to correct distortions, imbalances, and inequities."

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 another step closer to 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, there is a lot 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 obviously a shift toward some of the neglected stocks. Growth is also becoming a more popular vehicle than it was several months ago. First quarter earnings reports confirm that many companies have started 1963 in high gear, and more importantly, look forward to substantially higher profits for the full fiscal year.

Some of the heavy-goods industries such as oils, autos, steels, and chemicals are reporting gains in their March quarter profits of nearly 50% over a year ago. Heavy-industry capital goods stocks, according to one large institutional investor, have put the market on the first leg of an important uptrend.

Pointing to the sharp rise last month in the Federal Reserve industrial index, this investor adds 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 communities, 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 and predictions of further gains 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 peak period many blue chips topped out much earlier. When the Dow-Jones industrial average rose 42% from the middle of 1960 to its peak of late December, 1961, nearly half the 30 stocks on the Dow were still below their 1956 levels on the day the Dow hit its high of 735.

Thus, many stocks, especially 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 for several years, and is now back around its all-time peak of 68½. Its earnings outlook for the full year is, indeed, favorable.

Oils, like steels and other basic industrial groups, have been helped by firming price levels. The big news of steel price rises 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 price situations because of over-capacity. Union Carbide's first quarter profits decline was attributed by management to lower prices for plastics and metals. Its stock is now barely above its last December's high of 105, and far below its pre-1961 high of 150½.

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 look for record sales for the first half-year as well as significantly higher profits.

Allied's high point of 57 last year came in January. This was nearly 9 points under its historic peak of 66¼ in 1961. Its 39% surge in first quarter profits came on a 9% rise in sales.

Rails' Strong Recovery

Rails have also registered a sharp recovery. With the Dow rail index at a three-year high, the carriers are more than carrying their own weight in the market. Although you will seldom see their names among the most active issues, interest is high.

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

The railroad group's following, 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 30's, is above its year-ago high of 30½ 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 34⅝. Norfolk & Western, by contrast, has moved to a new all-time high this year of nearly 120. Its 1962 high of 110½ came 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 signal for some, but not for all of 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. New guidelines for labor rules are direct indications.

Even the Supreme Court got into the rail act this week when it ruled the Interstate Commerce Commission out of order for canceling newly reduced rates for piggy-back 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 picture. And there is still hope 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 2.5 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 benefitting from a General Motors prediction that an 8 million car year is not too far off. Studebaker, the only 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 flirting 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 surprise in this area has been the extremely small drop in the more than 6 million share total.

Meanwhile market credit has climbed to the highest total since the New York Stock Exchange started to compile these figures in 1931. But with customer balances ($4.358 billion) amounted to only 1.2% of the total listed values, 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 returned to their old trading habits, many more have remained away.

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

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

H. L. Bogert, Jr. Hudson B. Lemkau

Bogert, Jr., of Eastman Dillon, Union Securities & Co., President of the Club. The 39th outing of Wall Street's pioneer bond group will take place at the Sleepy Hollow Country Club, Scarborough, New York.

Hudson B. Lemkau of Morgan Stanley & Co. 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. Stevenson of Hemphill, Noyes & Co.

Thirteen committees have been appointed to supervise sports, entertainment and other activities at the outing under the following chairmen: Arrangements—George H. Howard, Jr. of Harris, Upham & Co.; Attendance—William N. Bannard of American Securities Corporation; Bawl Street Journal—Robert A. W. Brauns of McDonnell & Co., Inc.; Bawl Street Journal Circulation—George J. Varley of The Chase Manhattan Bank; Entertainment—William H. Todd of Kuhn, Loeb & Co.; Food and Beverage—William R. Caldwell of The First Boston Corporation; Golf—Andrew F. Peck of Clark, Dodge & Co., Inc.; Publicity—William H. Long, Jr. of Doremus & Company; Special Features—Ralph De Nunzio of Kidder, Peabody & Co.; Stock Exchange—Ernest W. Borkland, Jr. of Tucker, Anthony & R. L. Day; Tennis—Daniel O'Day of The Northern Trust Company; Trap Shooting—John D. Baker, Jr. of Reynolds & Co.; Trophy—Joseph Ludin of Dillon, Read & Co., Inc.

Phila. Bond Club Fall Outing

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

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

NEWS ABOUT BANKS AND BANKERS

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

The **First National City Bank, New York,** announced April 6 that James Henry Redington and Reuben F. Richards were made Vice-Presidents.

* * *

Bernard T. Stott has been appointed the Controller of **First National City 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 Robert Simpson, European Representative, and Julian H. Brooke, Assistant European Representative.

* * *

The **Manufacturers Hanover Trust Company, New York** elected Paul J. Hanna and George R. Moran Senior Vice Presidents.

Henry C. V. Cann, Arthur C. Langsdorf, Eldon R. Wallingford and Wesley Simmons were also elected Vice-Presidents.

* * *

Election of Edwin J. Davis and Spencer N. Rose as Assistant Vice-Presidents of **Morgan Guaranty Trust Company of New York** was announced today by Henry C. Alexander, Chairman of the Board.

Also announced were the appointments of Henry D. Hamilton and Carl E. Hathaway as Investment Officers in the bank's investments department and Jose P. Rivas-Micoud as an Assistant Treasurer in the international banking division.

Miss C. Virginia Roberts was appointed an Assistant Treasurer in Morgan Guaranty's representative office in Tokyo, and Francis Miaule was elected an Assistant Secretary in the bank's Paris 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 1956 as Assistant Treasurer and became Treasurer in 1961.

* * *

Clinton L. Miller, who began his banking career as a clerk with **The Dime Savings Bank of Brooklyn, N. Y.** in 1923, has been elected President of the Bank and a member of the Board of Trustees.

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

In addition Gustav T. Andren, was named Senior Vice-President and Secretary. He fills the post vacated by Mr. Miller's promotion.

Robert W. P. Morse, was named Senior Vice-President and Treasurer.

Gerald J. Peffert, 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.

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The **Brooklyn Savings Bank, Brooklyn, N. Y.** opened a new main office building on April 22 at the corner of Fulton and Montague Streets in Brooklyn, N. Y.

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

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The **Central State Bank of Brooklyn, New York** elected Louis J. Marion and Bernard J. Brandt Directors.

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James Saxon U. S. Comptroller of the Currency, granted charter, to the **New York Liberty Bank & Trust Co., Buffalo** which opened for business on April 22 under the new national charter and name of **Liberty National Bank & Trust Co.**

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The Comptroller of the Currency James J. Saxon on April 18 approved the application to merge the **St. Lawrence County National Bank, Canton, New York,** and the **First National Bank of Heuvelton, Heuvelton, New York,** effective on or after April 25.

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The **State Street Bank & Trust Co., Boston, Mass.** elected John A. Perkins a Vice-President.

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Approval of the application of the **Worcester County National Bank, Worcester, Mass.,** to establish a branch at Seven Hills Plaza has been received from the Comptroller of the Currency.

* * *

The Board of Governors of the Federal Reserve System April 19 announced its approval of the consolidation of **Norfolk County Trust Company, Brookline, Massachusetts,** with **Wellesley Trust Company Wellesley, Massachusetts.**

* * *

John G. Hewitt has been named President and Chief Executive Officer of **First Merchants National Bank, Asbury Park, N. J.**

Mr. Hewitt, was previously Executive Vice-President of **The First National Bank of Jersey City, N. J.** He replaces James Forsyth, who becomes First Merchant's Board Chairman.

Mr. Hewitt became a Vice-President of the Jersey City Bank in 1954, Executive Vice-President in 1959 and a Director and Executive Committee Member in 1960.

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The Comptroller of the Currency James J. Saxon, April 17 approved the conversion of the **Citizens Bank of St. Mary's, Lexington Park, Maryland,** into a National Banking Association. The Bank will be operated by its present management under the title **Citizens National Bank of St. Mary's.**

* * *

The **Continental Illinois National Bank and Trust Company, Chicago, Illinois** announced April 18 plans to open a second full-service branch in London.

David M. Kennedy, Continental's Chairman, said the Bank has applied to the Federal Reserve Board of Governors for permission to open a branch in London's "West End."

* * *

The Comptroller of the Currency James J. Saxon April 18 announced that he has given preliminary approval to organize a National Bank in North Mankato, 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.**

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

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The Comptroller of the Currency James J. 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 **Nassau Bay National Bank of Clear Lake.**

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

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

* * *

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

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

* * *

James I. Crampton has joined The **Bank of California, N. A., San Francisco, California** as Vice-President. He will head the Investment Division and will be located at the bank's Head Office in San Francisco.

* * *

Miss F. Kay Lewis has been promoted to Assistant Vice-President by **Crocker-Anglo National Bank, San Francisco Calif.** in the Personnel Department at administrative headquarters in San Francisco.

G. Thomas Hoemig and William Horsfall II have been named Assistant Cashiers.

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Frank L. Humphrey, Vice-President and Trust Officer of **Security First National Bank, Los Angeles, California** is observing his 30th anniversary with the Bank this month.

* * *

Comptroller of the Currency James J. Saxon April 18 announced that he has given preliminary approval to organize a National Bank in Auburn, Washington.

Initial capitalization of the new bank will amount to $500,000, and it will be operated under the title **Valley National Bank of Auburn.**

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

HAWAIIAN BANKS—

There has been some discussion in the past about Hawaiian banks and of the price/earnings multiples at which they are currently selling. The unusual growth in earnings of the two principal banks in this new state would seem to qualify them for higher multiples than their present levels. The present branch banking laws in Hawaii permit state-wide branching but separate the trust function. There is now, however, a bill before the legislature to permit commercial banks to assume the trust function. Once passed, this would encourage mergers between the commercial banks and the independent trust companies.

Many objections have been raised concerning the domination of the military in Hawaii. As is obvious, since World War II the trend towards tourism has been strong with almost as much income derived from this source. Estimates place equal dependence upon tourism, military activity, and agriculture. The latter has been also the cause of concern over the years due to strikes affecting both the mainland and Hawaii. Although agriculture is not as significant to the islands, it has realized some growth over the decade 1950-1960.

Although 1962 was judged by many a recession year, Hawaii in the latter part of the year experienced a definite upturn in its economy. Growth rates in general were not at the levels of previous years but versus the mainland they were favorable. Unemployment, which ran at a rate of 4½%, was still well below the country as a whole where this figure approached 6%.

Below are the growth rates and other pertinent data on the Bank of Hawaii and the First National Bank. The number of shares of both institutions has grown and markets are more active. The one factor impeding growth in earnings per share and in turn affecting price behavior may be capital position. In the case of both banks this ratio (relative to deposits) is now adequate and further dilution through rights offerings seems unlikely.

	Bank of Hawaii	First National Bank Hawaii
Price	$55	$59
Dividend	$1.40	$1.40
Yield	2.55%	2.36%
Estimated 1963 earnings	$2.90	$3.70
Price earnings ratio	19.0x	16.0x
Deposits (12/31/62)	$361,411	$305,326
Capital account as percent of deposits	8.3%	8.6%
Net Operating Earnings—		
1958	$1.44	$2.03
1959	1.95	2.80
1960	2.37	3.47
1961	2.18	3.54
1962	2.65	3.37
Number of shares	1,171,875	700,000

ECONOMIC GROWTH IN HAWAII

	1950	1960	Annual Average 1950-60 Growth
Total population	493,780	655,024	2.9%
Labor Force	187,700	246,540	2.8
Gross state product	$900,000,000	$1,700,000,000	6.6
Total personal income	689,000,000	1,445,000,000	7.7
Defense expenditures	147,039,000	373,073,000	9.8
Sugar	124,000,000	127,400,000	0.3
Pineapple	101,000,000	118,000,000	1.6
Other agriculture	27,352,000	43,024,000	4.6
Manufacturing	71,600,000	148,700,000	7.6
Construction	69,700,000	275,400,000	15.1
Tourist trade	24,200,000	131,000,000	18.4
Tourist arrivals	46,593	296,517	20.3
Retail sales	462,600,000	858,600,000	6.4
Wholesale	222,800,000	359,000,000	4.9
Exports	230,000,000	264,000,000	1.4
Imports	363,000,000	569,000,000	4.6
Bank deposits	385,200,000	743,300,000	6.8
Bank loans	157,600,000	400,100,000	9.8
Deposits all Fin. Inst.	449,000,000	1,003,000,000	8.4

Some Constructive Dissents About Tax-Exempt Industry

Continued from page 3

this is about to happen. I agree with John Gerrity of *The Bond Buyer* that the attack will take place in the courts rather than in the legislature. This should bolster our case although there are those who believe that the Courts are moving away from settling issues on constitutional grounds. However, I am proceeding on the theory that tax exemption will remain as is.

I imagine that a look at the future could cover many subjects, but because of the limits mercifully imposed upon me, I am going to consider five general areas of the business. I am not necessarily listing them in the order of their importance because they all have great bearing on our ability to overcome the tests before us:

(1) Selling and Distribution.

(2) Capital Participation in the Markets.

(3) Self Regulation.

(4) Advertising and the Problem of Exploitation.

(5) The mechanical side.

Selling Is Most Important

My first point — Selling and Distribution — is all important. I don't believe that any firm can long exist in the coming volume type of market if they do not have real distribution. Making it simple, you will have to sell bonds to survive. Part of the problem is related to competition. For many years in this business we have accepted a division of investment firms. There were firms who underwrote and there were firms who sold. Capital requirements in the difficult years of the '30s made these underwriters a special privilege group. They had much to say about the gross and the residual profit that would come to them. The group reached their zenith of power in the '50s when they dictated the concessions and takedowns so as to keep 50% or more of the gross profit as syndicate profit. This has started to change. We are now in a market where competition is so keen that our gross spreads are beginning to get thinner and thinner. We all complain and some of us even vow not to participate in issues where the gross profit is small but this might be a resolution to which we are unable to adhere. In many accounts, the underwriter-seller is being paid most of the profit and it has caused reverberations to be sure, but it is only just.

I remember years ago when that great bondman, Reg Schmidt of Blyth & Co. kept pounding on the fact that the seller should receive the compensation. He was not always successful in his approach because the firm that only underwrote objected. We have never figured out what reward a firm should receive for risking its money in a deal, and the point that I am making here is that the leading firms of tomorrow will not be on top because of their ability to run syndicate accounts or their ability to negotiate (mostly because there will be little negotiating—most situations will be public sale) or because of their great position in corporates. *Their position will be decided principally by their ability to sell bonds.*

Pre-Sale Is Dying Out

In my little world of far out thinkers, we see ahead to the day when pre-sale indications will disappear from the business. Right away I can see expressions of wonderment, bewilderment and even hostility from the sales people. However hear me out. *I think that the day when this business can put its knowledge on the line and bid issues without the crutch of the pre-sale order is fast approaching.* I also believe that the institution will welcome this development because they are tired of having their ideas used as a launching pad for prices. The only people who will be adversely affected will be those who do no studying and have no idea of value. The loss will be small because the volume market of tomorrow has no place for these people.

There is also a need for the entire industry to expand its distribution coverage. With tax exemption, we have a great chance to broaden our markets. We can't afford to pass up any investor who is in the market or who should be in the market for bonds. We need expansion of this market not only in volume but in the number of customers to buy the bonds. I do not necessarily go along with the theory that the banks and insurance companies will increase their purchases proportionately as the volume increases. They may find their investing appetite whetted by some new investment idea and may turn to other securities. We might even find, as *The Bond Buyer* pointed out recently, that the government may be using tax exemption for some of its own securities at some future time. It is also possible that the Internal Revenue Service may be able to get court decisions against insurance companies by using interpretations of various pieces of legislation. Therefore, we need to attract more customers now. The old tale that individual customers are too expensive to process is being disproved by the many stock houses who are fast becoming the distributors of the business.

Adoption of Corporate Syndicate Idea

There is still another aspect of the distribution problem that our industry may have to face in the next decade. It may be that firms will adopt syndicate practices such as are used by the corporate fraternity. The control of sales to insure bona fide offerings is probably an essential change. This is probably something that will be worked out in the various studies of management practices. It may seem strange to want to change this portion of our business. However, I will wager that no change would bring the need to distribute bonds to our attention more than this arrangement. We would be eliminating takedowns that land on someone's list while our customers fret over the lack of the same bonds. We would also be centralizing the dealer efforts through the manager at no profit to the manager. Individual members could be protected on their own bonds or leave them with the group.

Of course, this also points toward divided accounts. If I have to mention some departure such as this it might as well be in Texas where there is support for the practice. I don't believe that there would be as many abuses as are now charged against divided accounts if the system were to be worked via the corporate method. You might ask if this would not bring about management fees. Yes it would, and I who am opposed to such fees now, would be glad to pay them under these conditions. I believe that the basic argument against divided accounts is the instability of the selling effort of the firms involved. The undivided account was the product of the era in which underwriting was more important than selling. Now I believe that the opposite is the case.

Problem of Capital-Size

Capital participation is an all important part of our business because of the volume increase. It is significant that many large organizations have not really increased their capital when measured against the increase in volume. If this is a problem now, what will it be 5 years from now? Even in the mid '50s there always seemed an abundance of underwriting. Nowadays, it is not possible for a manager to be fussy all through his account. He may be selective about his majors but when it comes to filling out his account he is usually content to take a house that has a good reputation and if it can sell, even better. No more can he think back of the prejudices that he has against a particular house; for instance, a fellow like me making a speech like this that may run counter to some of his ideas. We have reached a stage where my ideas, whether they be contained in a speech such as this or in my market letter, do not affect my 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 a situation forced on many managers most have accepted it with good grace.

As the volume increases, the managers will have to drop any possible sentimental attachments for this firm or another one because, as I repeat for emphasis, this is a matter of selling bonds. I certainly would hope that my audience won't get the idea that I am for the extinction of some firms. My point is to be realistic. I believe that many of the firms who are not doing a job of selling today might change their outlook and build a selling organization.

Secondary Market

What about the extra capital that we will need for the future? We would hope that much of it will come from our firms but will that be enough? For instance, many firms of managerial status are not underwriting or carrying as many bonds as firms that are not in the managerial class. Much of this stems from the fact that many of our managers are not active participants in the trading or secondary market. I think that a participation in this market is mandatory for a foothold in the market of the future. Gross spreads that will be small compared to today's profits will make it fairly impossible to pay the overhead without a participation in the whole market. This could be a healthy development in itself because our market needs the full participation of all its members.

I think there are indications that there is room for much new capital in the Tax Exempt field. Of course, we may get "help"—note the quotation marks—from the Government, but I believe that the wants of our people will outdistance even government help. I also do not think that we are forever committed to a welfare state type government in Washington.

Summing up this capital problem, many firms must re-evaluate what their future capital situation will be. Leadership is again at stake and capital alone is not enough as it was years ago. You are not going to be paid for the use of your money. Your capital will entitle you to participation in selling efforts. It does not entitle you to be a lender; the ultimate buyer has that distinction.

Sensible Self-Regulation

Self Regulation of our business is a practice that we would like maintained and there seems to be nor real problem here with two exceptions: (1) we might get too greedy as an industry; and (2) big government, failing to curtail tax exemption because of its constitutional overtones, might want to insert itself as one way of curtailing activity. As most investment bankers know, the IBA has appointed a Municipal Practices Committee headed by my good friend, Alan Weeden. George Wendt, the Municipal Chairman, is to be congratulated on his determination to have this function. Several years ago, a committee like this would never have been appointed. Personally I think that what this Committee will finally bring forth will not come as a shock to anyone. However, I do believe that the Committee will bring many situations to our attention that have been accepted as fact over the years but with reluctance by many of us. I know that many bond people around the nation were looking for this committee to act like a group of vigilantes, but I am sure that the final report will bear out that this will be a sensible statement of how we should conduct our business, especially on the syndicate end.

Of course, there is much more to this business than just the new issue market. There is also the trading market, which, by the way, I believe is an exceptionally well run, self regulated group. Perhaps this is because the trading market is not the size of the new issue market but whatever the reason, the participants are to be congratulated.

As the years go by and the profits get smaller, you will find the complaints even more vocal. It would do well for the IBA and local bond groups to keep practice committees on a standby basis. The existence of such committees is not to say that our industry needs constant policing. However, we do need a place for the small dealer to present his gripes, or words to such effect, now that the Marines are not listening anymore. As a matter of fact, they have not been listening for years although this has been the standard answer to many complaints. Self regulation is not a blight on us but could be a saving grace.

Need for More Advertising

Advertising and Exploitation of Bonds is another subject about which much has been said. The IBA is now conducting a fine ad campaign. I know that the matter of ads has always been a matter of controversy among dealers. The majority say that they have never seen a new issue ad that ever sold a bond. I think this is true of most ads except in those cases where the yields are high. I do think that the best results are obtained in image type ads and ads that directly appeal to individual investors. We need more advertising that will open up the way for investors to buy tax exempt bonds.

How many times have you been in a group of supposedly knowledgeable people and found that not one of them was acquainted with tax exempt bonds? Take the number of people that you meet each day who have never even heard of tax exempt bonds and you wonder what the Treasury is so worried about. How many of the people in our own organizations have yet to master the terrible mystery of tax exempt bonds? I wonder sometimes if we are skipping over our own people in our haste to convince the individual investor.

How many of us are running private little Municipal Departments? How many of us do not want anyone to know what we are doing? How many of us are content to make a few sales to a few well known accounts and to live off the syndicate profits that we may be lucky enough to make? Then why, I ask, do we wonder why we can't spread the gospel of tax exemption to investors who need and who are entitled to have it?

Advertising is not everything but it is important. Our advertising and exploitation should start now and we need not wait for the large volume of tomorrow. The volume of today is a substantial challenge. Sure, we need advertising but do we also have knowledgeable people in our organizations to serve these potential investors? We better have because: (1) we need this type of business and; (2) we can't hold it if we can't service the investor. The advertising and exploitation of tax-exempt bonds is a subject that we should continue to study and we cannot lose sight of the important goal of *selling the principles of tax-exemption to our own organizations.*

Automating the Industry

If we are to be able to handle the volume of tomorrow at the decreased profit, we will have to make more use of mechanical methods. We are basically a business of scoffers and we have had a lot of fun with 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 *discovered* is not the right word because the securities business has been using machines and computers for many years. I don't know if Bill has found the right way to use these machines. I am not sure of what the right way is myself. I do know, however, that an intelligent coupling of municipal knowledge and the machines is a must for the future.

Then there is the problem of deliveries. We are still in the 30 days or over period. I have always said that this time must be decreased to 15 days in order to allow a smooth operation in the volume world of tomorrow. A group of us in New York known as the Thursday Lunch Club, a notorious hatchery of revolutionary ideas such as the practices committee, made an intensive—I was going to say exhaustive but that is not the way we operate—review of the problems of deliveries and found that 15 days would be no problem. Everyone concerned, including the issuer, the attorneys, and the bank note people all agreed that bonds could be delivered within 15 days. Of course there are states where there is a mandatory waiting period which I believe should be eliminated. Dealers within states where there are excessive delays should try to have this remedied. The problem doesn't end there; in fact the shortening of deliveries brings on new problems such as shorter account agreements. Many say that the 15-day account would put us at the mercy of the buyers. I submit that we are always at the mercy of the buyer. I also submit that we might be more realistic in our bidding if we had such a limit within which to work out our price ideas. There might be a period of adjustment at the beginning but I am convinced that the overall good that would come from these short accounts would outweigh the problems.

I also submit that we should be realistic now and ready ourselves for the volume market with plans such as this. Waiting for the volume market to arrive would be a serious error. I also think that our customers would benefit. Many of them buy tax-exempts and get delivery 40 days later, while in this interim our market may have been through at least two major swings.

Summary

To sum up, I believe that our business will be entering a most important stage in its development in just a few short years. I am confident of the future if our industry is able to make its adjustments. If we take the attitude that everything up until now has been great and why make changes, then we will be in trouble. Unfortunately every business has its fringe of people who worship at the altar of the status quo. To do anything different is regarded as everything from silly to socialistic. I say that to adopt in some fashion some of the things that I have been talking about today will not make us different, but will indicate that we are aware of the problems of tomorrow.

If you have had the opportunity of attending any of the municipal schools throughout the country such as the one sponsored by the Municipal Bond Club of New York which has a series of 2-hour lectures plus examinations and term papers, you would have had an opportunity to look at some of the fine talent that is coming into our business. In May, the Texas Municipal Advisory Council will be sponsoring their Seventh Annual Municipal Forum for the young people of your area. We need these schools because these young people are the future guiding hands of this business. When you consider that very few people came into the business from 1933 to 1946, we had a very dangerous situation in that barren period. We can't afford decades of no progress. In fact, we need years and decades of stepped-up progress and these young people must be readied to make their contribution.

It has been an inherent attitude of the securities business not to have too many people on the payroll. Times such as the great depression and even the downturn in 1962 gave this idea a great boost. However, I submit that the Tax Exempt Bond Industry must invest in personnel if it is to be a continuing force. It seems a shame that some of the so-called major houses which hold such high places by virtue of historical right have such small staffs and are almost laughable in their attempts to hold that position. An investment in young people so that your "bench" will be ready to meet those inevitable changes in the years just ahead is a must and, most of all, good business.

*An address by Mr. Reilly before the 28th annual meeting of the Texas Group of the Investment Bankers Association of America, Dallas, Texas, April 4, 1963.

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. 5.08% cumulative preferred stock, priced at $100 per share and accrued dividends.

Proceeds will be used to retire short-term notes outstanding, the 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 11,347 miles of pipe lines.

Internat'l Placements

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

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

The Advisability of Observing Sound Investment Principles

For many years it has been my privilege to read the "Weekly Staff Letter" that is issued to clients of David L. Babson & Co. Inc., 89 Broad Street, Boston, Mass. The David L. Babson company is an investment counsel organization that has for years been advocating that investors can safely and profitably acquire securities that will provide them with satisfactory income and growth, providing they are willing to be guided by tried and tested rules of investment procedure.

I wish it were possible to reprint their letter issued April 15 in full in this column. But I will try to give you some of the interesting highlights that may help clear the air 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 a year ago that the "bitter steel price battle" erupted and sent the stock market into the steepest drop since prewar days. The Dow Jones Industrials dropped 27%. Then the point is made that even this sharp drop did not reflect the shrinkage in second and third grade stocks, many of which declined 50-90%. However, the recovery in the "Dow" has also been the sharpest of the past 25 years. From the June 26, 1962 low, the Industrial average has surged ahead by over 30% On the upside, the better stocks again performed better than "the market," the great majority of stocks being still under their year ago prices and far under their 1961-62 highs. Incidentally, here is an interesting quotation from the April 15 letter concerning the Dow Jones Industrial stocks.

"Two of the 30 components in the Dow average (or 7% of the number) have contributed 25% of the recovery in its price. Nine of the 30 issues are higher than their pre-steel levels, six about the same, and 15 or 50% are lower." This again points out the importance of selectivity even in a portfolio composed of stocks in the Dow Industrials. It also clearly indicates the need for diversification, and also proves that performance must be judged by the portfolio as a whole and not by individual stocks.

The Debacle Within

The letter then goes on to explain what happened to many amateur speculators and others who disregarded sound investment policies in 1960-62. "Owners of good quality portfolios probably have no inkling of how badly damaged their accounts WOULD HAVE BEEN if they had held a high perecntage of low grade stocks." Then a table is presented which gives a list of representative "new issue," "glamour," and "get rich stocks" that were offered between mid-1960 to early 1962. The percentage of loss ranges on an average of between 40% and 99% from their highs, and many others from an average of 25% to complete bankruptcy from their original offering price.

"Only one other period in modern times—1928 - 1929—witnessed such wide speculation as the span from mid-1960 to early 1962," the "Letter" observes. Many factors aided and abetted this buildup in gambling fever but among the most important was the unusual age-mix in the investment community.

During the entire period from 1930 to 1950, interest in securities was so low that scarcely anyone entered this field as a vocation. By 1960 there was an abnormally small percentage of people in the 35-55 age bracket in this business. But during the 1950's more and more young people selected it for 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:

Age	Early 1960's Age-Mix %	Normal Age-Mix %
Up to 35 years	70	35-40
35 to 55 years	15	45-50
Over 55 years	15	15-20

Do those of you who were selling securities during this period remember the saying that went around, "the only people who have made money in this market are over 40"? The foregoing table is therefore particularly interesting in light of the following quotation from the "Weekly Staff Letter":

"The age pattern of new or experienced investors was probably quite similar, and for pretty much the same reasons. Thus the average experience level of both public and professional investors—after rising steadily for two decades—declined sharply during the 1950s. Most of the lessons learned by one generation must be learned all over again by a new one." Then the letter mentions the fads and vogues, the various group crazes, the frenzy for infant "scientific" issues. Also, the now discredited theories, "such as growth rate formulas—tying a precise price-earnings ratio to a company's past and projected growth rate, the speculative extremes in the very low priced new issue stocks of marginal companies, etc."

And also the "Letter" so correctly reminds us: "As this quick money fad spread, the long-term buyer and owner of high quality, seasoned stocks of basic companies came to be looked upon in much the same light as Senator Byrd is by the Administration — a throwback to a bygone era. More and more pressure was applied to be in things that were moving. Even the appraisal standards of the professionals were stretched pretty far."

Excellent Advice

The David L. Babson "Letter" then proceeds to give some excellent rules on investing, all of which we quote verbatum as follows:

"(1) **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 depression and war and (b) because at the start of the period stocks were selling at far below-average appraisals.

"Under normal circumstances investors should not expect their stocks to double every few years. The historic annual growth in assets and earnings is in the 3-5% range. Over the past 90 years the return on common stocks (market value plus dividends) has averaged 9% per year. This is about twice that received on bonds and savings accounts.

"(2) **Have a basic plan and stick to it:** This is perhaps the most important point about common stock investing (aside from having the proper temperament). It was amazing how many supposedly experienced investors became panicky at the low last spring and sold high-grade stocks which had already dropped 20-40% in price. The soundest plan for those who have income that consistently exeeds their living needs is to invest periodically and regularly — speeding up the pace as prices decline and slowing it down as they advance. Unusually sharp declines like that of last spring should be looked upon as a long-range opportunity rather than a catastrophe.

"(3) **Ignore the popular trends:** The investor who follows the crowd seldom has effective results. The fact that a stock or group of stocks is highly popular at a given time tends to drive their prices above real values, simply because there are more who want to buy than to sell.

"Conversely, the really good values at such times are often found in the groups or issues that are not popular. We were probably criticized more for holding and buying world oil stocks in 1959-61 than for our policy on any other single group over the past 20 years. The leading oil stocks—which are prime investment-grade issues—became highly unpopular then.

"While most other groups were being appraised at 20 to 40 times earnings and yielding 1% to 3%, the international oils were selling at 8 to 12 times earnings to yield 4% to 5%. They now are 50% to 75% higher and all have increased their earnings and dividends. Among the five issues in the Dow Average that are now selling at all-time highs, are all three of its oil stocks — S. O. California, Standard Oil (N. J.) and Texaco. Hundreds of similar examples could be cited to show that one should not follow the crowd.

"(4) **Stick to the successful leading companies:** The reason a company is successful and a leader is because it has good products, good merchandizing and good management. The factors that have made it more successful than its competitors over a long period are likely to keep it that way. It is wiser to buy such a company than to purchase an unsuccessful one on the thesis that the latter will become more successful. Sometimes this works, more often it does not.

"In periods of stress such as 1962, the demand for stocks stems almost entirely from professionals and their clients, and they are interested only in the better-grade issues. So there is always demand for good stocks. But 'the public' has long since lost interest and there is no one left to buy the 'cats and dogs.' This explains why most of the new issues of the past several years are selling at a fraction of their highs while the 30 Dow stocks have made such a strong recovery.

"(5) **Finally the investor must be patient:** Time is on the side of the long-term investor who is holding the shares of financially strong, well-managed, successful companies even if at times they experience temporary problems and are unpopular with the crowd.

"In the early 1950's everyone was buying drug, chemical, oil, aluminum, cement, glass, etc. stocks because their earnings had been booming. For the last few years the economic environment has been less favorable for, or actually against, most of these basic groups and their earnings have not made as much progress as earlier.

"In the past year or so the climate has improved for the oils and it will improve for the other groups sooner or later. After it does the investor will be wishing he had recognized the above-average values in these areas in early 1963 as he now recognizes the values the oil stocks represented in 1959-1961."

* * *

The foregoing words of wisdom could well be heeded by both investors and security salesmen. It takes knowledge, experience, and will power to resist popular fads and to stick to your guns when all those around you are trying to convince you that time tested principles of investing are no longer valid. Every time we pass through such a phase (as 1960-62) more and more people learn through their own experience that there is no substitute for sound investment advice, and professional, dedicated, management of their investments.

A.B.A. Promotes Three Members

Three American Bankers Association staff promotions were announced by Charles E. Walker, Executive Vice-President.

R. C. Albright, Jr. Edward J. Gannon

Promoted, effective May 1, were:

Edward J. Gannon, from assistant director to associate director, News Bureau.

Lawrence N. Van Doren, from assistant manager to associate manager, Advertising Department.

Robert C. Albright, from assistant to the director to assistant director, Personnel Administration and Management Development Committee.

Mr. Gannon came to the ABA as assistant director of the News Bureau in October, 1961, after four years on the public relations staff of The Chase Manhattan Bank.

Mr. Van Doren joined the ABA Advertising Department in 1951 and was named assistant manager in 1959.

Mr. Albright has been assistant to the director of the personnel committee since joining the association 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.

Walker, Hart Co. To Be Formed In New York

Effective May 2, Walker, Hart & Co., members of the New York Stock Exchange will be formed with offices at 120 Broadway, New York City. Partners will be Joseph Walker, Jr., Richard E. Hart, Steven S. Walker, who will acquire a membership in the New York Stock Exchange, Thomas J. Farrelly, General Partners, and Joseph Walker, Samuel S. Walker, Edward S. Blagden, and Paul J. Horne, limited partnership. With the exception of Richard E. Hart and Steven S. Walker, all are partners in Joseph Walker & Sons, which will be dissolved.

Sam Minsky Retires From Firm

Effective May 1, Sam Minsky will withdraw from partnership in Hardy & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Chicago Analysts Hear

CHICAGO, Ill.—Harold W. H. Vurrows, Parke, Davis & Co., will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today, April 25, in the Illinois Room of the La Salle Hotel.

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 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.

Keith Funston

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 proposal.

On the Administration tax program, Mr. Funston noted that Exchange representatives applauded its 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, officers and other key member organization 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 into 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 longstanding 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. Guideposts and checkpoints 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:

Awarding of the Freedoms Foundation's George Washington Gold Medal for the Exchange's newest education film, "The Lady and the Stock Exchange," with a citation describing it as "an outstanding accomplishment in helping to achieve a better understanding of the American Way of Life."

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 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 $5,437,000 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 Hubshman, Fleschner, Inc.

Basis for Rising Interest Rates and Equity Prices

Continued from page 1

labor force showed a noticeable decline from 6.9% in February, 1961 to 5.7% in February, 1962, but since then has experienced great difficulty in penetrating to a lower level.

It is not surprising therefore, that during the Winter there was a great deal of uncertainty about the general business outlook in 1963. Would the expansion continue through the rest of this year, or would it "top out" and then decline?

The uncertainty is now beginning to disappear as elements of business strength are becoming clearer. Based on the evidence now available, I anticipate a continued steady expansion of business activty through the rest of this year. To be specific, the advance I have in mind would raise the GNP to the level of about $578-580 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 produce this further expansion? The major one will probably be a rise of about $14-15 billion in consumer expenditures this year (compared with an increase of $18.5 billion in 1962). The current rate of automobile purchases suggests that another big year is in prospect for the automobile industry. Retail sales are moving at record levels. The various surveys of consumer spending plans, conducted by such agencies as the Census Bureau, the University of Michigan Survey Research Center, and the National Industrial Conference Board bear out the expectation that consumer spending will rise further this year. It is true that consumer debt has risen to a very high level, and repayments are currently a very high (13.5%) proportion of personal disposable income, so that some analysts believe that consumer spending may slacken. At the same time, however, liquid asset holdings of individuals are at a record high — $465 billion—which should serve 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 domestic investment expenditures including expenditures for non-farm residential construction, other construction, producers' durable equipment, and business inventories. Within this total of private investment expenditures, I expect that non-farm residential construction expenditures will total about the same this year as last —about $23.5 billion. This is based on the expectation that private non-farm housing starts will be at about the same level this year as last—about 1,425,000. This optimistic view is founded in part on the high and rising level of building permits. It is also based on ample availability of financing —the outstanding forward commitments of life insurance companies to buy residential mortgages have risen 43% above the figure for the same time last year, and there has been an 18% increase in the commitments of the savings and loan associations, 23% in the case of the commercial banks, and 47% in the case of the New York savings banks. Despite a vacancy problem in certain areas such as the Northeast and the North Central regions, the Bureau of the Census reported that the vacancy rate for rental units on a countrywide basis actually declined from 7.9% in 1961 to 7.4% in 1962.

I would expect that the remaining items in total private domestic investment expenditures will rise about $3 billion in aggregate. This is based in the main on the latest survey of plant and equipment expenditures by the SEC — Department of Commerce which indicates a rise of 5% in such expenditures this year to $39.1 billion as compared with $37.3 billion last year. A rise of this magnitude in the capital spending area is also foreshadowed by the latest survey of capital appropriations conducted by the National Industrial Conference Board, as well as by manufacturers' new orders in the machinery and equipment industries, and by the performance of construction contracts. "Other construction" expenditures are expected to rise about $1.0 billion. This figure includes expenditures for commercial facilities, farms, and so forth. In the case of business inventories, I expect that the net increase of inventories this year will be about the same as last, with a rise to a seasonally-adjusted rate of about $5 billion in the second quarter, due largely to the threat of a steel strike, and then a decline in the third and fourth quarters to a $2 billion level.

Still another important factor in the general business expansion this year will be a rise of $9 billion in the aggregate of government spending. Based on budgetary figures, it appears that Federal expenditures will advance about $4.5 billion. Based on past trends, a further increase of $4.5 billion for state and local government units seems a strong probability.

Finally, I would expect a moderate decline in the remaining component of GNP, namely net exports of goods and services. This is a particularly difficult item to anticipate, but in view of the slowdown in the rate of economic advance abroad it seems likely that net exports will be somewhat below the $3.3 billion figure of 1962, perhaps around $2.5 billion.

To recapitulate, then, I expect that the level of general business activity will expand again this year, with GNP rising by about $25-$26 billion, or about 4.5%. This rate of advance is about the same as last year. The pattern expected is a steady advance throughout the year. Needless to say, this is far from a spectacular increase and it implies that throughout the year there will still be a fair amount of slack in employment.

Federal Budget Outlook

Before turning to the investment outlook, it will be helpful to consider the outlook for the Federal budget for fiscal 1964. Certainly the prospect for fiscal policy and the budget, with the resulting Treasury financing requirements, will have a very important bearing on the behavior of the money and capital markets in coming months.

One thing that seems certain is that there will be a very large Federal deficit in fiscal 1964. The Administration's estimate is that it will amount to nearly $12 billion. This assumes that the Presidents' tax program will be enacted as requested, but I believe that if the deficit is not enlarged by tax reduction it will be enlarged by a greater increase in Federal spending. The fact is that regardless of whether taxes are or are not reduced, the $12 billion deficit is likely to be a minimum figure, and many are confident that it will be considerably higher.

In view of broad public support, I believe that Congress will act this year to reduce the burden of taxation, and that such reduction will be phased over a period of two or three years. My guess is, however, that the effective date of the reduction will be such that the direct impact on the economy this year will not be very great. Further, I suspect that although Congress will preserve some of the structural reforms recommended by the President, those counted on to recoup the greatest amount of revenue—especially the 5% floor on deductions — will not be enacted. As a consequence, it seems likely that Congress will scale down somewhat the $10.2 billion reduction provided for in the President's tax package. In addition, I would guess that the final legislation will place somewhat greater emphasis upon stimulating a higher rate of capital spending by business and industry than did the President's tax program.

The Investment Outlook

Turning now to the investment outlook for the remainder of 1963, the most effective way to present my views is to refer to the accompanying table. It shows the sources and uses of loanable funds in the money and capital markets during the period 1953-1962, with an estimate for 1963. One word of explanation may be helpful. The figures in this table show the *net* new sources and uses of funds. For example, in 1962 the figures of $5.0 billion for corporate bonds under "uses of funds" measures the increase in *outstanding* corporate bonds. All other items on the uses part similarly measure the increase in outstanding securities and mortgages. With regard to "sources of funds," the figure of $5.8 billion for life insurance companies in 1962 measures the net new money life companies had available for investment in 1962, and all other items are similarly net figures.

The estimates for 1963 are, of course, based on the earlier forecast of how general business activity is likely to behave this year. We are estimating that the total uses of credit will aggregate nearly $66 billion in 1963, compared with a figure of $63.6 billion last year. We expect that the net increase in corporate bonds will be slightly lower this year. The net increase in corporate stocks was unusually low last year, undoubtedly due to the sharp decline in the stock market, and we expect some recovery toward a more normal level this year as the market recovers. As is clear, we are expecting about the same figures in 1963 as for last year in the case of state and local government issues, mortgages, business credit, consumer credit, and "all other credit." Largely based on reduced mortgage purchasing activity by FNMA, we are expecting that net new issues by Federal agencies will be somewhat lower. The big item of increase is, of course, that of the net rise in U. S. Government issues which is placed at $10 billion on the basis of budget estimates.

Where is the money coming from to accommodate all of the expected uses of credit? The upper portion of the table shows the expected sources of funds. Based upon the estimates of individual items in the list of sources of funds, it is apparent that I am not expecting any major changes this year as compared with last. The key figures among the sources of funds are those for the commercial banks and the Federal Reserve Banks. The assumption here is that this year the Federal Reserve Banks will reduce their net purchases of Government securities somewhat, and as the year goes on thus make reserves less freely available to the commercial banks This accounts for the slightly lower net increase in available funds from the commercial banks this year — $17.6 billion compared with $18.7 billion.

As is apparent, in 1962 we had a record volume of uses of loanable funds — $63.6 billion. This record demand for funds was satisfied without any increase in interest rates—in fact with some softening of longer-term rates. What is the explanation for this rather surprising development? In part it lies in an increase in the flow of funds into savings institutions as the general public became disenchanted with the common stock market. In particular, the tremendous inflow of time and savings deposits into the commercial banks was stimulated in large measure by the revision of Regulation Q early in 1962 permitting the banks to pay 4% on deposits left with them one year or longer. Much more important, however, throughout 1962 the Federal Reserve authorities provided the commercial banks with a generous supply of reserves which permitted a great expansion of total loans and investments —$18 billion. Behind the record total of sources of funds in 1962, and the softening interest rates, therefore, was the easy credit policy being followed by the monetary authorities.

Federal Reserve's Post-1960 Policy

Since early 1960 the monetary authorities have had twin objectives: (1) to make credit freely available to stimulate recovery from the recession of 1960-61 and to encourage full use of our resouces, and (2) to accomplish the first objective without aggravating the problem of the deficit in our international balance of payments, which meant directing monetary policy toward maintaining the Treasury bill rate and other short-term interest rates high enough to prevent the outflow of short-term funds to foreign countries. To accomplish this, the Federal Reserve concentrated its open market purchases of Government securities in the maturities exceeding one year and at the same time fed short-term Government securities into the market. At the same time, the Treasury has kept the market generously supplied with short-term securities, also with the objective of maintaining

Sources and Uses of Funds in the Capital Market, 1953-1963
(In billions of dollars)

	1953	1954	1955	1956	1957	1958	1959	1960	1961	—Estim.— 1962	1963
Sources of Funds—											
Life insurance companies	4.7	5.0	5.3	5.0	4.7	4.9	4.9	5.1	5.2	5.8	5.8
Savings & loan associations	3.7	4.2	5.7	4.9	4.9	6.3	8.3	7.1	9.4	10.4	10.2
Mutual savings banks	1.8	2.0	2.1	2.0	1.7	2.4	1.5	1.5	2.2	3.3	3.5
Corporate pension funds	1.7	1.9	1.9	2.1	2.6	2.6	3.1	3.2	3.1	3.3	3.5
Commercial banks	4.1	10.2	4.8	4.4	5.1	15.2	4.2	9.2	16.1	18.7	17.6
Federal Reserve Banks	1.2	—1.0	—0.1	0.1	—0.7	2.1	0.3	0.7	1.5	1.9	1.4
State and local funds	2.5	2.9	2.1	2.3	2.2	1.5	3.4	2.2	2.2	2.8	3.0
U. S. investment accounts	2.4	1.3	2.1	2.3	1.2	—0.9	—0.7	1.4	—0.5	1.1	1.9
Federal loan agencies	0.2	—0.1	0.6	0.9	1.6	0.6	2.5	1.6	0.9	0.6	0.6
Corporations	2.4	0.5	11.7	—1.2	1.8	3.7	10.7	2.4	4.3	8.2	9.3
Fire & casualty companies	1.3	1.1	0.9	0.5	0.7	0.8	1.5	1.1	1.3	1.3	1.3
Foreigners	0.6	0.6	1.3	0.5	*	*	4.5	1.0	0.6	1.8	2.0
Individuals and others	5.1	1.4	7.9	8.2	7.4	3.0	13.0	3.2	2.8	4.4	5.8
Total sources	31.9	30.0	46.2	32.1	33.3	42.3	57.2	39.7	48.9	63.6	65.9
Uses of Funds—											
Corporate bonds	4.8	3.8	4.2	4.7	7.1	5.9	4.1	5.0	5.1	5.0	4.8
Corporate stocks	1.9	1.8	1.9	2.5	2.7	2.1	2.4	1.8	2.6	0.6	1.2
State and local gov't issues	3.5	4.2	3.5	3.3	4.8	5.7	5.0	4.0	5.4	5.4	5.5
U. S. Government issues	7.8	3.5	2.0	—4.1	—1.7	8.0	7.9	—0.6	6.1	7.5	10.0
Federal agency issues	*	*	1.5	0.6	2.1	—0.5	2.2	*	0.7	1.6	1.0
Mortgages: 1-4 family	7.6	9.6	12.6	10.8	8.6	10.1	13.2	10.4	11.8	15.3	15.3
Other	2.3	2.8	3.6	3.8	3.5	5.2	5.8	5.8	6.6	8.7	9.0
Business credit	—1.8	1.4	9.5	7.4	3.1	2.9	8.4	6.5	5.6	10.3	10.1
Consumer credit	3.9	1.1	6.4	3.5	2.6	0.2	6.2	4.5	1.6	5.8	5.5
All other credit	1.9	1.9	0.9	—0.4	0.5	2.7	2.1	2.2	3.3	3.4	3.5
Total uses	31.9	30.0	46.2	32.1	33.3	42.3	57.2	39.7	48.9	63.6	65.9

NOTE: Because of rounding, components may not add to totals shown. *$50 million or less.

short-term interest rates in the United States attractive compared with short-term rates abroad.

The persisting deficit in our international balance of payments has a strong influence on monetary policy. After the alarming deficit of $3.9 billion in 1960, the figure in 1961 was reduced to $2.4 billion. Further progress has been rather sticky, however, with the deficit in 1962 amounting to $2.2 billion. Moreover, the improved position of the past two years has been somewhat illusory because part of it has been accomplished by substantial advance payments of debt by Germany and Italy. Of particular significance is the fact that declining long-term interest rates have led to a rising outflow of long-term investment funds to foreign countries where interest rates are more attractive. Last year, for example, the net outflow of portfolio investments abroad aggregated $600 million—a substantial deficit item in our balance of payments.

The significance of the persisting problem of a deficit in our balance of payments, as I view it, is as follows. If the national economy expands this year as I suggested earlier, and if the Federal deficit rises as expected, it would be logical for the Federal Reserve authorities to direct monetary policy more toward alleviating the deficit in our balance of payments and thus to protecting the international value of the dollar. Because of balance of payments considerations the authorities have already taken action in the past several months to reduce the level of free reserves of the banks somewhat. Given a further expansion of business activity and a very large Federal deficit, it would be logical to expect a still further move by the Federal Reserve to narrow the amount of free reserves. Such action has frequently been foreshadowed in statements made by Federal Reserve Board Chairman Martin, as well as Secretary of the Treasury Dillon and even President Kennedy himself. To correct the outflow of both short and long-term funds to foreign countries, higher interest rates would be desired. Although action to achieve this objective is more likely to take the form of a tightening of the reserve position of the banks, the possibility of a more dramatic step such as an increase in the rediscount rate cannot be ruled out.

If general business conditions strengthen throughout the year, and if the Federal deficit increases as expected, in view of the balance of payments problem it would not be surprising to see the Treasury making a stronger effort to sell marketable long-term bonds. Certainly the policy will be to finance the deficit outside of the commercial banking system, and it would be logical to expect somewhat greater emphasis upon the sale of longer maturities.

Upward Pressure on Interest Rate Structure

Such steps as I have been suggesting by the Federal Reserve and Treasury, combined with very strong demand for loanable funds, would, of course, place upward pressure on both short and long-term interest rates. This policy would make sense under conditions in which long-term capital funds are flowing out of the country to take advantage of higher rates elsewhere.

Because of the fact that the further expansion of business activity which I expect this year will still leave considerable slack in employment and plant use, it would be wrong to anticipate any strong effort by the authorities to tighten the availability of credit. Accordingly, we cannot expect more than a gradual firming of interest rates in the second half of the year, with the degree of firming somewhat greater as the months go on. The great unknown factor is the extent to which balance of payments considerations, as they develop, may lead to actions that have a stronger effect on rates. Political considerations will tend to hold back any rise in rates, but I do not believe that they will be the governing factor.

If interest rates do firm in the second half of the year, as I think will be the case, such firming will be strengthened by the rather comfortable backlog of forward investment commitments which many institutional investors have built up in the past two years. The life insurance companies as a whole, for example, have today the biggest backlog of commitments to buy bonds and mortgages that they have ever had. Consequently, if interest rates begin to firm and the expectation is for somewhat higher rates, it would be logical to anticipate some slowing down in the rate of new forward commitments by life companies. To a lesser extent this would be true of many other institutional investors who also have accumulated substantial backlogs of commitments.

Despite a *general* firming of interest rates in the second half of the year, it is quite possible that any movement in mortgage yields would lag behind an uptrend in bond yields. The reason is, of course, that the institutional structure of our capital markets is such today that it concentrates a great proportion of the funds in the hands of investors who are limited largely to the purchase of mortgages. Because of this situation, it is likely that yields on residential mortgages, in particular, will lag behind any general uptrend of rates. Given time, however, even mortgage yields should demonstrate some firming by year-end.

Equity Market's Prospects

Finally, what can be said about the prospects for the common stock market? It would be helpful first to take a look at where the market now stands. Standard and Poor's composite index of 500 common stocks reached its postwar peak of 72.04 (1941-1943=10) on Dec. 8, 1961. At the low point of the collapse in 1962, it fell to 52.68 on June 22, a drop of nearly 27%. Today it has recovered to 68.28 (April 5), so that it has regained over 80% of the ground lost during the drop last year. The peak reached in early December, 1961 occurred after a prolonged bull market almost uninterrupted from mid-1949, during which the Standard and Poor's index increased about 425% The peak represented, of course, a very high level in stock market history. The average price-earnings ratio at that time was about 21 times and the average yield on the Standard and Poor's 500 stocks got down to 2.82%, well below the average yield on Aaa corporate bonds. The big question, then, is whether the level of stock prices will be able to break through the peak of 1961 and move on to a substantially higher level. It seems to me that conditions will be favorable to a rising stock market in the balance of this year. With the further expansion in general business activity which I am anticipating, the corporate profits picture should be encouraging despite the "squeeze" on profits which has been under way for some time. Moreover, the greatly enlarged Federal deficit will undoubtedly regenerate fears of renewed inflation. Added to this will be the increasing weight of institutional buying in the market, along with a comparatively small net addition to the supply of common stocks each year. This force can be readily seen in the table previously referred to.

It would not surprise me, therefore, if the level of common stock prices had moved up considerably by year-end and had reached a point considerably above the peak of 1961. The general direction seems quite clear. How strong the movement will be depends on how well the monetary and fiscal authorities are able to allay the public's fear of inflation. Because the market will be moving into a very high level historically, it seems likely that it will lack the buoyancy it had in the 'fifties. Consequently, the further rise which I think will occur this year may be characterized by periods of hesitation and temporary setback. Moreover, some of the rise we have been experiencing in recent weeks is undoubtedly based on a discounting of the factors I have outlined.

Conclusions

In summary, then, my views about the investment outlook for the remainder of this year are as follows:

(1) The expansion of general business activity which has been under way since early 1961 will probably continue throughout this year, with the GNP reaching a seasonally adjusted annual rate of about $590 billion in the fourth quarter. For the year as a whole, GNP will probably reach a level of $578-580 billion, or about 4.5% above 1962. Behind this advance will be an increased rate of consumer spending, a somewhat higher rate of capital spending, and a higher rate of spending at all levels of government.

(2) Based on broad public support, Congress will probably enact a tax reduction program in this session, although the final legislation will undoubtedly depart considerably from the Administration's tax package. Regardless of whether Congress does take such action or not, it seems certain that there will be a very large Federal deficit in fiscal 1964, probably in excess of the $11.9 billion estimated by the Administration.

(3) Based on the general economic expansion, the aggregate demand for loanable funds this year will probably slightly exceed the record level of 1962. Whether this volume of demand can be accommodated without any rise of interest rates will depend upon whether the monetary and Treasury authorities are willing to continue an easy credit policy. In view of the expected further expansion of business activity, the very large Federal deficit in prospect, and a continued troublesome deficit in our international balance of payments, it seems likely that the authorities will move to a policy of reduced credit ease. Somewhat higher long-term rates may be necessary to slow the rising tide of portfolio investments abroad. The financing requirements of the Treasury will be very large, and under the circumstances greater emphasis may be placed on the issuance of longer-term securties. The outlook in the second half of this year, therefore, seems to be for some firming of interest rates.

(4) The general economic climate ahead of us — the business expansion, favorable profits, the large Federal deficit and resulting fear of rising prices — should be conducive to an upward movement of the stock market. However, stock prices are near record levels, yields are low, and price-earnings ratios are very high. In view of this, the further rise of common stock prices to new high ground by year-end may be characterized by periods of hesitation and setback.

*An address by Dr. James J. O'Leary before the Texas Life Convention, Dallas, Texas, April 18, 1963.

Named in Panel On Securities Market

High ranking officials of the Securities and Exchange Commission will take part in a two-day panel discussion of the recent Special Study of the securities market, issued by the SEC. The meetings will be held, under the auspices of the Practising Law Institute, on May 10 and 11, at the Hotel Statler Hilton.

The SEC experts participating are Milton H. Cohen, who directed the special study; Manuel F. Cohen, a member of the Commission; Philip A. Loomis, Jr., director of the SEC division of Trading and Exchange; and Llewellyn P. Young, New York Regional Director.

Fifteen other prominent members of the financial and legal community will participate. Those attending the sessions will have the opportunity to submit questions. There will be morning and afternoon sessions on Both days.

The Friday morning session will deal with responsibilities to customers; Friday afternoon with aspects of trading. At the Saturday morning session the field of disciplinary proceedings will be discussed by Frank J. Coyle, Vice-President of the New York Stock Exchange; Marc White, Counsel to the National Association of Security Dealers; Spencer Pinkham, of Colton & Pinkham; and Marvin Schwartz, of Sullivan & Cromwell. This will be followed by the issue of partnership versus incorporation for firms in the securities business.

The Saturday afternoon session will deal with insurance and regulation of the back office.

Harold P. Seligson, Director of the Practising Law Institute, 20 Vesey Street, said that invitations to register for and attend the sessions had been sent to all of the leading security firms in the nation, as well as to lawyers specializing in the securities field. The Practising Law Institute is a nonprofit organization dedicated to continuing study of the nation's laws. George M. Duff, Jr., of Holtzmann, Wise and Shepard, New York law firm, will be Chairman of the meeting.

Columbian Secs. Branch

GREAT BEND, Kans. — Columbian Securities Corporation has opened a branch office at 2011 Broadway under the management of Glen Schuetz.

Women's Bond Club of N. Orleans

NEW ORLEANS, La. — The Women's Bond Club of New Orleans, at a luncheon held on April 20, 1963, at Masson's Beach House, installed their officers for the year 1963. The installing officer was Mrs. Dorothy G. McCarthy. Miss Mary Scheel of Howard, Weil, Labouisse, Friedrichs & Co., was installed as President; Mrs. Ann Kellum of Ducournau & Kees, Vice-President; Mrs. Bettye Peterson of Foley, Cox & Judell, Secretary and Mrs. Mary Addington, of Arnold & Derbes, Treas.


Mary Scheel

Miss Scheel. President, announced the following Committee appointments:

Arrangements Committee: Mrs. Madge Stapleton, Abroms & Co., Inc., Chairman. Joan Blum, Steiner, Rouse & Co., Corinne White, Hibernia National Bank, and Marjorie Major, Howard, Weil, Labouisse, Friedrichs & Co.

Membership Committee: Mrs. Mary Gay, Scharff & Jones, Inc., Chairman, Esther Torres, Martin, Himel Morel & Daly, Mrs. Vicki Weeser, Arnold & Derbes, Lena Ray Collins, Scharff & Jones.

Hospitality Committee: Miss Diana Manning, Chairman Schweickhardt & Co., Elsie Fahrmann, Equitable Securities Corp., Carolyn Gurtner, Equitable Securities Corp. and Virginia Macy, Hattier & Sanford.

Monthly Publication "Les Gals": Miss Lillie Moore, Editor, Howard, Weil, Labouisse, Friedrichs & Co., Alice Odom, Whitney National Bank, Martine LeBeuf, Glas & Co.

Publicity Committee: Miss Marjory Woods, Waters, Parkerson & Co., Chairman, Elsie Fahrmann, Equitable Securities Corp.

Phila. Inv. Ass'n Spring Outing

PHILADELPHIA, Pa.—Harry J. Kirby, Jr., of Blyth & Co., Inc., President of the Investment Association of Philadelphia, announced that the annual outing of the association will be held on Friday, May 17, 1963, at the Gulph Mills Golf Club, Gulph Mills, Pa.

Mr. Kirby also announced the appointment of chairmen for the various committees that will conduct the outing. Robert March of Schmidt, Roberts & Parke and Roger Decker of DeHaven & Townsend, Crouter & Bodine have been named co-chairmen of the Outing Committee. Other members are: Charlton Yarnall, 2nd, of Yarnall, Biddle & Co. and Edward Roddy of Blyth & Co., Inc. Mr. Yarnall is also Chairman of the Golf Committee.

Arthur Judson, II, of C. C. Collings and Company, Inc., who is Treasurer of the association, is in charge of reservations. Mr. Roddy is in charge of arrangements.

Gauthier Opens Branch

YOUNGSTOWN, Ariz.—Albert D. Gauthier of Los Angeles has opened a branch office at 11443 114th Avenue.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Wall Street Blast Furnace

Listening for the past several years to Wall Street analysts diagnosing the ills of the steel industry, it was not difficult at times to feel that these were Park Avenue analysts. Only the couch was missing.

The steels, many of these people never tired of saying, would never be their robust selves again. Hit by recession, strike, substitutes, foreigners and, as a climactic blow, the White House, Steel was a stretcher case. Nimble fundmen were avoiding the Sick Man of the Stock Market long before the patient was placed on the critical list and others who had it were getting rid of it, however gradually.

Between 1960 and 1962 the steel leaders broke in half. In some cases, the losses were even more severe. It demonstrated anew, as though any example were needed, that investors simply must not buy stocks, put them away and forget about them. Here the lesson was provided in the daddy of bread-and-butter industries.

Even as the steels became resurgent early this month, following the action of Wheeling Steel in raising prices, there were reports that the funds had been unloading steels in recent months. One published report said steel stocks "were the most heavily sold securities group in recent months."

The big question along Fund Row last week was whether the Grand Panjandrums of the Portfolios, 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 in bygone years. Fund folks, of course, are not given to talking about their daily operations, so it will be well into the summer before the financial community learns whether the steels have rekindled a place in the hearts of the investment managers.

The learned Charles G. Haskell, financial editor of *The New York World-Telegram & Sun*, has been studying the portfolios of closed-end trusts. He has been unable to find among the top 10 of kingpins Lehman and Tri-Continental a single steel issue. He tells us: "Despite Wall Street's disdain for steel company shares from last spring until very recently, Tri-Con held shares in five companies for a total value of $15,463,375. They are Allegheny Ludlum, Armco, Granite City, Jones & Laughlin and National. Lehman holds no steel stocks. . . ."

Tri-Con, he notes, recently sold Republic Steel.

Of course, the steels will return to favor among funds and trusts. It is only a question of time. And if the boost in prices of steel can be made to stick, it will be sooner rather than later.

Wisely, portfolio managers have been taking down oils and utilities along with the office equippers. Like the steels, investment leaders are not without problems. The funds, as an example, must find sound investment opportunities for the millions of dollars that flow to them daily.

Investors purchased over $200 million of fund shares last month. To be sure, redemptions in March toted up to nearly $117 million. But that left a net addition of over $83 million. Total net assets of the 168 funds that are associated with the Investment Company Institute amount to $22.6 billion, of which $1.35 billion is in cash, governments and short-term bonds.

Of late, some funds have shown a renewed interest in railroads, which have never excited the portfolio people. As Mr. Haskell pointed out, Lehman ignored rails as well as steels.

That doesn't mean a new day couldn't bring new interest. For the rails there is going such things as the demise of featherbedding, refurbished rolling stock, rate flexibility and new aggressive management. For the steels there is the promise of non-interference from Washington, the new oxygen process and the kind of intensive research that should make them far more competitive.

For the trader they may lack glamour. But investment stewards, who are more given to thinking in terms of economic trends, balance sheets, dividends and price-earnings ratios, the Pariah of today may be the Brahman of tomorrow.

The Funds Report

Broad Street Investing Corp. reports net assets at March 31 totaled $266,682,564, or $13.56 per share. This compares with assets of $249,079,948 and value per share of $12.88 at the close of 1962.

Important common-stock changes include new investments in Gillette, Owens-Illinois Glass and Sinclair Oil. Positions were increased by purchase of Central Hudson Gas & Electric, Emerson Electric, General Motors, Square D, Sunbeam and Union Carbide. An investment in Parke, Davis common was reduced by 10,300 shares and common holdings of Delta Air Lines, Hammond Organ, Johns Manville, McGraw-Edison, Republic Steel and U. S. Gypsum were eliminated.

* * *

Chemical Fund reports that at March 31 net assets amounted to $260,173,368, equal to $10.61 per share, against assets of $256,150,528 and value per share of $10.21 on Dec. 31, 1962.

During the latest quarter the company eliminated American Potash, Atlas Chemical and Zout-Ketjen. Central Zoya has been added.

* * *

Eurofund announces that at March 31 net assets amounted to $28,774,162, or $17.53 a share. This compares wtih $29,545,809, or $18 a share, at the end of 1962.

* * *

Institutional Investors Mutual Fund reports that at March 31 net assets totaled $87.6 million and value per share was $242.15. Value per share at the end of 1962 was $232.70.

* * *

B. C. Morton Organization announces it registered sales of $35,347,500 during the first three months of 1963. Volume in the final quarter of 1962 totaled $24,686,900.

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Nelson Fund reports net asset value per share at March 31 was $2,151.05. At Dec. 31, 1962, value per share was $2,116.64 and at March 31, 1962, was $2,553.57.

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State Street Investment Corp. announces that at March 31 net assets totaled $213,814,329. Value per share of $38.59 compares with $36.46 on Dec. 31, 1962.

* * *

The Lazard Fund reports that at March 31 net assets amounted to $104,610,594, or $15.60 per share. This compares with $14.62 a share at Dec. 31, 1962, and $16.40 at March 31, 1962.

* * *

Tri-Continental Corp. announces that at March 31 investment assets totaled $454,302,852, 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 $57.39.

Kingdom of Norway Bonds Sold

An underwriting group managed jointly by Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co., Inc.; Lazard Freres & Co.; and Smith, Barney & Co., Inc., New York, have announced the public offering of $25,000,000 Kingdom of Norway 5¼% external loan bonds due May 1, 1978, at 98.25%, to yield 5.42%. The Kingdom will make application to list the bonds on the New York Stock Exchange.

Net proceeds from the sale of the bonds initially will be added to Norway's foreign exchange reserves. It is the present intention that these proceeds will be applied to the acquisition and importation of capital equipment required for the development of the Norwegian economy.

The bonds will be direct, unconditional and general obligations of the Kingdom of Norway and will rank equally with all other loan indebtedness of the Kingdom. Interest on, and principal of the bonds will be payable in currency of the United States.

Optional redemption of the bonds may be made on May 1, 1973, and thereafter at prices ranging from 101% to par for redemptions 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 commencing in November 1966, designed to retire all of the bonds by maturity.

N. Bernstein Secs.

WASHINGTON, D. C.—Norman Bernstein Securities Inc., has been formed with offices at 1415 K St., N. W. to engage in a securities business. James R. Connell is associated with the firm.

Continental Church Inv.

SHREVEPORT, La.—Continental Church Investment Co., Inc., is conducting a securities business from offices in the Slattery Building. Officers are Byron E. Ray, President; Taylor W. O'Hearn, Vice-President; and Dwight M. Brown, Secretary and Treasurer.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Minnesota Power & Light Company

Minnesota Power & Light, with annual revenues of $32 million, supplies electricity to sections of eastern Minnesota, including the city of Duluth; and a subsidiary serves the City of Superior, Wis., and adjacent areas. Total population served is about 332,000. About 95.5% of revenues are electric, 3% gas and 1% water; there is also a small steam-heating system. The gas and water services are furnished by the Superior subsidiary.

Industry in the area includes substantial iron ore production, the manufacture of steel and iron products, cement, paper and other wood products, flour, dairying, grain storage, coal and ore docks and oil refineries. There is also an extensive resort business, with numerous motels, hunting and fishing lodges, ski resorts, etc. Tourist business has been stimulated by completion of the Mackinac Bridge and the Great Circle route around Lake Superior, and is said to be a $300 million business.

Oil came into Minnesota in 1952 with the completion of the 1,129-mile pipe line from Alberta to the Head-of-the-Lakes. Later the line was completely looped and two refineries in the area are being supplied from it. Oil pumping provides the company with an attractive power load.

In 1962 the industrial load contributed some 40% of revenues, with iron ore, paper and pulp products the major factors. Taconite mining is a development of recent years, superseding in part the regular iron ore mining in northern Minnesota. Taconite is hard, iron-bearing rock from which, after it is crushed, the iron particles can be removed by magnetic separation. These particles are formed into marble-sized pellets, baked and then shipped to the steel mills where they provide a premium blast furnace feed. The use of pellets, because of their composition, uniformity and structure, has increased the capacity of the blast furnaces substantially. There are three large taconite processing plants in the area—two of them dwarfing even some of the big aircraft factories—with a total investment of nearly $750 million. Taconite processing requires several times as much labor as the mining and shipping of the old natural ores, and three sizable new communities have been built up. Two other steel companies have announced plans to build new mills in the area and others are studying the situation. While the two present taconite plants produce their own power (since they enjoy tax advantages and a high load factor) Minnesota Power & Light has benefitted by the increased population. The company plans to make every effort to secure future taconite plant loads when new plants are built in the area.

The system has total capacity of 483,000 kw (one-fifth hydro) vs. 375,000 kw peak load in 1962. Thus there is ample room for growth without constructing new generating plants for several years. Power is also available from power pools, and interconnections are being improved. Construction expenditures last year were about $7 million and about $4 million is forecast this year.

No equity financing apepars likely for some time. Future construction plans will depend on the development of new taconite plants, as well as plans to build an atomic power plant with a number of REAs. However, the coops want to build their own 150,000-kw steam plant in North Dakota using very cheap lignite fuel. Construction of such a plant (with a loan from Washington) might deprive the company of future sales to the coops — its firm contracts last through 1966. However, loss of the REA business in 1967 would not be a serious factor in earnings since revenues amount to less than $2 million and only about a 3% return is earned, it is estimated.

Regarding regulation, Minnesota has no commission and there is no formally established rate base, rates being computed on capitalization. Return on capital has averaged close to 7% in recent years and may be between 6.5% and 7% for this year. Average return for the Wisconsin subsidiary is about 6%, although the return on electric operations is around 7%. The company is planning a reduction of about $1 million in rates for certain industrial and commercial customers later this year; the effect of this would be cushioned by current relief from amortization burdens on earnings, benefits from "guidelines" depreciation and other factors.

The company's record of share earnings has not been very impressive. Last year's consolidated earnings were $2.61 per share compared with $2.47 in 1961, $2.56 in 1960 and $2.04 in 1953. Moderate gains in earnings are anticipated for 1963 and 1964. Dividends have increased from $1.20 in 1953 to the current rate of $1.80; current payout is about 69%.

At the recent price around 43½ (1962-63 range has been about 46-34) the stocks yields 4.1%. The price-earnings ratio is 16.7, compared with the industry average 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 Participations," Burton L. Knapp and Joel I. Berson; "Problems of Going Public," John F. Davidson; "Conflicts of Laws Problems Concerning the SBICs," Professor Lewis Pollak of Yale Law School; "Anti-Dilution Clauses," S. David Leibowitt; "Protection for the SBIC in a Successful Equity Situation," Jerome Goldman.

Registration fee is $15, and should be sent to George Cravatas, American Society of Small Business Investment Company Attorneys, 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 business activity because the official possessed the arbitrary power to withhold permission, and threatened to do so unless paid, who would be the guilty party: the blackmailer or you—the victim of the blackmail?

This is the real meaning of the current controversy involving the New York State Liquor Authority and New York's Playboy Club. The background of the story is relatively simple: After spending $4 million to build and furnish one of America's most original night spots, Playboy was informed that the liquor license to which it was legally entitled from the SLA would not be forthcoming unless an under-the-table payment of $50,000 was made in addition to the normal license fee. 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 officially opened, Playboy reported the whole series of transactions to District Attorney, Frank S. Hogan of New York County. A Grand Jury was convened, resignations of highly placed state officials started pouring into the Governor's office, and a major scandal began.

The story should have ended with the indictment of the men who acted as go-betweens and the corrupt officials of the SLA—but it didn't. The press had found a hot story full of political overtones, and headlines blared: Playboy Club Involved in Scandal. Yes, the Club was involved in a scandal—but too many newspaper readers were getting the impression that the Playboy Club was somehow to blame because it had bribed a government official to obtain "something."

Hefner's Defense

Faced with this situation, Hugh M. Hefner, Publisher of *Playboy* Magazine and President of Playboy Clubs International, stated his position last week:

"When we applied for the liquor license to which we were legally entitled, we were informed that we could get it only if we were willing to pay for it. . . . We paid —not as an illicit enterprise, to secure our legal rights. . . . This is but as honest operators trying to secure or legal rights. . . . This is *extortion* — not bribery! It is a *shake-down* — not a 'fix'!".

Moreover, Mr. Hefner explained: "At no time did the Playboy Club seek to obtain any special privileges or favors not specifically granted by the laws on the books and presumably open to everyone without benefit of tribute. Our only mistake was in not finding some honest official to whom we could plead our case, but the corruption was so extensive and on such a level that we were made to feel that we had nowhere to turn. However, the Playboy Club executives who were forced to pay for what they were already legally entitled are no more guilty of 'conspiracy' than the parent who pays the kidnapper for the return of his child before calling the police. We had a $4 million 'baby' at stake."

$4 Million at Stake

When asked why the Club had waited so long before reporting the extortion attempt, Victor Lownes, President of the New York Playboy Club and a one-quarter owner of the national chain, admitted: "Perhaps we should have exposed the whole deal in the beginning, but with $4 million at stake and indications that the corruption had reached some very high state officials, we couldn't take the risk. The real problem was that the 'kidnappers' happened to be the people to whom one ordinarily blows the whistle." But after getting their license, and then finding out that District Attorney Hogan wanted to hear their story, the Club's officers voluntarily went to him and "withheld nothing."

In describing how the SLA's extortion racket worked, Mr. Lownes reported that the SLA had tried to get the Playboy Club to take a type of license which it wouldn't have been entitled to, so that it then would have been unable to report the "playoff" to legal authorities. "The trap that too many people get into is that they don't 'buy' just what they are entitled to — they take something they weren't entitled to. It's like walking into a store to purchase a suit of clothing off the rack, and the salesman tries to get you to take stolen merchandise from the rear of the store for a better price. Then you're trapped since you've broken the law too. The SLA wanted us to take a CL (non-profit license) as opposed to the RL (for-profit) that we had applied for. We didn't want anything we weren't entitled to — if we had to buy that, well, we had to, even if it was extortion and a shake-down."

Result of "Arbitrary Power"

Commenting on this rather common occurrence among government officials on independent commissions, Mr. Lownes stated: "This is what happens when arbitrary power is put in the hands of individuals. In fact, one member of the New York City License Department told us: 'We don't have to give you a license at all if we don't want to.'"

The setup which permits government officials to threaten private citizens like this was clearly identified by the New York *Times* last Sunday: "Five men hold life or death power over the lucrative liquor trade of New York's bars, restaurants and package stores. They are the members of the State Liquor Authority, whose jobs have traditionally been regarded as political plums—although no more than three members can belong to the same party. The SLA's power comes from its authority to issue liquor licenses and to police infractions of the complicated liquor laws."

"Vice and Corruption"

The necessary consequences of such a situation should not be surprising. According to Mr. Hefner: "We were met in New York by a level of vice and corruption unknown to us in any other city in which we have attempted to operate. We now have six Playboy Clubs in cities throughout the country—and sites for another six to be opened during the coming year. Only in New York were we met with frustratingly administrative corruption on such a level that it was impossible to ignore."

A sympathetic observer would be forced to reply: It was only luck in those other cities. The answer to the problem of graft and corruption is not to be found in finding "honest" men to fill the administrative posts. Nor is it to be found in rewriting the laws so that they more clearly delimit the power of the administrators. The crucial question is whether any man or group of men in a free country should be vested with the authority—the arbitrary power—to hold "life and death power" over enterprising businessmen.

If one wants to know how a free people can lose their freedom without realizing that it is slipping through their fingers until it is too late, an understanding of this issue is a good place to start looking for an answer.

Los Angeles Club Hears W. F. Quinn

LOS ANGELES, Calif. — William Francis Quinn, former Governor of Hawaii, was guest speaker at the luncheon meeting of The Bond Club of Los Angeles, April 16 at the Biltmore Hotel, and was presented by Bond Club President Verdon C. Smith, of Lester, Ryons & Co. Speaking on the subject "Suntanned and Gilt-edged," Mr. Quinn submitted a detailed picture of Hawaii, not only as one of the great vacation lands of the world, but also as the potential center and trans-shipment point of Pacific Ocean intercontinental commerce.

Mr. Quinn uniquely was the last appointed Governor of the territory of Hawaii and also the first elected Governor of the State of Hawaii, serving in these capacities from 1957 through 1962. During World War II, he served in the 3rd and 5th Fleets of the United States Navy, and was awarded the Commendation Ribbon. After leaving office as Governor of the State of Hawaii, he returned to law practice in Honolulu.

Adair Speaks to Financial Analysts

DETROIT, Mich. — J. D. Adair, President of Kent-Moore Organization, Inc., was the 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 subsidiary companies. Sample products marketed by the various subsidiaries were on display. The products typified the Corporation's role as supplier of "special products for industry.' Mr. Adair further indicated that estimated figures for the 1962-63 fiscal year closed March 31 show all-time high sales figures and close to record earnings for the corporation. Final figures will be released prior to the annual Kent-Moore meeting in June.

With Harding Tulloch

SPRINGFIELD, Mass.—Samuel L. Lepley has become connected with Harding Tulloch & Co., Inc. He was formerly with J. Clayton Flax & Co., Inc.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The new money raising obligation of the government, the 4⅛% of 1989-94, is still in the process of moving into strong hands even though the syndicate which won this issue through competitive bidding has so far made no adjustment in the original offering price in order to attract investors. There is no question but what the best quality fixed income bearing obligations, namely this recent long-term government bond, will have attraction for investors at the right price which is somtwhat under the initial offering level. With this (long-term) new money raising operation out of the way, it is believed in most quarters of the financial district that the Treasury will concentrate for a while on the short-term and intermediate areas for refundings and in the raising of funds to finance the deficit.

It's a Buyer's Market

In spite of the large amount of money available for investment in fixed income bearing obligations, new bond offerings which are not priced to meet the yield demands of buyers are not being taken at the original offering prices. Which means that most of the new bond issues that have been coming into the market of late, whether they be negotiated or competitive deals and whether they be government or non-Federal obligations, have not been priced at levels which have created such a demand that they have been an immediate sell-out or gone out the window so to speak.

For the most part, it is usually a matter of only a few basis points which makes the difference between an immediately successful new bond offering and a sticky one. This means that the syndicates have to be dissolved and the bonds then seek the levels which will result in their distribution, most of the time at some loss or at least not much of a profit to the original members of the underwriting group. It is evident that in most corporate underwritings there has been more than a bit of anxiousness among the underwriting groups to win the bonds that are being offered even though it appears to be fairly well known before the bidding takes place that the price and yield at which the issue will be won will not result in a sell-out of the offering. Only a fair reception is the result of such bidding and the sticky new offering is eventually sold at lower prices when the syndicate is dissolved.

Small Yield Difference Means A Lot

It is not always competitive bidding which is to blame for sticky new offerings of bonds because negotiated deals have also gone this way, when flotations which could have gone out the window become sticky deals because the offering price was just a bit too high. It has been and still is a point of discussion among buyers of corporate bond new issues, especially the negotiated ones, as to why a few basis points in yield should stand in the way of an offering being a quick sell-out or just another sticky one in light of the fact that more than 50% of this difference is taken care of by the government.

Assume that a new corporate bond offering would go out the window at 100 but is a slow deal because it is priced at 100½, which is only a very small difference 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 what could have been fast deals turning out to be sticky ones.

The government in its debt management policy continues to raise the bulk of its new money in the short-term area of the market. This is due in no small measure to the need to protect the position of the dollar and our gold holdings as well as to satisfy 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 $9.5 billion of May 15 maturities will be provided for. A straight exchange offer, holders of maturing debt have the option of taking either 3¼% certificates, due May 15, 1964 or 3⅝% 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, over $6 billion is held by the public.

Foster, Morson Admits

Dominick Nardone has been admitted to partnership in Forster, Morson Co., 150 Broadway, New York City, and the firm name has been changed to Forster, Morson & Nardone Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Apr. 20	2,521,000	2,464,000	2,330,000	2,138,000
Index of production based on average weekly production for 1957-1959	Apr. 20	135.3	132.3	125.1	114.8
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 12	7,460,000	7,484,010	7,437,060	7,378,060
Crude runs to stills—daily average (bbls.)	Apr. 12	8,579,000	8.553,000	8,673,000	7,931,000
Gasoline output (bbls.)	Apr. 12	29,006,000	28,775,000	29,819,000	27,978,000
Kerosene output (bbls.)	Apr. 12	3,040,000	3,474,000	3,433,000	2,462,000
Distillate fuel oil output (bbls.)	Apr. 12	13,957,000	13,857,000	15,857,000	13,355,000
Residual fuel oil output (bbls.)	Apr. 12	5,915,000	5,687,000	6,280,000	5,710,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Apr. 12	208,404,000	*209,786,000	211,865,000	204,573,000
Kerosene (bbls.) at	Apr. 12	24,789,000	23,553,000	20,973,000	23,989,000
Distillate fuel oil (bbls.) at	Apr. 12	84,323,000	82,102,000	81,526,000	87,899,000
Residual fuel oil (bbls.) at	Apr. 12	44,034,000	42,919,000	43,245,000	39,925,000
Unfinished oils (bbls.) at	Apr. 12	84,062,000	83,330,000	81,132,000	80,789,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 13	556,081	546,065	517,213	554,866
Revenue freight received from connections (no. of cars)	Apr. 13	519,075	519,882	506,074	512,982
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 13	8,965,000	*7,615,000	7,300,000	8,326,000
Pennsylvania anthracite (tons)	Apr. 13	354,000	308,000	380,000	297,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Apr. 18	$347,900	$563,900	$522,500	$362,900
Private	Apr. 18	249,600	345,000	312,800	171,400
Public	Apr. 18	98,300	218,900	209,700	191,500
State and Municipal	Apr. 18	93,900	147,400	203,500	163,600
Federal	Apr. 18	4,400	71,500	6,200	27,900
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Apr. 13	121	120	103	109
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 20	16,191,000	16,325,000	16,860,000	15,329,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 18	255	274	295	416
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 15	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Apr. 15	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	Apr. 15	$28.17	$28.17	$27.50	$31.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 19	30.600c	30.600c	30.600c	30.600c
Export refinery at	Apr. 19	28.450c	28.325c	28.400c	28.600c
Lead (New York) at	Apr. 19	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	Apr. 19	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	Apr. 19	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	Apr. 19	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	Apr. 19	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Apr. 19	115.250c	------	109.500c	121.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 23	89.71	89.48	90.20	89.44
Average corporate	Apr. 23	89.09	89.23	89.23	87.18
Aaa	Apr. 23	92.79	92.93	93.23	91.34
Aa	Apr. 23	90.77	90.91	91.05	89.09
A	Apr. 23	89.37	89.37	89.51	86.65
Baa	Apr. 23	83.79	83.91	83.79	82.15
Railroad Group	Apr. 23	86.78	87.18	86.65	84.17
Public Utilities Group	Apr. 23	90.34	90.34	90.63	88.13
Industrials Group	Apr. 23	90.06	90.20	90.63	89.51
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 23	3.80	3.84	3.73	3.73
Average corporate	Apr. 23	4.48	4.47	4.47	4.62
Aaa	Apr. 23	4.22	4.21	4.19	4.32
Aa	Apr. 23	4.36	4.35	4.34	4.48
A	Apr. 23	4.46	4.46	4.45	4.66
Baa	Apr. 23	4.88	4.87	4.88	5.01
Railroad Group	Apr. 23	4.65	4.62	4.66	4.85
Public Utilities Group	Apr. 23	4.39	4.39	4.37	4.55
Industrials Group	Apr. 23	4.41	4.40	4.37	4.45
MOODY'S COMMODITY INDEX	Apr. 23	373.7	373.7	368.6	367.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 13	339,686	383,608	348,758	318,745
Production (tons)	Apr. 13	355,237	367,605	359,677	338,314
Percentage of activity	Apr. 13	96	97	97	94
Unfilled orders (tons) at end of period	Apr. 13	487,384	499,869	483,509	491,242
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Apr. 19	111.69	*111.78	112.81	111.11
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 29	2,440,010	2,106,720	2,429,930	2,130,709
Short sales	Mar. 29	503,770	405,780	439,480	403,940
Other sales	Mar. 29	1,895,530	1,715,910	1,983,420	1,752,890
Total sales	Mar. 29	2,399,300	2,121,690	2,422,900	2,156,830
Other transactions initiated off the floor—					
Total purchases	Mar. 29	516,190	463,110	350,790	234,720
Short sales	Mar. 29	35,910	44,910	31,300	28,800
Other sales	Mar. 29	502,960	441,890	371,240	232,403
Total sales	Mar. 29	538,870	486,800	402,540	261,203
Other transactions initiated on the floor—					
Total purchases	Mar. 29	996,551	850,838	880,333	694,749
Short sales	Mar. 29	114,870	110,610	91,270	86,910
Other sales	Mar. 29	1,005,715	759,987	742,095	815,260
Total sales	Mar. 29	1,120,585	870,597	833,365	902,170
Total round-lot transactions for account of members—					
Total purchases	Mar. 29	3,952,751	3,420.668	3,661,053	3,060,178
Short sales	Mar. 29	654,550	561,300	562,050	519,650
Other sales	Mar. 29	3,404,205	2,917,787	3,096,755	2,800,553
Total sales	Mar. 29	4,058,755	3,479,087	3,658,805	3,320,203
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 29	1,256,625	1,192,545	1,392,110	1,612,710
Dollar value	Mar. 29	$59,969,352	$55,784,129	$69,167,715	$85,677,987
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Mar. 29	1,679,464	1,522,335	1,744,262	1,638,545
Customers' short sales	Mar. 29	12,400	20,244	25,372	10,897
Customers' other sales	Mar. 29	1,667,064	1,502,091	1,718,890	1,627,648
Dollar value	Mar. 29	$76,915,272	$69,621,719	$84,599,491	$82,199,434
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 29	708,100	605,030	709,960	536,080
Short sales	Mar. 29	------	------	------	------
Other sales	Mar. 29	708,100	605,030	709,960	536,080
Round-lot purchases by dealers—Number of shares	Mar. 29	266,200	286,790	312,810	469,250
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 29	881,910	858,140	872,850	629,040
Other sales	Mar. 29	19,067,640	17,041,110	18,772,420	14,903,917
Total sales	Mar. 29	19,949,550	17,899,250	19,645,270	15,532,957
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Apr. 16	99.9	99.9	100.0	100.6
Farm products	Apr. 16	95.6	95.8	95.4	97.9
Processed foods	Apr. 16	99.4	99.2	99.1	100.1
Meats	Apr. 16	87.6	*87.6	88.8	94.6
All commodities other than farm and foods	Apr. 16	100.5	*100.5	100.7	100.9

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN RAILWAY CAR INSTITUTE—			
Month of March:			
Orders of new freight cars	5,808	5,976	1,557
New freight cars delivered	4,026	3,074	4,077
Backlog of cars on order and undelivered (end of month)	21,307	19,952	15,264
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of March 31:			
Imports	$554,213,000	$541,896,000	$473,795,000
Exports	729,694,000	703,389,000	889,128,000
Domestic shipments	8,415,000	8,934,000	13,611,000
Domestic warehouse credits	113,300,000	138,808,000	168,205,000
Dollar exchange	142,153,000	158,980,000	86,267,000
Based on goods stored and shipped between foreign countries	1,041,482,000	1,012,765,000	866,766,000
Total	$2,589,257,000	$2,564,772,000	$2,497,772,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of March (in millions):			
Total new construction	4,323	*4,005	4,131
Private construction	3,130	*2,943	2,937
Residential buildings (nonfarm)	1,734	*1,578	1,529
New housing units	1,264	*1,152	1,192
Additions and alterations	373	*326	343
Nonhousekeeping	97	*100	94
Nonresidential buildings	851	869	833
Industrial	228	235	221
Commercial	363	368	348
Office buildings and warehouses	208	217	181
Stores, restaurants, and garages	155	151	167
Other nonresidential buildings	260	266	264
Religious	71	75	73
Educational	47	48	46
Hospital and institutional	78	77	70
Social and recreational	46	48	55
Miscellaneous	18	18	20
Farm construction	98	94	96
Public utilities	426	*382	410
Telephone and telegraph	85	*76	84
Other public utilities	341	306	326
All other private	21	20	19
Public construction	1,193	*1,062	1,144
Residential buildings	67	*67	85
Nonresidential buildings	382	*350	392
Industrial	n.a.	*32	36
Educational	229	206	230
Hospital and institutional	34	*29	32
Administrative and service	40	*43	49
Other nonresidential buildings	46	40	45
Military facilities	n.a.	n.a.	95
Highways	n.a.	*277	279
Sewer and water systems	138	121	132
Sewer	84	73	80
Water	54	48	52
Public service enterprises	28	24	31
Conservation and development	n.a.	*98	100
All other public	29	26	30
COAL EXPORTS (BUREAU OF MINES)—			
Month of January:			
U. S. exports of Pennsylvania anthracite (net tons)	184,286	70,023	98,412
To North and Central America (net tons)	53,565	60,902	69,859
To Europe (net tons)	129,888	9,121	27,350
To South America (net tons)	41	------	------
To Asia (net tons)	------	------	1,203
To Africa (net tons)	792	------	------
CONSUMER PRICE INDEX — 1957-59=100—			
Month of February:			
All items	106.1	106.0	104.8
Food	105.0	104.7	103.1
Food at home	103.5	103.2	101.9
Cereal and bakery products	109.2	108.7	107.1
Meats, poultry and fish	102.1	102.5	100.6
Dairy products	103.6	103.8	105.1
Fruits and vegetables	109.4	106.4	102.9
Other food at home	97.1	97.6	97.4
Food away from home (Jan., 1958=100)	112.5	112.3	109.5
Housing	105.4	105.4	104.6
Rent	106.4	106.3	105.2
Gas and electricity	108.0	108.2	107.9
Solid fuels and fuel oil	104.8	104.9	104.0
Housefurnishings	98.3	97.9	99.3
Household operation	109.3	109.3	106.9
Apparel	103.3	103.0	102.0
Men's and boys'	103.7	103.5	102.8
Women's and girls'	100.7	100.2	99.0
Footwear	109.9	109.8	108.8
Other apparel	100.9	100.3	99.8
Transportation	106.8	106.6	106.0
Private	105.3	105.3	104.7
Public	116.3	115.7	114.8
Medical care	115.6	115.5	113.0
Personal care	107.3	107.4	105.8
Reading and recreation	110.0	110.2	109.1
Other goods and services	105.7	105.7	105.0
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of March:			
Seasonally adjusted	120	119	117
Unadjusted	122	120	118
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of March (1957-59=100)	75.7	74.9	79.6
NEW YORK STOCK EXCHANGE—			
As of March 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$4,358,000	$4,355,000	$4,117,000
Credit extended to customers	28,000	23,000	34,000
Cash on hand and in banks in U. S.	399,000	422,000	426,000
Total of customers free credit balances	1,175,000	1,191,000	1,154,000
Market value of listed shares	365,933,744	354,325,151	381,361,363
Member borrowings of U. S. Govt. issues	796,000	843,000	684,000
Member borrowings on other collateral	3,323,000	*3,191,000	3,056,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of March (in billions):			
Total personal income	$452.7	*$451.1	$435.2
Wages and salary receipts, total	304.8	*302.6	292.2
Commodity producing industries	119.0	*118.3	116.1
Manufacturing only	95.4	*94.7	92.8
Distributing industries	78.5	*78.3	75.4
Service industries	48.2	48.1	45.3
Government	59.1	58.8	55.4
Other labor income	12.7	12.7	12.1
Business and professional	37.8	*37.7	36.4
Farm	12.7	*12.9	12.9
Rental income of persons	13.0	13.0	12.7
Dividends	16.4	16.4	15.9
Personal interest income	31.6	31.3	29.0
Transfer payments	35.4	35.3	34.5
Less employees contribution for social insurance	11.8	11.8	10.4
Total nonagricultural incomes	435.7	*434.0	418.0
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of April 1 (bushels)	926,944,000	------	816;379,000

Business Community Must Take an Aggressive Stance

Continued from page 12

same time to avoid rising debt. Rising debt will only mortgage the benefits to be gained by cutting taxes. Even though this debt is owed by the American people to themselves, the day for reckoning must inevitably come. Not to speak of the frightful drain on the overall economy of the cost in servicing the debt.

Where is the fiscal responsibility in a government that in 27 out of the last 33 years has spent more than its income, and when its debt reaches the legal limit simply changes the law and raises the limit?

Attitude Toward Profits

Another thing the responsible businessman wants from government is a resonably friendly atmosphere and an objective appraisal within the framework of the national economy. The Federal establishment and all other government bodies are paid for largely from profits. Why then should business profits be considered evil by the very people who depend upon them for jobs and livelihood? Profits earned and retained in a business enterprise are nothing more than simple thrift, Savings—thrift—is the real source of everything in this great country and its economy, the very greatest in all history.

Lincoln said "You cannot bring about prosperity by discouriging thrift." When did the Council of Economic Advisers decide thrift has gone out of style, and has it? Thus, business says "Let us keep some of our earnings; let us practice thrift so we can make the economy grow."

The last few years have seen a growing trend on the part of the government to "divide and conquer." This is particularly true in labor-management relations. Recently this tendency has increased in tempo. The attitudes and policies of government agencies have become very pro-labor. This is a natural course of events since labor represents and controls so many more votes than management. But is it right for the future of the country and the economy? I think not.

Since his recent appointment to the Council of Economic Advisers, John P. Lewis has proposed, among other things, a Federal office to deal with industry economics and consultations with labor and management. He would implement this by requiring a Federal Charter for all non-financial interstate corporations of a specified size and larger. By this means the Federal Government would force "consultative arrangements" on unions and management regarding wage and price decisions. What a dreadful thing this could become!

With two to one odds, how well will business and industry make out? In view of the voting power of labor, how can government be expected to be objective in such a set up? No one believes labor to be evil or anti-business—their own record shows them, with a few exceptions, to be good business managers—but it's expecting too much of human nature not to take advantage of such an opportunity to dominate a situation or a controversial issue.

This is not less government intervention, it is more. It appears this is a tacit admission by government of failure in its efforts to foster good labor-management relations and as is always the case, its remedy is the formation of yet another bureau to botch things further.

Not a Class Apart

It is not true that businessmen are in a class apart, that they do not have the country's welfare at heart. They are, frankly, much too selfish for that. Of all the groups functioning in the economic pattern of the country they have the most at stake. Not only is their job at stake but most of them have significant investments in the companies they own or manage. And, frequently, a sizable part of their personal income is based upon incentives such as bonuses, stock options or the like. Unless the national economy is healthy and growing, this group stands to lose the most. Therefore, their interest in the country's welfare is large, significant and vital to it. Should not their voices be heard equally on any economic issue? The government is intended to be of, by and for all people. "Public interest" must be defined to include all the people. The greatest overall economic strength can result only from complete cooperation on both labor and management's part with a minimum of interference by government; by a recognition of industry's sincerity of purpose and by proper effective recognition of its proper place in the scheme of things by everybody.

Of great concern to business and industry are the ridiculous inconsistencies of governmental policy. The bigger the government gets and the more it feels impelled to interfere in the affairs of business and the economy, the more glaring becomes the lack of a uniformity of policy. Take the problem of "big business." In the context of things today, how can anything be made to seem worse? Big business is declared to be inherently monopolistic, cold hearted, selfish, ruthless and so on, simply all things bad. And because it is so very bad it ought to be broken down into smaller segments. Serious consideration is frequently given to breaking down General Motors and United States Steel Corporation, to name a couple, into small competitive units and thus to destroy the evils of their bigness.

A Business' Size

The size of any business must inherently be a function of the size of its job. A small market engenders a small business. As markets grow, larger business operations must result to supply the bigger markets. What I am saying is that growth necessarily begets size or bigness. Is there something wrong with this?Something unnatural or wrong or evil? If an arbitrary limit is to be put upon size or bigness, it follows then that growth must be stifled and finally stopped altogether.

But our economy must be made to grow. Taxes must be cut to foster this growth. Depreciation allowances have been increased to permit new equipment to be bought. Productivity must be increased to produce more goods at less cost. Jobs must be created to raise purchasing power and reduce unemployment. How can big businesses, industries do this growing and at the same time avoid bigness? Of course, monopoly is contrary to free enterprise and cannot be condoned, but big business is not inherently monopolistic and if free, will naturally grow.

Certainly the oil industry is in a real predicament. In that industry the Justice Department is on the one hand demanding hard competition under the Sherman Act, while at the same time the Federal Trade Commission is trying to water down competition under the Robinson-Patman Act. How can management make decisions or set sales and pricing policies to meet requirements of two such extremes without running afoul of one or the other law?

The biscuit industry is in the same trouble. And we could continue to cite situation after situation where courts, commissions, and government agencies are pursuing widely divergent policies and simply creating confusion upon confusion. The greater the intrusion of government into business, the larger and more complex the confusion will become.

Are we not entitled to a unanimity of policy, to pursue a single course, to get rid of the confusion, not only 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 to prove 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 opinion these three things are fundamental, causative factors for most of the troubles with which business and industry presently are beset. 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 intercede 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 does it have the right, to pursue a course of fiscal irresponsibility, constantly growing interferences in private affairs, 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 proselyting for what it is, embracing as it does false promises of economic prosperity, expensive mortgaging of the future security of the country and its citizens to obtain so-called free bounty for all. We must encourage a common sense understanding of the economics of income versus outgo. Everyone must be made to recognize and understand the human frailties that make men embrace any philosophy to attain political perpetuity of power.

We must encourage an understanding of Jefferson's credo "The best government is the least government." Thus our representatives, both in Congress and the Executive, and finally in the Judicial, will be taught to avoid constantly growing colossal centralized government at enormous cost. Three things will result: (1) Less invasion of government in private affairs; (2) a consistent policy by all government in its proper functions; and (3) a redefinition of governmental functions in the concept of free enterprise.

Feeding the Hand That Bites Us

During the time this educational process is going forward there are other avenues of attack. For example, business and industry spend millions upon millions of dollars for advertising each year. How many of us spend these dollars with people who openly advocate further government interference in business: A great many, I suspect, and only because we don't know any better, or have never investigated to find out specifically what policies are followed in the newspapers and magazines or radio and television media with whom we spend these great sums of money.

Would it not be wise to investigate whether editorial policies of newspapers, magazines, etc. are in favor of bigger and bigger government at more and more cost? Without in any way at all nullifying the freedom of the press, which is of course basic and vital to this nation, let's spend this money with people who advocate fiscal responsibility in government, who want less interference in privcate and corporate affairs by government, and who want consistency in policy among government branches, bureaus, and agencies.

In recent years business and industry has given support to and provided funds for educational institutions to a greatly increasing extent. Yet many of these same institutions are the very sources from which these silly, Alice-In-Wonderland economic theories are coming. Would we not be wise to contribute corporate funds only to those who we know do not support or advocate unbalanced budgets, increasing debt, and fiscal irresponsibility?

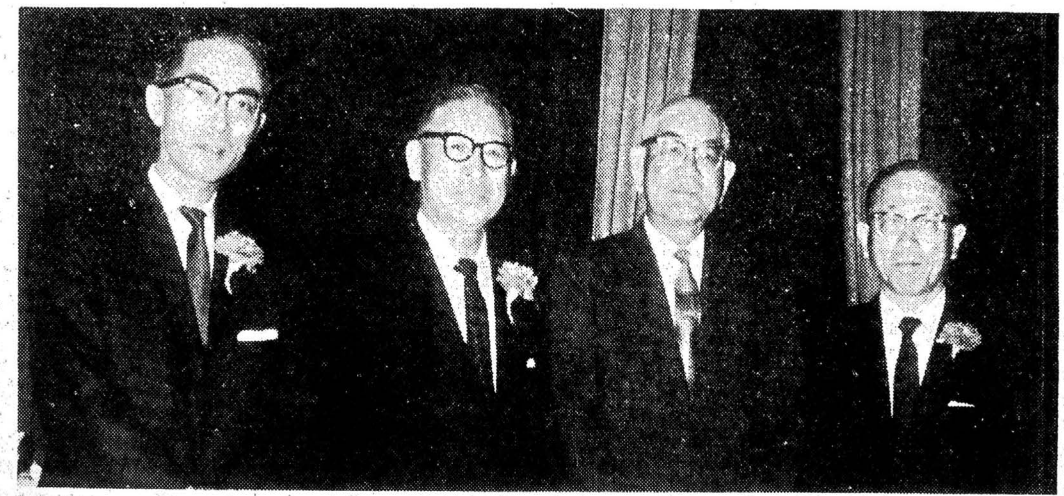
Again, all of us are constantly being pressured for financial assistance and personal help by various organizations and pressure groups of which there are many. Let's investigate these people thoroughly before we help them. This will make sure we aren't contributing to our own downfall by unknowingly backing the very ideas and policies now harassing our businesses.

In other words, we can use economics sanctions to help bring back financial responsibility in government; to eliminate government interference in business; and to bring about some good sense and consistency in government policy.

It is a big job, no doubt about that, but one that certainly needs doing and needs doing right now. This is the only way the lute of free enterprise will play sweet music again.

*An address by Mr. Robbins before the Purchasing Agents' Association, Cleveland, Ohio.

At Sanwa New York Agency Opening



The Japanese Ambassador to the United Nations, Mr. K. Okazaki, (second, right) is shown with officials of The Sanwa Bank Limited on the occasion of the formal opening of the Bank's New York Agency branch at 1 Chase Manhattan Plaza. Sanwa officials participating in the ceremonies are left to right: Mr. T. Inui, Agent, who will manage the new branch; 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 $3,328,357,899. Deposits were $2,188,243,990 and loans and discounts $1,992,442,334.

With Powell, Kistler

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

The State of TRADE and INDUSTRY

Continued from page 16

consumer on a "selective" basis, a *Steel* survey of steel users in major metalworking cities indicated. In general, steelmakers were supported by their customers on the need for an increase.

Increases Auto Costs $6 Per Car

Automakers haven't said the steel price increases will be passed along on 1964 models. Material cost increases per car will average about $6. Most of the hikes are on the flat rolled products used extensively in automobile construction.

The auto industry hasn't had a general price increase for five years. If automakers don't raise prices, it's expected many items now listed as standard equipment will be returned to the optional accessory list.

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

Steel production last week was the highest it has been since the first quarter of 1960. *Steel* estimates the total at 2.5 million ingot tons, equivalent to 81.5% of unofficial capacity. It predicts the 13th consecutive rise in output this week.

The scrap market is steady. *Steel's* price composite on No. 1 heavy melting grade is at $28.67 a gross ton for the fourth straight week.

Rush Is on for Steel Inventory Building

Peak demand for steel is still to come, *Iron Age* magazine reported. The expected high point in orders and shipments has been set back as much as 30 days by new market strength.

This is based on two important factors:

(1) Steel users underestimated their steel needs for the second quarter. As a result, inventory buildup has been less than had been planned for this date.

(2) Steel price increases, selective though they are, are expected to have an adverse effect on labor bargaining. Rightly or wrongly, opinion is universal that the chances of a steel strike are now greater. This will lead to further inventory buying.

It now looks like May will see the top in orders, with June the peak month for shipments. 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 regulating distribution of flat-rolled products to some extent. While the words "quota" and "allocation" are avoided, it's only a matter of terminology.

Quotas May Suddenly Appear

A user will find himself on quota suddenly, for example, if he should try to boost his June-August orders very far above normal for any of the products in tight supply, according to *Iron Age's* expert opinion.

With mills sold out on cold-rolled and galvanized sheet into July, steel service centers are now getting in on the rush. One result is that the warehouses have boosted their own orders, and there is some concern over too-low levels of stocks in the centers.

Once again, automakers are in the center of new market developments. It is estimated by some authorities that the auto industry underestimated its April-May-June steel needs by as much as 20%.

Further, automakers are in the forefront in adding to their earlier plans for inventory building. At one point, automakers considered the end of the 1963 model run their goal in steel requirements. Now, the word is out from at least one major auto producer to have enough steel on hand to assure a good start on 1964 models.

There is some grumbling within the steel industry that insistence on selective price increases was a damaging blow to the smaller mills. Most small mills tend to specialize, and many of their 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 continues to pace all of the auto industry's "vintage" years, is estimated to have reached 5,000,000-unit milestone last Monday, April 22, three weeks ahead of the comparable 1962 model.

Ward's Automotive Reports estimated production for the week ending Saturday, April 20, reached 158,723 cars, a gain of 4.0% from 152,535 units in the prior week and 8.7% above production in the corresponding session of 1962.

Car making since Jan. 1, according to the statistical agency, has been geared to an eight-year high, 2,408,750 units assembled in that time gaining 9.4% from like 1962.

Ward's cited that the gain this year over last (206,562 units) more than equaled new car registrations in any one of 41 states during 1962.

Production gains from a year ago will persist through the second quarter, in which period more than 2,000,000 units will be made. April output will be second-best for the month on record. It is currently expected to reach about 70,000 above 616,000 cars made in April last year.

Truck Production at 12-Year High

Truck manufacture, meanwhile, is proceeding at a 12-year high—crowding levels of 1951, which was the record era for this part of the industry. This week, building of 27,229 units is planned, compared with 28,022 units made last week and 25,290 in the year-ago session.

Overtime was programmed for 21 passenger car assembly lines last Saturday, including 10 General Motors facilities, nine Ford plants, and the Hamtramck (Mich.) Chrysler Corp. complex.

Of passenger cars scheduled last week, General Motors accounted for approximately 56.1%; Ford Motor Co. 24.1%; Chrysler Corp. 12.2%; American Motors 6.6%, and Studebaker Corp. 1.0%.

Rail Freight Breaks Out Fractionally Above Last Year's Level

Loading of revenue freight in the week ended April 13, totaled 556,081 cars, the Association of American Railroads announced. This was an increase of 10,016 cars or 1.8% above the preceding week which was affected by observance of the Eight-Hour-Day Holiday in the coal fields.

The loadings represented an increase of 1,215 cars or two-tenths of 1% above the corresponding week in 1962, and an increase of 33,636 cars or 6.4% above the corresponding week in 1961. Only two other times this year has the weekly total exceeded the previous year's comparable weeks'—March 2 (0.8%) and Jan. 12 (3.5%).

There were 16,099 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended April 6, 1963 (which were included in that week's over-all total). This was an increase of 2,293 cars or 16.6% above the corresponding week of 1962 and 4,596 cars or 40.0% above the 1961 week.

Cumulative piggyback loadings for the first 14 weeks of 1963 totaled 202,998 cars for an increase of 25,290 cars or 14.2% above the corresponding period of 1962, and 57,388 cars or 39.4% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 58 in the corresponding week in 1961.

Truck Tonnage Factors Below Last Week and Year-Ago Level

Intercity truck tonnage in the week ended April 13 was 4.3% below the volume in the corresponding week of 1962, the American Trucking Association announced. Truck tonnage was 5.4% behind the volume for the previous week of this year.

The year-to-year and week-to-week tonnage decreases were at least partially attributable to religious holidays observed during the second week of April this year.

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

The terminal survey for last week showed increased tonnage from a year ago at 10 localities, with 23 points reflecting decreases from the 1962 level. One terminal area, Boston, showed no change from last year. Terminals at five centers registered tonnage gains ranging from 5.0 to 8.6%, while trucking centers at four points reflected decreases of 10% or more.

Compared with the immediately preceding week, 33 metropolitan areas registered decreased tonnage. Only the Dallas-Ft. Worth area showed 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 totaled 232,766,000 board feet compared to 238,865,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output declined 0.7%; new orders dropped 10.2%; and shipments fell by 2.6%.

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

	Apr. 13, 1963	Apr. 6, 1963	Apr. 14, 1962
Production	234,449	227,791	236,057
Shipments	232,766	233,822	238,865
New orders	238,848	239,257	266,012

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

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 20, was estimated at 16,191,000,000 kwh., according to the Edison Electric Institute. Output was 134,000,000 kwh. less than the previous week's total of 16,325,000 kwh., and 862,000,000 kwh. above the total output of the comparable 1962 week, or an increase over the year ago week of 5.6%.

Business Failures Down for Second Week

Declining for the second consecutive week, commercial and industrial failures fell to 255 in the week ended April 18 from 274 in the preceding week, reported Dun & Bradstreet, Inc. While the dip in the post-Easter week slackened from the steep drop prevailing in the pre-Easter week, casualties reached a level substantially below a year ago when the toll came to 416. Failing businesses also were off 19% from their pre-war level of 316 in the corresponding week of 1939.

The week's decrease occurred among failures with liabilities under $100,000 which slipped to 206 from 239 a week earlier and 363 a year ago. On the other hand, larger casualties involving losses of $100,000 or more increased to 49 from 35 in the previous week and came close to the 53 of this size last year.

The toll among retailers dropped to 119 from 130, among manufacturers to 35 from 45, among service concerns to 22 from 30. There was no change in construction casualties which held at 42, while a contrasting rise lifted wholesaling to 37 from 27. Wholesaling was the only line which suffered heavier mortality than last year. Declines from 1962 levels prevailed generally, with the retailing toll only about half its year-earlier figure.

Geographically, failures ran lower in the East North Central States, off to 41 from 53, in the South Atlantic, down to 34 from 41, and in the Pacific where the toll declined to 42 from 57. In the other six regions, casualties held relatively steady or increased slightly—in the Middle Atlantic States the toll edged up to 73 from 69. All areas except one, the West North Central reported fewer businesses failing than in the similar week last year.

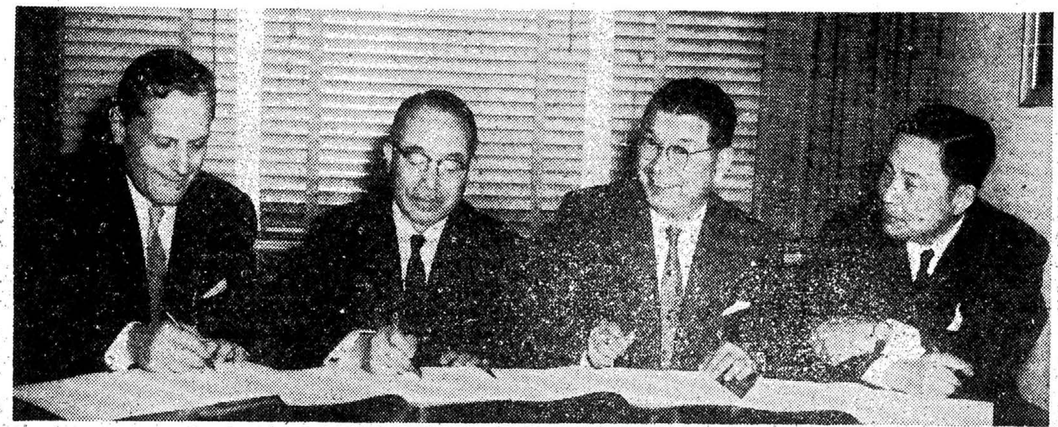
Canadian failures stood at 22, about the same as in the prior week when they numbered 24 but were down appreciably from 48 in the corresponding week of 1962.

Wholesale Commodity Price Index Slips From Peak of Last Week

After reaching the highest level since January a week ago, general wholesale commodity prices dipped this Monday to a two-week low, reported Dun & Bradstreet, Inc. Hogs and steers, quoted appreciably lower at wholesale markets, accounted principally for the downturn in the index from the similar day last week. Their declines outweighed advances in a number of other commodities, notably tin, wheat and rye.

The daily wholesale commodity index edged lower throughout the past week, save for a brief upturn on Friday, and by Monday, April 22, was down to 268.91, the lowest point since two weeks ago on April 8 when it stood at 268.73. While the index remained above the 267.67 chalked up a month

Sign Documents on Mitsui Offering



Above, left to right, Ernest B. Schwarzenbach, of Smith, Barney & Co. Incorporated, New York City, and Tatsuzo Mizukami, President of Mitsui & Co., Ltd., Tokyo, sign documents covering the registered public offering in the United States April 24 of securities of Mitsui, as Kumaichi Tanaka, Executive Managing Director of Mitsui, and Kiichiro Kitaura, Executive Vice-President of The Nomura Securities Co., Ltd. observe.

The offering consists of $10,000,000 Mitsui & Co., Ltd. 6⅜% Convertible Sinking Fund Debentures due 1978 and 125,000 American Depositary Shares representing 2,500,000 shares of Mitsui common stock. The debentures are priced at 100% and the American Depositary Shares at $14 a share.

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

ago, it did not come close to the 272.36 registered on the comparable day last year.

Wholesale Food Price Index Drops Back to 10-Month Low

After a fractional advance in the two preceding weeks, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., returned on April 23 to $5.74, the same level as on April 2, which was the lowest since June 6 last year. Off 0.5% from $5.77 a week earlier, the index remained 2.2% below the $5.87 registered on the comparable day of 1962.

Substantially lower in wholesale cost this week were steers, eggs and bellies, and quotations dipped as well for flour, hams, lard, coffee and hogs. Stacked against these declines were only four price rises—in wheat, beef, sugar and cocoa—while the 19 other foodstuffs and meats included in the index held even with week-earlier price levels.

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

Easter Purchases End Strongly

In the last shopping days before Easter, consumer buying held to a strong but not spectacular level. Total retail volume in the week ended that Wednesday (April 17) maintained a good margin over a year-ago when the holiday fell on a later date. Shoppers generally concentrated on apparel accessories, particularly handbags, gloves and millinery, in their final flurry of buying. Men's and boys' clothing continued to gain. Activity boomed in flowers, confectionery, cards, children's wear and toys up to the last minute. While interest in new cars did not diminish, home furnishings retailers reported sales slumping in their usual pre-Easter pattern.

The total dollar volume of retail trade in the statement week ranged from 4 to 8% higher than a year ago, according to estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —2 to +2; East South Central 0 to +4; Mountain +1 to +5; Middle Atlantic +2 to +6; East North Central +3 to +7; West North Central and West South Central +5 to +9; Pacific +6 to +10; South Atlantic +12 to +16.

Nationwide Department Store Sales Surge 7% Above Last Year's Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported an overall gain of 7% (adjusted) for the week ended April 13, compared with the like period in 1962.

In the four-week period ended April 13, 1963, sales gained +4% over the corresponding period in 1962 for the country's leading department store centers.

According to the Federal Reserve System, department store sales in New York City for the week ended April 13, advanced +6% above the corresponding year-ago week.

The New York City 114-day-strike of major newspapers was finally ended March 30 and the papers resumed publication on April 1 with the exception of the New York *Post* which did so a month earlier. The 12 day older Cleveland, Ohio newspaper strike was settled three weeks ago. Both of those strikes without a doubt affected retail department store sales.

One can only speculate as to what department store sales might have been in the absence of the strike.

So far this year (Jan. 1 to April 13, 1963), the two cities fell behind the overall average for the country as a whole in their sales' performance over the comparable period last year. The U. S. total gain was 4% for the 105 day period of Jan. 1 to April 13 period whereas Cleveland District sales remained unchanged and New York City District's rise in sales was but 3%.

Mitsui & Co., Ltd. Debentures ADR's Offered Publicly

Public offering of $10,000,000 Mitsui & Co. (Tokyo) 6⅜% convertible sinking fund debentures due 1978 and 125,000 American depositary shares (representing 2,500,000 shares of common stock) is being made by an underwriting group managed by Smith, Barney & Co. Inc. and The Nomura Securities Co., Ltd., New York.

The debentures are priced at 100% and the ADR's at $14 per share.

Each depositary share represents 20 shares of Mitsui common stock deposited in Tokyo with the Fuji Bank, Ltd. or The Mitsui Bank, Ltd., as agent of First National City Bank, New York, the depositary.

Principal of, and interest on, the debentures are payable in New York City in United States currency.

The debentures are convertible on or after June 1, 1963 into American depositary shares at a conversion price equivalent to $16.67 per depositary share. A sinking fund of seven equal annual installments beginning on March 31, 1971 will be sufficient, together with the payment of an equal installment at maturity, to retire the entire issue. The debentures are redeemable for the sinking fund at 100% plus accrued interest. They also are optionally redeemable on or after June 1, 1963 at prices ranging from 106½% to 100%, plus accrued interest.

Mitsui is one of the two largest trading companies in Japan and engages in domestic and foreign trading of a broad range of goods and commodities, and in related financial and other activities. The company deals in a wide variety of over 5,000 industrial, agricultural and consumer goods and commodities, serving the Japanese economy as a supplier of raw materials and industrial products and as a wholesale distributor of finished and semi-finished goods both at home and in overseas markets.

Net proceeds from the sale of the debentures and common stock will be added to the company's general corporate funds for use in support of its financing of joint venture investments, and of its expanded trading activities.

Consolidated net sales of Mitsui in the year ended Sept. 30, 1962 totaled $2,107,694,000 and net income amounted to $6,339,000.

As We See It

Continued from page 1

ticularly in this country. As in all such cases, it is well to keep one's balance and to be careful not to fall into any of the innumerable fallacies which are constantly being bandied about. In the first place, it is obvious that these relations are not so simple as they seem, and certainly the situation is in many respects quite different from what it was a century and a half ago. In the first place, it is necessary to know just where the population is in danger of pressing dangerously upon the means of subsistence, and where the means of subsistence are far exceeding or tending to exceed requirements. Neither people nor the means of their subsistence are very "mobile" in the sense that they flow back and forth in response to the needs and requirements of the situation.

To many in this country, for example, it must seem strange indeed even to be talking about such things when we are spending billions in vain endeavor to prevent vast overproduction of foods and fibers. Heaven knows what our production of these things could be if we set our minds to the task, making use of all the advances in technology. Certain it is that we could feed many millions more than are likely to be inhabiting this country — and that despite all the "population explosions," real and imaginary. But there can be little doubt that pressure on the means of subsistence is great in a number of other parts of the world where population is still increasing rapidly—and practical means of either moving the populations or the surplus, or potential surplus, of consumer goods to other areas are not at hand.

Technological Possibilities

It is also true that intelligent application of modern technological advances to agriculture in many of the so-called over-populated regions of the world would enormously increase the production of basic requirements. The trouble or one of them, is that the use of modern methods must be made by the natives themselves. It is simply not feasible on more than one count to send an army of "technicians" or skilled workmen to the countries to do the actual managements of the farms—and, even if it were, conditions would doubtless often be so different from those to which the "experts" are accustomed that they could not at least for a time function effectively. It has been found in actual practice, as might have been expected and doubtless was often expected, that merely to supply such peoples with the basic needs of life does little or nothing to get at the roots of the difficulty—however much humanitarian considerations insist upon such action. Mere "relief" has again and again and again proved to be no more than a palliative at most.

Furthermore, these "population explosions" in the more backward countries are often less the result of an increase in birth rates than of reduction in death rates, particularly infant death rates. Certainly no one would seriously suggest that measures that have been taken to reduce the incidence of death among infants — or elsewhere in the population for that matter—should be discontinued. Hence much more than formerly now is heard about birth control—a remedy or a solution suggested as a matter of fact by Malthus himself as a means of preventing the catastrophic 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 than in the case of using modern technologies, it is difficult to persuade native populations to change their ways.

Growth When?

In any event, we find it well to proceed cautiously in the use of many of the statistical compilations that are customarily employed by many of those who have a good deal to say about these matters. In the first place, growth in the volume of production in this country has hardly more than an indirect bearing upon the problem as it exists, say in India or Africa, except only as we are prepared to present some of our surplus to the poorer peoples of the world, and that is not really any solution of the basic difficulty. That is true also of the volume of production in, say, Western Europe. As to the comparison of the rate of growth of our production with the rate of population growth in this country, we first must be certain of the meaning of the word "growth." Growth in the production of what and over what period of time, particularly over how long a period of time? The same is true of production in other western countries — where the suspicion is growing — it should have been taken for granted, in any event — that those startlingly higher figures for the earlier postwar years could hardly be expected to continue over any very long period of years.

As to figures about production or population growth in many of more backward countries of the world, they all have to be taken with a substantial amount of salt. Even our own are not always above suspicion of inaccuracies or hidden meanings. When we come to such places as India or Africa — to say nothing of communist countries — reservations are definitely in order. There are problems, of course, of a "Malthusian" sort, but let us keep our feet on the ground.

Cabot Corp. Stock Sold

Carl M. Loeb, Rhoades & Co. and White, Weld & Co., Inc., New York, as joint managers of an underwriting group have announced the public offering of 296,560 common shares of Cabot Corp. (Boston, Mass.) at $41.50 per share. All of the shares are being sold by certain stockholders and none of the proceeds will accrue to the company.

The business of the company had its origin in 1882 when Godfrey Lowell Cabot built his first Carbon black plant. The company believes it is the world's largest producer of Carbon black. The principal use for its Carbon black is as a reinforcing agent in rubber. The company has five Carbon black plants in the United States and five foreign plants in England, Canada, France, Italy and Argentina. It has minority equity interests in plants in Australia, 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, mobile well servicing and workover equipment and military gun tubes; operating a natural gas utility in West Virginia; manufacturing other materials for use in rubber, paint, ceramic and plastic industries; and conducting research for new product development outside the carbon black field.

The principal stockholders of the company are descendants of Godfrey L. Cabot, as well as a charitable trust and Columbia, Harvard and Norwich Universities and Massachusetts Institute of Technology to all of which Mr. Cabot donated stock. Mr. Cabot's descendants, and members of their immediate families, now own beneficially about 72% of the company's outstanding common stock and immediately after the sale of these shares will own about 63% of the stock.

Securities Now in Registration

★ INDICATES ADDITIONS
SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parenthesis alongside the company's name, and in the index, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the caption "Effective Registrations" are those issues which became effective this week and were offered publicly.

Airway Hotels, Inc.
April 1, 1963 filed 200,000 common. **Price**—$5. **Business**—Company owns and operates a chain of motor hotels, apartment buildings and a shopping center. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Office** — 901 Fuhrmann Blvd., Buffalo, N. Y. **Underwriter**—None.

Alaska Power & Telephone Co.
April 1, 1963 filed $600,000 of 6% subordinated debentures due 1978, 240,000 common, and 10-year warrants to purchase an additional 180,000 common. The securities will be offered in 600 units each consisting of one $1,000 debenture, 400 common, and 300 warrants. Registration also covers an additional 92,500 outstanding common. **Price** — By amendment. **Business** — Company furnishes electricity and telephone service to Alaskan communities of Craig, Skagway, and Tok, and supplies electricity to Seldovia. **Proceeds**—For debt repayment, construction and working capital. **Address**—Fifth Ave., Skagway, Alaska. **Underwriter**—Jay W. Kaufman & Co., New York.

Alabama Power Co. (5/9)
April 12, 1963 filed 50,000 shares of cum. preferred (par $100). **Proceeds**—For repayment of bank loans, and construction. **Office**—600 North 18th St., Birmingham, Ala. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Equitable Securities Co. (jointly); Blyth & Co.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Expected May 9.

Alabama Power Co. (5/9)
April 12, 1963 filed $16,000,000 of first mortgage bonds due 1993. **Proceeds**—For repayment of bank loans, and construction. **Office**—600 North 18th St., Birmingham. Ala. **Underwriters** — (Competitive). Probable bidders: Blyth & Co., Inc.-Kidder, Peabody & Co. (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected May 9, 1963.

Allied Mortgage & Development Co., Inc.
Jan. 28, 1963, filed $2,000,000 of 6% subordinated sinking fund debentures due 1973 (with warrants) and 100,000 common, to be offered in units of one $20 debenture (with a warrant to purchase two shares) and one common share. **Price**—By amendment. **Business**—Mortgage banking, real estate development, and sale of insurance. **Proceeds** — For debt repayment, land development, and working capital. **Office** — 3756 Lamar Ave., Memphis, Tenn. **Underwriter**—To be named.

All-State Properties, Inc.
April 24, 1962 filed $5,000,000 of conv. subord. debentures due 1977. **Price**—At par. **Business**—Company and subsidiaries conduct a general real estate business with emphasis on land development and home construction in Fla., Md., N. Y., and Ky. **Proceeds**—For repayment of debt. **Office**—230 Park Ave., N. Y. **Underwriters**—To be named.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price**—50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office**—80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Annuity Life Insurance Co.
March 29, 1963 filed 154,000 common, of which 125,000 are to be offered by company and 29,000 by certain stockholders. **Price**—By amendment (max. $7). **Business**—Writing of ordinary life insurance. **Proceeds**—For investment. **Address**—807 American Bank & Trust Bldg., Lansing, Mich. **Underwriter**—First of Michigan Corp., Detroit.

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

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

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

● **Associated Mortgage Co., Inc. (5/2)**
Dec. 21, 1962 filed 135,205 common, of which 100,000 are to be offered by company and 35,205 by stockholders. **Price**—By amendment (max. $10). **Business**—Originating, marketing and servicing of first mortgages and loans on real estate. **Proceeds**—For loan repayment, and working capital. **Office**—1120 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Shields & Co., Inc., New York.

Atlas Management Co.
March 28, 1963 filed $1,500,000 of 6% conv. subord. debentures due 1978. **Price**—At par. **Business**—A holding company for two insurance subsidiaries. **Proceeds**—For loan repayment, investment, and advances to subsidiaries. **Office**—112 California Ave., Reno, Nev. **Underwriter**—None.

● **Automatic Merchandising, Inc.**
May 24, 1962 filed 225,000 common, of which 125,000 are to be offered by company and 100,000 by stockholders **Price**—By amendment (max. $6). **Business**—Company operates, owns, services and leases coin-operated automatic vending machines. **Proceeds**—For debt repayment, inventories equipment and working capital. **Office** — 217 N. Willow Ave., Tampa. **Underwriter**—A. C. Allyn & Co., Chicago. **Note**—This registration was withdrawn.

● **Bank "Adanim" Mortgages & Loans, Ltd. (4/29-5/3)**
April 9, 1963 filed 84,303 of 8% cumulative preference dividend participating shares. **Price** — $3.33 per share. **Business** — A mortgage loan company. **Proceeds** — To grant loans to immigrants and other persons in need of housing in Israel. **Office**—108 Achad Haam St., Tel Aviv, Israel. **Underwriter**—Sakier & Co., Inc., N. Y.

● **Berns Air King Corp. (5/7)**
March 29, 1963 filed 100,000 class A common. **Price**—By amendment (max. $7.50). **Business**—Manufacture of ventilating range hoods, kitchen fans, dehumidifiers, and related products. **Proceeds**—For debt repayment, and working capital. **Office**—3050 North Rockwell St., Chicago. **Underwriters**—McCormick & Co., and H. M. Byllesby & Co., Chicago.

● **Bonanza Gold, Inc. (5/1)**
March 4, 1963 ("Reg. A") 750,000 common. **Price**—20 cents. **Business**—Exploration and development of gold placer claims in Alaska. **Proceeds**—For general corporate purposes. **Office**—E. 15 Walton Ave., Spokane. **Underwriter**—Duval Securities, Spokane.

Brewmaster California Corp.
Feb. 11, 1963 ("Reg. A") 30,000 common. **Price**—$10. **Business**—Wholesaling of draft beer for home use in a dispenser called the "Portatainer". **Proceeds**—For debt repayment, equipment, expansion and working capital. **Office**—134 Industrial Way, Costa Mesa, Calif. **Underwriter**—Miller, Fox & Co., Anaheim, Calif. **Offering**—Expected in mid-May.

Bush Hog, (4/30)
March 19, 1963 filed $1,000,000 of 6½% convertible subordinated debentures due 1973, to be sold by the company; and 200,000 common to be sold by stockholders. The offering will be made in units of one $10 debenture and two common shares. **Price**—$28 per unit. **Business**—Manufacture of farm machinery. **Proceeds**—For debt repayment, inventory, and working capital. **Address**—P. O. Box 1039 Selma, Ala. **Underwriter**—Courts & Co., Atlanta, Ga.

● **Canaveral Hills Enterprises, Inc. (5/13)**
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

Castle Hospitality Services, Inc.
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

Cedar Lake Public Service Corp.
March 20, 1962 filed 9,964 common. **Price**—$100. **Business**—Company plans to qualify as a public utility and furnish water and sewage disposal services in and around Cedar Lake, Inc. **Proceeds**—To construct a sewage disposal system. **Address**—R.R. N. 3, Box 28, Cedar Lake, Ind. **Underwriter**—None.

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

Charter Oak Life Insurance Co.
March 29, 1963 filed 500,000 class A common. **Price**—$2. **Business**—A legal reserve insurance company. **Proceeds**—For investment, and expansion. **Office** — 411 North Central Ave., Phoenix. **Underwriter**—None.

● **Chemair Electronics Corp. (5/6-10)**
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York.

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

Chestnut Hill Industries, Inc.
Nov. 29, 1961 filed 300,000 class A common, of which 225,000 are to be offered by the company and 75,000 by stockholders. **Price**—$5. **Business**—Design and manufacture of women's, misses' and junior sportswear, coordinates, and dresses. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2025 McKinley St., Hollywood, Fla. **Underwriter**—Clayton Securities Corp., Boston, Mass. **Offering**—Indefinite.

Citadel Life Insurance Co. of New York
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $26). **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., N. Y. **Underwriter**—Alex. Brown & Sons, Baltimore.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter**—None.

Commercial Life Insurance Co. of Missouri
Nov. 26, 1962 ("Reg. A") 46,000 common to be offered for subscription by stockholders on the basis of one share for each 3.36 common shares held. **Price**—At-the-market. **Business**—Sale of health, accident, life and hospital insurance. **Proceeds**—For working capital. **Office**—3570 Lindell Blvd., St. Louis. **Underwriter**—Edward D. Jones & Co., St. Louis. **Offering**—Indefinite.

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

● **Consolidated Leasing Corp. of America 5/27-31)**
April 11, 1963 refiled $2,500,000 of 6½% debentures due 1978 (with warrants); also 75,000 units, each consisting of two shares of 7% convertible preferred and one share of common. **Price**—By amendment. **Business**—Leasing of cars, trucks and equipment. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1012 Baltimore Ave., Kansas City, Mo. **Underwriters**—A. C. Allyn & Co., Chicago and Walston & Co., New York.

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

Consolidated Resources Corp.
March 29, 1963 filed 79,700 common. **Price**—$6. **Business**—An insurance holding company. **Proceeds**—For investment. **Office**—420 Madison Ave., New York. **Underwriter**—None.

Consolidated Vending Corp.
April 2, 1962 filed 70,000 common. **Price**—$5.75. **Business**—Operation of vending machines. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—129 S. State St., Dover, Del. **Underwriter**—To be named. **Note**—This registration will be withdrawn.

Consultant's Mutual Investments, Inc. (4/29-5/3)
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia.

● **Cosmodyne Corp. (5/7)**
April 1, 1963 filed 150,000 common. **Price**—By amendment (max. $18). **Business**—Design, development and manufacture of equipment used for pumping, storing and transporting super cold liquids. **Proceeds**—For loan repayment, and working capital. **Office**—3232 W. El Segundo Blvd., Hawthorne, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● **Cotton States Life Insurance Co. (4/30)**
Feb. 11 1963 ("Reg. A") 30,000 capital shares. **Price**—$9.70. **Business**—Writing of life, health and accident insurance in Alabama and Georgia. **Proceeds**—For working capital. **Office**—901-22 Ave., Tuscaloosa, Ala. **Underwriter**—First Aalbama Securities, Inc., Montgomery, Ala.

● **Crowell-Collier Publishing Co.**
March 11, 1963 filed $5,429,900 of 5% convertible subord. debentures due 1983, being offered for subscription by common stockholders on the basis of $100 of debentures for each 60 shares held of record April 18, with rights to expire May 3. **Price** — At par. **Business** — Publication of various types of educational texts and related materials, and the operation of a home study school and radio broadcasting facilities. **Proceeds** — For working capital and loan repayment. **Office**—640 Fifth Ave., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., N. Y.

● **Danac Real Estate Investment Corp.**
Feb. 1, 1963 filed 150,000 common. **Price**—$10. **Business**—Real estate development and ownership. Company plans to deal primarily in commercial, light industrial and apartment properties. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1710 Chapman Ave., Rockville, Md. **Underwriter** — Ferris & Co., Washington, D. C.

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

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

● **Diamond Mills Corp.**
Jan. 23, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of women's nylon hosiery. **Proceeds**—For debt repayment and working capital. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Drexel & Co., Philadelphia. **Note**—This registration was withdrawn.

Diversified Collateral Corp. (5/1)
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—None.

Diversified Resources, Inc.
Jan. 16, 1963 ("Reg. A") 67,000 common. **Price**—$3. **Business**—Manufacture of a lightweight structural board and sheet insulating material (wallboard). **Proceeds**—

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NEW ISSUE CALENDAR

April 25 (Thursday)

Chicago, Rock Island & Pacific Railroad ---- **Equip. Trust Ctfs.**
(Bids 12 noon CST) $2,625,000

April 29 (Monday)

Bank "Adanim" Mortgages & Loans, Ltd. ---- **Pref.**
(Sakier & Co., Inc.) $280,728.99

Consultant's Mutual Investments, Inc. ---- **Common**
(Gerstley, Sunstein & Co.) $5,000,000

Globe Industries, Inc. ---- **Common**
(McDonald & Co.) 127,500 shares

April 30 (Tuesday)

Bush Hog, Inc. ---- **Units**
(Courts & Co.) $2,800,000

Cotton States Life Insurance Co. ---- **Capital Stock**
(First Alabama Securities, Inc.) $291,000

Holly Sugar Corp. ---- **Debentures**
(Eastman Dillon, Union Securities & Co.) $10,000,000

Kentucky Central Life Insurance Co. ---- **Common**
(Stifel, Nicolaus & Co., Inc.) 500,000 shares

May 1 (Wednesday)

Bonanza Gold, Inc. ---- **Common**
(Duval Securities) $150,000

Diversified Collateral Corp. ---- **Common**
(No underwriting) 77,050 shares

Exchange Fund of Boston, Inc. ---- **Common**
(Vance, Sanders & Co., Inc.) 1,100,000 shares

Household Finance Corp. ---- **Common**
(Lee Higginson Corp.; White, Weld & Co.; and William Blair & Co.) 175,000 shares

Japan (Government of) ---- **Bonds**
(First Boston Corp.) $25,000,000

Mortgage Guaranty Insurance Co. ---- **Common**
(Hornblower & Weeks and Robert W. Baird & Co., Inc.) 200,000 shares

Roberts Co. ---- **Common**
(Reynolds & Co., Inc. and Lester, Ryons & Co.) 130,000 shares

May 2 (Thursday)

Associated Mortgage Co., Inc. ---- **Common**
(Shields & Co., Inc.) 135,205 shares

General Telephone Co. of California ---- **Bonds**
(Bids 11 a.m. EDST) $25,000,000

May 6 (Monday)

Chemair Electronics Corp. ---- **Units**
(Price Investing Co.) $180,000

Eazor Express, Inc. ---- **Common**
(W. E. Hutton & Co.) 125,000 shares

Freoplex, Inc. ---- **Debentures**
(Alessandrini & Co., Inc.) $200,000

General Automotive Parts Corp. ---- **Common**
(Hornblower & Weeks) 200,000 shares

Gulf Oil Corp. ---- **Capital Stock**
(First Boston Corp.) 3,441,880 shares

Home Entertainment Co. of America ---- **Common**
(Bernard M. Kahn & Co., Inc.) $3,000,000

Laboratory Procedures Inc. ---- **Common**
(Charles Plohn & Co. and B. W. Pizzini & Co.) $225,000

Liberty Fabrics of New York, Inc. ---- **Common**
(Offering to stockholders—underwritten by Blair & Co., Inc.) 108,700 shares

Manhattan Life Insurance Co. ---- **Gtee. Stock**
(Kidder, Peabody & Co., Inc.) 50,000 shares

Mil National Corp. ---- **Common**
(Herbert Young & Co., Inc.) $376,000

Southeastern Mortgage Investors Tr. ---- **Ben. Int.**
(Fleetwood Securities Corp. of America) $10,000,000

Sterno Industries, Inc. ---- **Class A**
(Oppenheimer & Co.) 25,000 shares

Sterno Industries, Inc. ---- **Debentures**
(Oppenheimer & Co.) $400,000

Upper Peninsular Power Co. ---- **Common**
(Kidder, Peabody & Co., Inc.; Stone & Webster Securities Corp.; and Paine, Webber, Jackson & Curtis) 34,000 shares

May 7 (Tuesday)

American Telephone & Telegraph Co. ---- **Debs.**
(Bids 11:30 a.m. EDST) $250,000,000

Berns Air King Corp. ---- **Common**
(McCormick & Co. and H. M. Byllesby & Co.) 100,000 shares

Cosmodyne Corp. ---- **Common**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 150,000 shares

Manchester Insurance Management & Investment Corp. ---- **Common**
(Troster, Singer & Co.) $955,293

Missouri Fidelity Life Insurance Co. ---- **Common**
(A. C. Allyn & Co.) 300,000 shares

May 8 (Wednesday)

Chicago Burlington & Quincy RR. ---- **Equip. Trust Ctfs.**
(Bids 12 noon CDST) $5,400,000

May 9 (Thursday)

Alabama Power Co. ---- **Bonds**
(Bids to be received) $16,000,000

Alabama Power Co. ---- **Preferred**
(Bids to be received) $5,000,000

May 13 (Monday)

Big G Corp. ---- **Units**
(A. J. Davis Co.) 1,000 units

Canaveral Hills Enterprises, Inc. ---- **Common**
(Willis E. Burnside & Co., Inc.) $500,000

Greenwich Gas Co. ---- **Common**
(Offering to stockholders—underwritten by F. L. Putnam & Co., Inc.) $499,988.75

Halo Lighting, Inc. ---- **Common**
(A. G. Becker & Co., Inc.) 150,000 shares

Maradel Products, Inc. ---- **Common**
(Hornblower & Weeks) 150,000 shares

National Fidelity Life Insurance Co. ---- **Common**
(E. F. Hutton & Co., Inc.) 72,455 shares

Nuveen Tax-Exempt Bond Fund, Series 4 ---- **Units**
(John Nuveen & Co.) $15,000,000

Pall Corp. ---- **Class A**
(Offering to stockholders—underwritten by L. F. Rothschild & Co.) 61,584 shares

Peterson, Howell & Heather, Inc. ---- **Common**
(Alex. Brown & Sons) 33,383 shares

Vend-Mart Inc. ---- **Common**
(M. G. Davis & Co., Inc.) $240,000

May 14 (Tuesday)

Virginia Electric & Power Co. ---- **Bonds**
(Bids 11 a.m. EDST) $30,000,000

May 15 (Wednesday)

Chicago Union Station Co. ---- **Bonds**
(Bids to be received) $49,000,000

Poulsen Insurance Co. of America ---- **Common**
(A. C. Allyn & Co.) 100,000 shares

May 20 (Monday)

Ekco Products Co. ---- **Common**
(Lehman Brothers) 80,000 shares

Florida Jai Alai, Inc. ---- **Common**
(Consolidated Securities Corp.) $1,500,000

Optech, Inc. ---- **Common**
(Stone, Ackerman & Co., Inc., and Heritage Equity Corp.) $420,000

Southern Union Gas Co. ---- **Debentures**
(A. C. Allyn & Co.) $5,200,000

Southern Union Gas Co. ---- **Preferred**
(A. C. Allyn & Co.) 50,000 shares

May 21 (Tuesday)

Central Illinois Public Service Co. ---- **Bonds**
(Bids 10:30 a.m. CDST) $10,000,000

Great Northern Ry. ---- **Equip. Trust Ctfs.**
(Bids 12 noon EDST) $6,600,000

May 22 (Wednesday)

Copenhagen (City of) ---- **Bonds**
(Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Frères & Co.) $15,000,000

Interstate Power Co. ---- **Bonds**
(Bids 11 a.m. EDST) $6,000,000

Interstate Power Co. ---- **Common**
(Offering to stockholders—bids 11:30 a.m. EDST) 154,914 shares

Southern California Edison Co. ---- **Bonds**
(Bids to be received) $60,000,000

May 23 (Thursday)

New York Central RR. ---- **Equip. Trust Ctfs.**
(Bids 12 noon EDST) $2,700,000

May 27 (Monday)

Consolidated Leasing Corp. of America ---- **Debens.**
(A. C. Allyn & Co., and Walston & Co.) $2,500,000

Consolidated Leasing Corp. of America ---- **Units**
(A. C. Allyn & Co., and Walston & Co.) 75,000 units

Life Assurance Co. of Pennsylvania ---- **Capital Stock**
(Auchincloss, Parker & Redpath and Arthurs, Lestrange & Co.) 100,000 shares

Lunar Films, Inc. ---- **Common**
(Ingram, Lambert & Stephen, Inc.) $718,750

Orr (J. Herbert) Enterprises, Inc. ---- **Common**
(First Alabama Securities, Inc.) $1,050,000

Red Kap, Inc. ---- **Common**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 240,000 shares

United Camera Exchange, Inc. ---- **Common**
(Ingram, Lambert & Stephen, Inc.) $300,000

May 30 (Thursday)

Lord Jim's Service Systems, Inc. ---- **Common**
(Keon & Co.) $100,000

June 3 (Monday)

Mountain States Telephone & Telegraph Co. ---- **Cap.**
(Offering to stockholders—no underwriting) 4,037,432 shares

June 4 (Tuesday)

Southern Pacific Co. ---- **Equip. Trust Ctfs.**
(Bids 12 noon EDST) $8,100,000

June 6 (Thursday)

Columbia Gas System, Inc. ---- **Debentures**
(Bids to be received) $25,000,000

June 11 (Tuesday)

Indiana Bell Telephone Co., Inc. ---- **Debentures**
(Bids 11 a.m. EDST) $20,000,000

June 12 (Wednesday)

Pacific Telephone & Telegraph Co. ---- **Common**
(Offering to stockholders—Shares of Pacific Northwest Bell Telephone Co.—No underwriting) 13,013,969 shares

Pennsylvania Power Co. ---- **Bonds**
(Bids 11 a.m. EDST) $9,000,000

June 18 (Tuesday)

Public Service Electric & Gas Co. ---- **Bonds**
(Bids 11 a.m. EDST) $40,000,000

June 24 (Monday)

Norfolk & Western Ry. ---- **Equip. Trust Ctfs.**
(Bids 12 noon EDST) $4,300,000

June 26 (Wednesday)

Southern California Gas Co. ---- **Bonds**
(Bids to be received) $40,000,000

June 27 (Thursday)

Natural Gas & Oil Producing Co. ---- **Common**
(Peter Morgan & Co.) $900,000

July 10 (Wednesday)

Northern Illinois Gas Co. ---- **Bonds**
(Bids to be received) $20,000,000

August 6 (Tuesday)

Indiana & Michigan Electric Co. ---- **Bonds**
(Bids to be received) $45,000,000

November 7 (Thursday)

Georgia Power Co. ---- **Bonds**
(Bids to be received) $30,000,000

Georgia Power Co. ---- **Preferred**
(Bids to be received) $7,000,000

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For equipment, leasing of working space, advertising, and working capital. **Office**—42 Broadway, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York.

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

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

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

Duro-Test Corp.
Dec 6, 1962 filed 150,000 common. **Price**—By amendment (max. $9). **Business** — Manufacture of various types of lights for industrial and commercial use. **Proceeds**—For the selling stockholder. **Office** — 2321 Hudson Blvd., North Bergen, N. J. **Underwriter**—Auchincloss, Parker & Redpath, New York. **Offering** — Temporarily postponed.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1 **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eagle's Nest Mountain Estates, Inc.
April 1, 1963 filed $400,000 of 8% subordinated convertible debentures due 1983, and 400,000 common, of which 300,000 are to be offered by company and 100,000 by stockholders. The securities will be offered in units of one $100 debenture and 100 shares. The registration also covers 600,000 outstanding common. **Price** — $350 per unit. **Business**—Company owns a 781 acre tract in Haywood County, N. C., on which it plans to build houses, a motor lodge, restaurant and an amusement complex. **Proceeds** — For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 South Atlantic Ave., Daytona Beach, Fla. **Underwriter**—Alpha Investment Securities, Inc., Atlanta, Ga.

Economou (Arthur N.) & Co., Inc.
March 18, 1963 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Commodity price analysis, commodity trading account management, and commodity futures brokerage. **Proceeds**—For expansion. **Office**—902 Wells Bldg., Milwaukee. **Underwriter**—None.

Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter**—L. D. Brown Co., New York.

Enzyme Corp. of America
Feb. 21, 1963, filed 120,000 common. **Price**—$2. **Business**—Company plans to market a new drug known as "Clinizyne" to be used for treatment of a variety of tumor related diseases. **Proceeds**—For equipment, sales promotion, research and development, and working capital. **Office**—727 Land Title Bldg., Philadelphia. **Underwriter**—Bristol Securities Inc., New York. **Offering**—Indefinite.

Equality Plastics, Inc.
April 4, 1963 ("Reg. A") 79,995 common. **Price**—$3.75. **Business** — Importing, manufacturing and distributing general merchandise "notions." **Proceeds**—For debt repayment, inventory and working capital. **Office**—286 Fifth Ave., New York. **Underwriter**—J. J. Krieger & Co., Inc., New York.

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—Wisconsin-Continental, Inc., Milwaukee.

Exchange Fund of Boston, Inc. (5/1)
March 27, 1963 filed 1,100,000 common to be offered in exchange for certain acceptable securities on the basis of one new share for each $27.50 market value of deposited securities, less a sales charge of from 4% down to 1½%. **Business**—A new mutual fund seeking long-term growth of capital and income. **Proceeds**—For investment. **Office**—111 Devonshire St., Boston. **Underwriter**—Vance, Sanders & Co., Inc., Boston.

Farmers' Educational & Co-operative Union of America
April 1, 1963 filed $5,500,000 of 5½-6% serial debentures, series E and F, due 1974-83. **Price**—At par. **Business**—A non-profit organization of farmers devoted to the economic and educational betterment of its members. **Proceeds** — For debt repayment, working capital and advances to subsidiaries. **Office**—1575 Sherman St., Denver. **Underwriter**—None.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

Fidelity Mining Investments Ltd.
Nov. 30, 1961 filed 800,000 common. **Price**—By amendment. **Business**—Exploration and testing of mining properties. **Proceeds**—For general corporate purposes. **Office**—62 Richmond St., Toronto. **Underwriter**—G. V. Kirby & Associates, Ltd., Toronto.

First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A mutual fund which plans to invest primarily in equity type securities of Israeli companies. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston. **Offering**—Expected in May.

Flori Investment Co.
March 27, 1963 filed 400,000 capital shares. **Price**—$1.50. **Business**—A real estate development company. **Proceeds**—For debt repayment, construction, purchase of property, and other corporate purposes. **Office** — 700 West Campbell Ave., Phoenix. **Underwriter**—None.

● **Florida Jai Alai, Inc. (5/20-24)**
June 28, 1962 filed 300,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office**—Fern Park, Fla. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 125,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., New York. **Offering**—Indefinite.

● **Freoplex, Inc. (5/6-10)**
Jan. 2, 1963 ("Reg. A") $200,000 of 7% convertible subordinated debentures due March 1, 1975. **Price**—At par. **Business**—Operation of retail meat supermarkets. **Proceeds**—For debt repayment and working capital. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., New York.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

Geigher Pipe Supply Inc.
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes, valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo. **Offering**—Indefinite.

General Automotive Parts Corp. (5/6-10)
March 28, 1963 filed 200,000 common. **Price**—By amendment (max. $15). **Business**—Distribution of automotive replacement parts. **Proceeds**—For debt repayment, and other corporate purposes. **Office** — 2011 Cedar Springs Rd., Dallas. **Underwriter**—Hornblower & Weeks, New York.

General Design Corp.
April 25, 1962 ("Reg. A") 65,000 common. **Price**—$3. **Business**—Design and development of new products for various industries. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1252 W. Peachtree St., N. W., Atlanta, Ga. **Underwriter** — Robert M. Harris & Co., Inc., Philadelphia. **Note**—The SEC has issued an order temporarily suspending this issue.

● **General Life Insurance Corp. of Wisconsin**
March 6, 1963 filed 311,625 common to be offered for subscription by stockholders on the basis of one new share for each four held of record April 10, 1963. Rights will expire May 10. **Price**—By amendment. **Business**—Writing of life and endowment policies. **Proceeds**—For general corporate purposes. **Address** — 8500 W. Capital Dr., Milwaukee. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis.

● **General Telephone Co. of California (5/2)**
April 10, 1963 filed $25,000,000 of first mortgage bonds due 1993. **Proceeds**—For repayment of loans due General Telephone & Electronics Corp., parent. **Office** — 2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis-Stone & Webster Securities Corp. (jointly); White, Weld & Co.-Kidder, Peabody & Co. (jointly). **Bids**—May 2 (11 a.m. EDST) at 730 Third Ave., New York. **Information Meeting**—April 30 (3:45 p.m. EDST) at same address.

Global Construction Devices, Inc.
June 29, 1962 filed 100,000 common. **Price**—$10. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriters**—Winslow, Cohu & Stetson and Laird, Bissell & Meeds, N. Y.

● **Globe Industries, Inc. (4/29-5/3)**
March 20, 1963 filed 127,500 common, of which 50,000 will be sold for the company, and 77,500 for stockholders. **Price**—By amendment (max. $11). **Business**—Manufacture of miniature electric motors, and related items. **Proceeds**—For a new plant, equipment, and inventories. **Office**—1784 Stanley Ave., Dayton. **Underwriter**—McDonald & Co., Cleveland.

Gotham Educational Equipment Co. Inc.
Dec. 4, 1962 filed 75,000 common. **Price**—By amendment (max. $6). **Business**—Design, manufacture, and marketing of items used in educational institutions such as chalk boards, exhibit cases, etc. **Proceeds**—For general corporate purposes. **Office** — 91 Weyman Ave., New Rochelle, New York. **Underwriter**—To be named. **Offering**—Indefinite.

Great Continental Real Estate Investment Trust
Aug. 3, 1961 filed 300,000 shares of beneficial interest. **Price**—$10. **Business**—Real estate. **Proceeds**—For investment. **Office**—530 St. Paul Pl., Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds** — For general corporate purposes. **Office**—811 duPont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Greenman Bros., Inc.
April 25, 1962 filed 150,000 common, of which 50,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $7). **Business**—Wholesale and retail distribution of toys, hobby lines and sporting equipment. **Proceeds**—For debt repayment, inventory and working capital. **Office**—35 Engel St., Hicksville, N. Y. **Underwriter**—J. R. Williston & Beane, New York. **Offering**—Indefinite.

● **Greenwich Gas Co. (5/13)**
March 29, 1963 filed 37,735 common, to be offered for subscription by stockholders on the basis of one new share for each 5.6 shares held. **Price**—$13.25. **Business**—Distribution of gas, and gas appliances in Greenwich. **Proceeds**—For loan repayment. **Office**—33 Greenwich Ave., Greenwich, Conn. **Underwriter**—F. L. Putnam & Co., Inc., Boston.

● **Gulf Oil Corp. (5/6)**
April 16, 1963 filed 3,441,880 capital shares. **Price**—By amendment (max. $47). **Business**—Production, purchase, transportation, refining and marketing of petroleum, and products derived therefrom, including petrochemicals. **Proceeds** — For selling stockholders. **Address** — Gulf Bldg., Pittsburgh, Pa. **Underwriter**—First Boston Corp., New York.

Hallandale Rock & Sand Co.
March 30, 1962 filed $250,000 of 8% subordinated debentures due 1977, 200,000 common and 6-year warrants to purchase 25,000 common at $1 per share to be offered in units consisting of a $10 debenture, 8 common shares and one warrant. **Price**—$18 per unit. **Business**—Extraction, processing and sale of rock and sand. **Proceeds**—For a new plant and other corporate purposes. **Address**—Hallandale, Fla. **Underwriter**—To be named.

● **Halo Lighting, Inc. (5/13-17)**
April 15, 1963 filed 150,000 common, of which 65,000 will be sold for the company, and 85,000 for Robert S. Fremont, President. **Price** — By amendment (max. $10). **Business**—Manufacture of recessed incandescent lighting fixtures for residential, commercial and institutional buildings. **Proceeds**—For debt repayment, a new plant, and working capital. **Office** — 4201 West Grand Ave., Chicago. **Underwriter**—A. G. Becker & Co., Inc., Chicago.

Hartford Gas Co.
April 5, 1963 filed 80,000 common to be offered for subscription by stockholders on the basis of one new share for each six common or preferred shares held. **Price**—By amendment (max. $30). **Business**—Company supplies natural and manufactured gas in Hartford County, Conn. **Proceeds**—For loan repayment, and construction. **Office**—233 Pearl St., Hartford. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., New York. **Note** — This registration will be withdrawn.

● **Highland Development Corp.**
Feb. 23, 1963 ("Reg. A") 39,000 common. **Price**—$5. **Business**—Real estate investment in Albuquerque area. **Proceeds**—For general corporate purposes. **Office**—607 San Mateo Blvd., N. E., Albuquerque. **Underwriter**—Hyder & Co., Albuquerque. **Offering**—Imminent.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

● **Holiday Mobile Home Resorts, Inc.**
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**

—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Offering**—Expected in late May.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed

Holly Sugar Corp. (4/30)
March 7, 1963 filed $10,000,000 convertible subordinated debentures due 1983. **Price**—At par. **Business**—Production of beet sugar and related products, and sale of livestock, beet seed, and fertilizer. **Proceeds**—For a new plant. **Address**—Holly Sugar Bldg., Colorado Springs, Colo. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● **Home Entertainment Co. of America (5/6-10)**
Jan. 16, 1963 filed 300,000 common. **Price**—$10. **Business**—Company is engaged in the development and promotion of a pay television system in Santa Monica, Calif. **Proceeds**—For installation of a pay television system. **Address** — 19th and Broadway, Santa Monica, Calif. **Underwriter**—Bernard M. Kahn & Co., Inc., New York.

Homestead Packers, Inc.
March 13, 1963 filed 5,000 shares of 6% non-cumulative preferred stock, and 5,000 common, to be offered for sale in units of one common and one preferred share. **Price**—$150 per unit. **Business**—Company plans to construct and operate a beef and pork packing plant. **Proceeds**—For construction, equipment, and working capital. **Address**—Beatrice, Nebr. **Underwriter**—None.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

Household Finance Corp. (5/1)
April 11, 1963 filed 175,000 common. **Price**—By amendment (max. $53). **Business**—Company is engaged in the consumer finance business. **Proceeds**—For selling stockholders. **Address**—Prudential Plaza, Chicago. **Underwriters**—Lee Higginson Corp.; White, Weld & Co., New York and William Blair & Co., Chicago.

● **Hunsaker (S. V.) & Sons**
April 19, 1963 refiled $1,500,000 of 6½% convertible subordinated debentures due May 1, 1978, and 150,000 common shares to be offered in units of one $50 debenture and five shares. **Price**—$50 per unit. **Business**—Construction of homes and apartment buildings on land which the company has acquired in Southern California. **Proceeds** — For debt repayment and other corporate purposes. **Office**—15855 Edna Pl., Irwindale, Calif. **Underwriter**—Bateman, Eichler & Co., Los Angeles. **Offering**—Expected in mid-May.

● **Infotronics Corp.**
Oct. 23, 1962 filed 100,000 common. **Price**—$5. **Business**—Research, engineering, manufacturing and marketing in the field of electronic information handling and automation systems. **Proceeds**—For new products, inventory, new plant and working capital. **Office**—1401 S. Post Oak Rd., Houston. **Underwriter**—None. **Note**—This statement was withdrawn.

● **Inter-Mountain Telephone Co.**
March 21, 1963 filed 266,000 common being offered for subscription by stockholders on the basis of one new share for each seven held of record April 5, 1963. Rights will expire May 1. **Price**—$10. **Proceeds**—For loan repayment and expansion. **Address**—Sixth & Crumley Sts., Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta.

● **International Systems Research Corp.**
March 30, 1962 filed 110,000 class A common and 9-month warrants to purchase 110,000 class A shares at $4 per share, to be offered in units, each consisting of one share and one warrant. **Price**—$4 per unit. **Business**—Design, development and manufacture of mechanical, electromechanical and electronic equipment for government agencies and the military. **Proceeds**—For equipment, debt repayment and working capital. **Office**—Engineer's Hill, Plainview, L. I., N. Y. **Underwriter**—Leib, Skloot & Co., Inc., Clifton, N. J. **Note**—This registration was withdrawn.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. Price—(max. $10). Business—A real estate investment company. Proceeds—For investment. Office—450 Seventh Ave., N. Y. Underwriter—Van Alstyne, Noel & Co., N. Y. Offering—Indefinite.

Interstate Power Co. (5/22)
March 21, 1963 filed 154,194 common to be offered for subscription by stockholders on the basis of one new share for each 26 held of record May 22, 1963. **Price**—By amendment (max. $24). **Proceeds**—For loan repayment and construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters**—(Competitive.) Probable bidders: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Ladenburg, Thalmann & Co.; White, Weld & Co. **Bids**—May 22 (11:30 a.m. EDST) at One Chase Manhattan Plaza 23rd Floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th Floor), New York.

Interstate Power Co. (5/22)
March 21, 1963 filed $6,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters** — (Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; White, Weld & Co. **Bids**—May 22 (11 a.m. EDST) at One Chase Manhattan Plaza (23rd floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th floor), N. Y.

Investors Realty Trust
May 31, 1962 filed 200,000 shares. Price — $10. Business—A real estate investment trust. Proceeds — For construction and investment. Office — 3315 Connecticut Ave., N. W., Washington, D. C. Underwriter—None.

Investors Trading Co.
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co. (same address). **Offering**—Expected in mid-May.

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. Price—$3. Business—Industrial designing, the design of teaching machines and the production of teaching programs. Proceeds—For expansion, new facilities and working capital. Office—315 Central Park W., N. Y. Underwriter—R. F. Dowd & Co., Inc., New York. Offering — Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

Japan (Government of) (5/1)
April 12, 1963 filed $25,000,000 of 5½% external loan sinking fund bonds due May 1, 1980. **Price**—By amendment. **Proceeds** — To be added to Japan's foreign exchange reserves. Yen equivalent to the amount of such proceeds will be advanced to Japan Development Bank, a wholly-owned Government agency, to be used to make loans to private electric power companies. **Underwriter**—First Boston Corp., New York.

Jefferson (Thomas) Insurance Co.
March 29, 1963 ("Reg. A") 6,840 common. **Price**—By amendment. **Business** — Writing of marine, automobile and fire insurance. **Proceeds**—For selling stockholders. **Office**—457 Starks Bldg., Louisville. **Underwriter**—Stein Bros. & Boyce, Louisville.

● **Kentucky Central Life Insurance Co. (4/30)**
March 21, 1963 filed 500,000 class A common. **Price**—By amendment (max. $25). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For investment. **Address**—Anchorage, Ky. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

Key Training Service, Inc.
March 26, 1963 filed 47,500 common, of which 40,000 are to be offered by company and 7,500 by a stockholder. **Price**—$6.50. **Business** — Publishing of home study courses through franchised dealers. **Proceeds**—For working capital. **Office**—407 Lincoln Rd., Miami Beach. **Underwriters** — Seymour Blauner Co., and Shelton Securities Co., 663 Fifth Ave., New York.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares **Price**—$900 per unit. **Business**—Processing and distribution of sesame seed. **Proceeds**—For accounts receivable, inventories, plant expansion and working capital **Office**—2301 N. Main St., Paris, Texas. **Underwriters**—John A. Dawson & Co., and Leason & Co., Inc., Chicago

Kwik-Kold, Inc.
March 29, 1962 ("Reg. A") 100,000 common of which 65,000 will be sold for company and 35,000 for stockholders. Price — $3. Business — Manufacture of certain patented cooling packages. Proceeds—For debt repayment and working capital. Office—Jennings Bldg., P. O Box 638, Moberly, Mo. Underwriter—John W. Flynn & Co., Santa Barbara, Calif. Note—This letter will be withdrawn.

● **Laboratory Procedures Inc. (5/6-10)**
Feb. 26, 1963, filed 225,000 common. **Price**—$1. **Business**—Operation of six medical testing laboratories. **Proceeds**—For general corporate purposes. **Office**—3701 Stocker St., Los Angeles. **Underwriters** — Charles Plohn & Co., and B. W. Pizzini & Co., New York.

Langsam (S. R.) & Co.
March 29, 1963 ("Reg. A") $200,000 of 6½% subord. s. f. debentures due March 1, 1978. **Price**—$1,000. **Business**—General commercial financing, and accounts receivable factoring. **Proceeds** — For general corporate purposes. **Office**—1321 Bannock St., Denver. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver.

Leeds Shoes, Inc.
March 29, 1963 filed 90,000 common. **Price**—$3.50. **Business**—Company operates 25 retail shoe stores in Florida. **Proceeds**—For debt repayment, working capital, and expansion. **Office**—1310 North 22nd St., Tampa, Florida. **Underwriter**—Strathmore Securities, Inc., Pittsburgh.

● **Liberty Fabrics of New York, Inc. (5/6-10)**
March 28, 1963 filed 108,700 common to be offered for subscription by stockholders on a pro rata basis. **Price**—By amendment (max. $18.50). **Business** — Design and manufacture of woven and knitted laces and nettings. **Proceeds**—For a new plant, loan repayment, and working capital. **Office**—105 Madison Ave., New York. **Underwriter**—Blair & Co., Inc., New York.

Liberty Real Estate Trust
Feb. 25, 1963 filed 500,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—432 Commerce Exchange Bldg., Oklahoma City. **Underwriter**—None.

Life Assurance Co. of Pennsylvania (5/27-31)
March 28, 1963 filed 100,000 capital shares. **Price**—By amendment (max. $33). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For investment, and expansion. **Office**—2204 Walnut St., Philadelphia. **Underwriters**—Auchincloss, Parker & Redpath, Philadelphia, and Arthurs, Lestrange & Co., Pittsburgh.

Livestock Financial Corp.
Feb. 23, 1962 filed 130,000 common. **Price**—$10. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds**—To form new subsidiaries. **Office**—26 Platt St., N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y. **Offering**—Indefinite.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc. (5/30)
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Loyalty Financing Corp.
Dec. 19, 1962 ("Reg. A") 24,000 shares of 6½% cumulative convertible preferred and 60,000 common to be offered in units consisting of 20 preferred and 50 common shares. **Price**—$250 per unit. **Business**—A business finance company. **Proceeds**—For working capital. **Office**—5 W. Main St., Freehold, N. J. **Underwriter**—Friedman & Co., Inc., New York. **Offering**—Indefinite.

● **Lunar Films, Inc. (5/27-31)**
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

Madway Main Line Homes Inc.
Feb. 19, 1963 filed 100,000 common. **Price**—By amendment (maximum $14). **Business**—Production, sale, erection and financing of manufactured homes. **Proceeds**—To finance future credit sales of homes. **Office**—315 E. Lancaster Ave., Wayne, Pa. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Indefinite.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

● **Manchester Insurance Management & Investment Corp. (5/7)**
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., N. Y.

● **Manhattan Drug Co., Inc.**
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary St., Brooklyn, N. Y. **Underwriter**—To be named. **Note**—This registration will be withdrawn. The company's assets have been sold to another firm.

Manhattan Life Insurance Co. (5/6-10)
March 20, 1963 filed 50,000 guarantee capital shares. **Price**—By amendment (max. $135). **Business**—Writing of ordinary and group life insurance. **Proceeds**—For selling stockholders. **Office**—111 W. 57th St., New York. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

● **Maradel Products, Inc. (5/13-17)**
April 1, 1963 filed 150,000 common. **Price**—By amendment (max. $25). **Business**—Manufacture and sale of cosmetics, pharmaceuticals and related products. **Proceeds**—For an acquisition and working capital. **Office**—516 Ave. of the Americas, N. Y. **Underwriter**—Hornblower & Weeks, N. Y.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

Medic Corp.
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address). **Offering**—Expected in May.

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc., Denver.

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Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office** —Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

Met Food Corp.
March 30, 1962 filed $1,000,000 of convertible subordinated debentures due Nov. 1, 1977. **Price** — By amendment. **Business**—Distribution of food and related products to supermarkets and other retail stores in the New York Metropolitan area. **Proceeds**—For general corporate purposes. **Office**—345 Underhill Blvd., Syosset, N. Y. **Underwriter**—Brand, Grumet & Siegel, Inc., N. Y. **Offering**—Indefinite.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes **Office** — 2615 First National Bank Bldg., Minneapolis **Underwriter**—None

● **Mil National Corp. (5/6-10)**
Jan. 28, 1963 refiled 94,000 common. **Price**—$4. **Business** —Distribution of commercial dry cleaning and laundry equipment. **Proceeds**—For general corporate purposes. **Office**—1101 East Tremont Ave., Bronx, New York. **Underwriter**—Herbert Young & Co., Inc., New York.

● **Missouri Fidelity Life Insurance Co. (5/7)**
March 27, 1963 filed 300,000 common. **Price**—By amendment (max. $8.50). **Business**—A legal reserve life insurance company. **Proceeds**—For expansion. **Office**—2401 South Brentwood Blvd., St. Louis. **Underwriter**—A. C. Allyn & Co., Chicago.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

● **Mortgage Guaranty Insurance Corp. (5/1)**
March 11, 1963, 200,000 common. **Price**—By amendment (max. $27). **Business**—Company is engaged in the insuring of lenders from loss on residential loans. **Proceeds**—For investment. **Office**—600 Marine Plaza, Milwaukee. **Underwriters**—Hornblower & Weeks, Chicago, and Robert W. Baird & Co., Inc., Milwaukee.

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests **Price** — To be supplied by amendment. **Business** — The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment **Sponsor**—Ira Haupt & Co., 111 Broadway New York. **Offering**—Indefinite.

Music Royalty Corp.
July 27, 1962 filed 150,000 common. **Price**—$1. **Business** —Company acts as representative of artists, musicians etc. and plans to engage in the music publishing business **Proceeds**—For debt repayment, public relations acquisition of musical properties, and working capital **Office**—545 Fifth Ave., N. Y. **Underwriter**—Associated Securities Co., 545 Fifth Ave., N. Y.

National Aviation Corp.
March 14, 1963 filed 253,478 capital shares being offered for subscription by stockholders on the basis of one new share for each five held of record April 11, 1963. Rights will expire April 26. **Price**—$21. **Business**—A closed-end investment company specializing in aviation and aerospace stocks. **Proceeds**—For investment. **Office**—111 Broadway, New York. **Underwriter**—None.

National Central Life Insurance Co.
Dec. 7 filed 125,000 common. **Price** — By amendment (max. $15). **Business**—Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address**—2632 McGee St., Kansas City, Mo. **Underwriter**—To be named

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business** —Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc.
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co. Inc., New York. **Offering**— Indefinite.

● **National Fidelity Life Insurance Co. (5/13-17)**
March 28, 1963 filed 72,455 common, of which 36,227 shares are to be offered by company and 36,228 shares by a stockholder. **Price**—By amendment (max. $35). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For debt repayment, and other corporate purposes. **Ofice**—1002 Walnut St., Kansas City. **Underwriter**—E. F. Hutton & Co., Inc., New York.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price**—$1. **Business**—Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds**—For general corporate purposes. **Office**—113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

National Security Life Insurance Co., Inc.
Nov. 28, 1962 filed 590,075 common being offered for subscription by common stockholders of record Jan. 31, 1963 on a share-for-share basis. Rights will expire May 6. **Price**—$1.80. **Business**—Writing of participating and non-participating ordinary life insurance. **Proceeds**—To expand operations. **Office**—6225 University Ave., Madison, Wis. **Underwriter**—None.

National Telepix, Inc.
July 30, 1962 filed $150,000 of 6½% conv. subord. debentures due 1972. **Price**—At par. **Business**—Production of motion pictures. **Proceeds**—For production and distribution expenses and working capital. **Office**—1270 Ave. of the Americas, N. Y. **Underwriter**—None.

National Uni-Pac, Inc.
July 31, 1962 filed 85,000 common. **Price**—By amendment (max. $4). **Business**—Company plans to sell or lease coin operated vending machines. **Proceeds**—For debt repayment, equipment and working capital. **Office** —15 Peachtree St., Atlanta. **Underwriter**—None. **Note**—This registration will be withdrawn.

● **Natural Gas & Oil Producing Co. (6/27)**
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5 **Business**—Production of natural gas and oil. **Proceeds** —For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City. **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New Industry Capital Corp.
Feb. 25, 1963, filed 30,500 common. **Price**—$10. **Business** —A small business investment company. **Proceeds**—For investment, and working capital. **Office**—1228 Wantagh Ave., Wantagh, New York. **Underwriter**—None.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co (same address).

North Central Airlines, Inc.
March 29, 1963 filed $1,500,000 of 5½% subordinated convertible debentures due 1978, to be offered to common stockholders of record April 15, 1963, without allocation or limitation. Unsubscribed debentures will be offered for public sale. **Price**—At par. **Business**—Operation of an airline in ten mid-western states and Ontario, Canada. **Proceeds**—For aircraft modification, and working capital. **Office**—6201 Thirty-fourth Ave., South, Minneapolis. **Underwriter**—None.

Northern States Life Insurance Corp.
March 26, 1963 filed 280,000 common to be offered for subscription by stockholders on the basis of one new share for each 1½ held. **Price**—By amendment (max. $2.50). **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Nuveen Tax-Exempt Bond Fund, Series 4 (5/13-17)
Oct. 17, 1961 filed $15,000,000 of units representing fractional interests in the Fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., and political subdivisions thereof which are believed to be exempted from Federal Income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

Optech, Inc. (5/20-24)
March 28, 1963 filed 140,000 common. **Price**—$3. **Business**—Research and development of materials used in the "Laser" field, and in related areas of optical electronics. **Proceeds**—For general corporate purposes. **Office**—102 Grand St., Westbury, New York. **Underwriters**—Stone, Ackerman & Co., Inc., and Heritage Equity Corp., New York.

● **Orr (J. Herbert) Enterprises, Inc. (5/27-31)**
May 1, 1962 filed 200,000 common. **Price**—$5.25. **Business**—The company and its subsidiaries manufacture and distribute cartridge type tape player recorders and programs therefor; sell at retail nationally known audio visual equipment; and manufacture men's and boy's dress trousers. **Proceeds** — For additional inventory, equipment, research, and working capital. **Address**—P. O. Box 27, Opelika, Ala. **Underwriter**—First Alabama Securities, Inc., Montgomery.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business** —Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—Fund Management Inc. (same address).

● **Pall Corp. (5/13-17)**
April 4, 1963 filed 61,584 class A shares to be offered for subscription by stockholders on the basis of one new share for each nine class A and class B shares held. **Price** —By amendment (max. $34). **Business**—Company produces equipment for the dehumidification of compressed gases, control of flow and temperature, detection of gases, and the treatment and pumping of water. **Proceeds** —For loan repayment, equipment, advances to subsidiaries, and working capital. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., New York. **Underwriter**—L. F. Rothschild & Co., New York.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business** —Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

Parkway Laboratories, Inc.
Dec. 6, 1961 filed 160,000 common. **Price**—$5. **Business** —Manufacture of drugs and pharmaceuticals. **Proceeds** —For an acquisition, research and other corporate purposes. **Office** — 2301 Pennsylvania Ave., Philadelphia. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Peterson, Howell & Heather, Inc. (5/13-17)
March 26, 1963 filed 33,383 class A common. **Price**—By amendment (max. $35). **Business**—Furnishing of Automobile fleet management service to firms in the U. S. and Canada. **Proceeds**—For selling stockholders. **Office** —2521 N. Charles St., Baltimore. **Underwriter** — Alex. Brown & Sons, Baltimore.

Pictronics, Inc.
Feb. 27, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Production of TV documentary films, and the processing of colored kodachrome film. **Proceeds**—For equipment, and working capital. **Office** — 56 Bennett Bldg., Wilkes-Barre, Pa. **Underwriter**—G. K. Shields & Co., New York.

● **Polaris Corp.**
April 1, 1963 filed 90,122 common to be offered for subscription by common stockholders on the basis of one new share for each seven held. **Price** — By amendment (max. $17). **Business** — Company, and subsidiaries are engaged in diverse activities including advertising, building construction, TV and radio, data processing, warehousing, equipment leasing, and river terminal operations. **Proceeds**—For working capital. **Office**—111 East Wisconsin Ave., Milwaukee. **Underwriter** — The Marshall Co. (same address). **Offering**—Expected in late May.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

● **Poulsen Insurance Co. of America (5/15)**
March 29, 1963 filed 100,000 common. **Price**—By amendment (max. $10). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For debt repayment, and other corporate purposes. **Address**—Executive Plaza, Park Ridge, Ill. **Underwriter**—A. C. Allyn & Co., Chicago.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. **Price**—$5. **Proceeds** —To drill for and operate oil wells. **Office**—418 Market St., Shreveport, La. **Underwriter**—None.

Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. **Price**—$4.75. **Business**—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. **Proceeds** —For equipment, and working capital. **Office** — 2604 Leith St., Flint, Mich. **Underwriter**—Farrell Securities Co., New York.

Prescott-Lancaster Corp.
March 30, 1962 filed 150,000 common. **Price**—$5. **Business** —Real estate. **Proceeds**—For purchase of mortgages, and working capital. **Office**—18 Lancaster Rd., Union, N. J. **Underwriter**—To be named.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. **Price**—$5. **Business** —Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co. (same address).

Putnam Income Fund
April 3, 1963 filed 2,000,000 shares of beneficial interest. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking maximum income, and long term growth of principal. **Proceeds**—For investment. **Office**—60 Congress St., Boston. **Underwriter** — Putnam Fund Distributors, Inc. (same address).

Putnam Management Co., Inc.
Aug. 22, 1962 filed 150,000 common (non-voting). **Price**—By amendment (max. $14). **Business**—An investment adviser and distributor of mutual funds. **Proceeds**—For selling stockholders. **Office**—60 Congress St., Boston. **Underwriter**—To be named.

Quick-N-Clean Corp. of Minnesota, Inc.
Oct. 1, 1962 ("Reg. A") 205,000 common. **Price**—$1.15 **Business**—Company plans to open a chain of coin operated dry cleaning stores. **Proceeds**—Advertising, expansion and working capital. **Office**—712 Fir St., Brainerd, Minn. **Underwriter**—Northwest Securities, Inc., Detroit Lakes, Minn. **Offering**—Imminent.

Realty Equities Corp. of New York
April 3, 1963 filed 117,853 common to be offered for subscription by common stockholders on the basis of one new share for each three held. **Price**—By amendment (max. $7). **Business** — Company and subsidiaries are engaged in the purchase and sale, development, management, and holding of real estate properties. **Proceeds**—For purchase of additional properties and working capital. **Address**—Time & Life Bldg., New York. **Underwriter**—None.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2. **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 W. 7th St., Los Angeles. **Underwriter** — Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Imminent.

Reliance Life Insurance Co. of Illinois.
March 29, 1963 filed 150,000 common. **Price**—By amendment (max. $4). **Business**—Writing of life insurance. **Proceeds**—For sales promotion, and investment. **Office**—15 South Northwest Highway, Park Ridge, Ill. **Underwriter**—None.

● Remitco, Inc.
Nov. 19, 1962 filed 952,000 common. **Price**—$10. **Business**—Company is engaged in selling "puts" and "calls." **Proceeds**—For working capital. **Office**—130 N. Virginia St., Reno, Nev. **Underwriter**—None. **Note** — This statement was withdrawn.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price** — $32 per unit. **Business** — Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co., St. Louis. **Offering**—Expected in May

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business** — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del.

Richard Gray & Co., Inc.
June 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business** — A securities broker-dealer. **Proceeds** — For working capital and other corporate purposes. **Office**—237 W. 51st St., N. Y. **Underwriter**—Richard Gray Co., New York. **Offering**—Indefinite.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

● Roberts Co. (5/1)
March 21, 1963 filed 130,000 common, of which 70,000 will be offered by company, and 60,000 by stockholders. **Price**—By amendment (max. $11) **Business**—Manufacture of products used in the installation of wall-to-wall carpeting, specialized industrial adhesives, metal folding doors, and weatherproofing products. **Proceeds** — For loan repayment and working capital. **Office**—600 North Baldwin Park Blvd., City of Industry, Calif. **Underwriters**—Reynolds & Co., Inc., New York, and Lester, Ryons & Co., Los Angeles.

Rona Lee Corp.
Sept. 26, 1962 filed $250,000 of 6¾% debentures and 50,000 common. **Price**—For debentures, by amendment; for stock, $4. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., New York. **Underwriter**—Reuben Rose & Co., Inc., New York. **Offering**—Expected about mid-May.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital **Office**—245 7th Ave., N. Y. **Underwriter** — Federman, Stonehill & Co., N. Y. **Note**—This registration will be withdrawn.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company formerly was called Russell Manufacturing Co. **Offering**—Indefinite.

St. Louis Shipbuilding-Federal Barge, Inc.
March 28, 1963 filed 150,000 common, of which 50,000 are to be offered by company and 100,000 by H. T. Pott, Chairman. **Price**—By amendment (max. $10). **Business**—Operation of a shipyard in St. Louis. Subsidiaries operate water carrier systems, a railroad, a vessel repair and barge construction yard, also dry docks and other related activities. **Proceeds**—For general corporate purposes. **Office**—611 East Marceau Street, St. Louis. **Underwriter**—Reinholdt & Gardner, St. Louis.

● Seaboard Land Co.
July 25, 1962 filed 200,000 class A common. **Price**—By amendment (max. $2.50). **Business**—Ownership and development of real estate. **Proceeds**—For working capital. **Office**—912 Thayer Ave., Silver Spring, Md. **Underwriter** — North American Seaboard Securities Corp., (same address). **Note**—This registration was withdrawn.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest **Price**—$15. **Business** — A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter** — McDonald & Co., Cleveland. **Offering** — Indefinite.

Signalite Inc.
Jan. 29, 1962 filed 126,000 common. **Price**—$4.50. **Business**—Manufacture, sale and development of glow lamps for use as indicators and circuit components. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1933 Heck Ave., Neptune, N. J. **Underwriter**—Milton D. Blauner & Co., N. Y. **Offering**—Postponed.

Southeastern Mortgage Investors Trust (5/6-10)
Feb. 15, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 E. Morehead St., Charlotte, N. C. **Underwriter**—Fleetwood Securities Corp. of America, N. Y.

Stephenson Finance Co., Inc.
April 12, 1963 filed $1,000,000 of 6% sinking fund subord. debentures due May 1, 1978. **Price**—At par and accrued interest. **Business**—A consumer finance company which is also engaged in the sale of automobile and life insurance. **Proceeds**—For debt repayment and other corporate purposes. **Office**—518 S. Irby St., Florence, S. C. **Underwriter**—Alester G. Furman Co., Inc., Greenville, South Carolina.

Sterling Copper Corp.
Aug. 2, 1962 filed 850,000 common. **Price**—$1. **Business**—Company plans to operate a non-ferrous rod and tube mill. **Proceeds**—For plant and equipment, working capital and other corporate purposes. **Office**—300 Horn Rd., Pinconning, Mich. **Underwriter**—None.

Sternco Industries, Inc. (5/6-10)
March 28, 1963 filed $400,000 of 6% conv. subord. debentures due 1977, and 25,000 class A common. **Price**—For debentures, $1,000; for stock, by amendment (max. $12). **Business**—Distribution of tropical fish, goldfish, turtles, animals, and aquarium supplies. **Proceeds**—For additional equipment, inventories, and new product lines. **Office**—53 Cottage Place, Allendale, New Jersey. **Underwriter**—Oppenheimer & Co., New York.

Stone Mountain Scenic Railroad, Inc.
Jan. 22, 1963 filed 105,000 common to be offered for subscription by stockholders on the basis of one share for each three shares held. Unsubscribed shares will be sold to the public. **Price**—To stockholders, $5.50; to public, $6.50. **Business**—Operation of a scenic railroad. **Proceeds**—For construction, debt repayment and other corporate purposes. **Address**—Stone Mountain, Ga. **Underwriter**—None.

Superior Benefit Life Insurance Co.
March 27, 1963 filed 600,000 common. **Price**—$2.50. **Business**—Sale of life insurance. **Proceeds**—For general corporate purposes. **Office**—211 Anderson Bldg., Lincoln, Neb. **Underwriter**—Capital Investment Co., Lincoln, Neb.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

Teaching Machines, Inc.
April 1, 1963 filed 165,000 common, of which 120,000 are to be offered by company, and 45,000 by stockholders. **Price**—By amendment (max. $9). **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For debt repayment and other corporate purposes. **Office**—221 San Pedro, N. E., Albuquerque. **Underwriter**—To be named.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc., (same address).

Ten-Tex, Inc.
Dec. 31, 1962 ("Reg. A") 3,000 units each consisting of one 6½% 10-year debenture, 25 common shares and purchase warrants for 100 common shares to be offered for subscription by stockholders of Ten-Tex Corp., parent, of record Feb. 1, 1963 on the basis of one unit for each 150 common shares held. **Price**—$100. **Business**—Sale and lease of machinery for production of tufted textile products. **Proceeds** — For debt repayment and working capital. **Office**—3814 Tennessee Ave., Chatsworth, Ga. **Underwriter**—Irving J. Rice & Co., Inc., St. Paul. **Offering**—Indefinite.

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

Textile Distributors, Inc.
March 22, 1963 ("Reg. A") 60,000 class A common. **Price**—$5. **Business**—Operation of department stores. **Proceeds**—For inventory, debt repayment and expansion. **Office**—819 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$5. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Philips, Appel & Walden, 115 Broadway, N. Y. **Offering**—Temporarily postponed.

● Tourist Industry Development Corp., Ltd.
March 29, 1963 filed $5,000,000 of 7% senior debentures due 1983. **Price**—At par. **Business**—Financing of tourist enterprises in Israel. **Proceeds** — For general corporate purposes. **Address** — Jerusalem, Israel. **Undrewriter**—American-Israel Basic Economy Corp., New York. **Offering**—Expected in late June.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

● Tri-Continental Corp.
March 1, 1963 filed 810,740 shares of $2.50 preferred (par $50) being offered in exchange for a like number of outstanding $2.70 preferred shares (par $50) on a share-for-share basis. **Price**—By amendment. **Business**—A closed-end investment company. **Proceeds**—To help finance the redemption of unexchanged $2.70 preferred shares. **Office**—65 Broadway, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Note**—Underwriter has agreed to purchase up to 240,000 unexchanged $2.50 preferred shares and will offer them to the public. **Offering**—Imminent.

Underwriters National Assurance Co.
Feb. 21, 1963, filed 50,000 common, of which 31,176 shares are to be offered by company and 18,824 by a selling stockholder. **Price**—$7.50. **Business** — Writing of health insurance. **Proceeds**—To increase capital and surplus and for expansion. **Office** — 1939 N. Meridian St., Indianapolis. **Underwriter** — K. J. Brown & Co., Inc., Muncie, Ind.

Ultrasonic Laboratories, Inc.
Nov. 29, 1962 filed 67,200 common. **Price**—$3.50. **Business**—Design, engineering and manufacture of specialized products primarily in the field of contamination control. Company also acts as sales agents and distributors of allied equipment in the fields of contamination control and ultrasonics. **Proceeds**—For debt repayment, equipment, advertising and other corporate purposes. **Office**—1695 Elizabeth Ave., Rahway, N. J. **Underwriter**—None.

United Camera Exchange, Inc. (5/27-31)
Nov. 29, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of retail stores selling and trading cameras, films and other photographic equipment. Company also sells radios, tape recorders, dictating and photocopying machines, and provides a film developing and printing service. **Proceeds**—For new stores and camera concessions. **Office**—25 W. 43rd St., N. Y. **Underwriter**—Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

Universal Finance Corp.
March 29, 1963 filed $1,026,000 of 7% junior subordinated convertible capital notes (series A) due 1978. **Price**—At par. **Business**—Company and 30 active subsidiaries are engaged in the consumer finance business. **Proceeds**—For debt repayment, and expansion. **Address** — 700 Gibraltar Bldg., Dallas. **Underwriters**—Midland Securities Co., Inc., Kansas City, and Texas National Corp., San Antonio.

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United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York. **Offering**—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo

Upper Peninsular Power Co. (5/6-10)
April 11, 1963 filed 34,000 common. **Price**—By amendment (max. $30). **Business**—Furnishes electric power to consumers in the upper peninsula of Michigan. **Proceeds**—For redemption of 5¼% bonds and two series of preferred; loan repayment, and construction. **Office**—616 Sheldon Ave., Houghton, Mich. **Underwriters**—Kidder, Peabody & Co., Inc., Stone & Webster Securities Corp., and Paine, Webber, Jackson & Curtis, New York.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb **Offering**—Temporarily postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Montana. **Underwriter**—To be named.

● **Vend-Mart Inc. (5/13-17)**
Jan. 22, 1963 filed 60,000 common. **Price**—$4. **Business**—Operation of coin-operated automatic ice cube vending machines and clothes washing and drying machines. **Proceeds** — For debt repayment, equipment, expansion and working capital. **Office**—565 Fifth Ave., New York **Underwriter**—M. G. Davis & Co., Inc., New York.

● **Victor Comptometer Corp.**
March 25, 1963 filed $15,000,000 of s. f. debentures due 1988; also 250,000 common to be offered by stockholders. **Price**—By amendment (max. $12 for stock). **Business**—Manufacture of adding machines, printing calculators and other office machines; also business forms and golf products. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—3900 N. Rockwell St., Chicago. **Underwriter**—Glore, Forgan & Co., Chicago. **Offering**—Imminent.

Virginia Electric & Power Co. (5/14)
April 12, 1963 filed $30,000,000 of first and refunding mortgage bonds due 1993. **Proceeds**—For construction. **Address**—7th & Franklin Sts., Richmond. **Underwriters** — (Competitive). Probable bidder: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler. **Bids**—May 14 (11 a.m. EDST) at One Chase Manhattan Plaza, New York. **Information Meeting**—May 10 (11 a.m. EDST) at same address.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes. **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

● **Western Futures, Inc.**
Feb. 11, 1963 ("Reg. A") 200,000 capital shares. **Price**—$1.50. **Business** — Acquisition and development of land. **Proceeds**—For general corporate purposes. **Office**—2727 N. Central Ave., Phoenix. **Underwriter** — William W. Bones Securities Co., Phoenix.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest. **Price**—$4. **Business**—Company plans to quality as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **Underwriter**—None.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price** — $1. **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo. **Note**—The SEC has issued an order temporarily suspending this issue.

Western Union International, Inc.
March 29, 1963 filed $4,000,000 of 6¼% subordinated debentures due 1983, and 400,000 common. **Price**—For debentures, at par; for stock $3.50. **Business**—Company will take over and operate Western Union Telegraph's international telegraph operations. **Proceeds**—For selling stockholder, Western Union Telegraph Co., parent. **Office**—60 Hudson St., New York. **Underwriters**—American Securities Corp., and Glore, Forgan & Co., New York. **Offering**—Expected in late July.

Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans **Underwriter** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans. **Note**—This registration will be withdrawn.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutual betting. **Proceeds** — For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York. **Note**—This registration will be withdrawn.

Woman's Life Insurance Co. of America, Inc.
March 28, 1963 filed 150,000 common. **Price**—$7.50. **Business**—Company writes life insurance for women. **Proceeds**—For investment, and expansion. **Office**—7940 Wisconsin Ave., Bethesda, Maryland. **Underwriter**—None.

Issues Filed With SEC This Week

★ **American Telephone & Telegraph Co. (5/7)**
April 22, 1963 filed $250,000,000 of debentures due May 1, 1999. **Proceeds**—To refund a like amount of 5% debentures due Nov. 1, 1983. **Office**—195 Broadway, New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.; First Boston Corp.-Halsey, Stuart & Co. (jointly). **Bids**—May 7 (11:30 a.m. EDST) in Room 2315, 195 Broadway, New York.

★ **Associates Investment Co.**
April 24, 1963 filed $50,000,000 of debentures due May 1, 1984. **Price**—By amendment. **Business**—A sales finance company which also makes personal installment loans and provides the insurance incident to such financing. **Proceeds**—For general corporate purposes. **Address**—320 Associates Bldg., South Bend, Ind. **Underwriters**—Lehman Brothers and Salomon Brothers & Hutzler. **Offering**—Expected in mid-May.

★ **Big G Corp. (5/13-17)**
April 17, 1963 ("Reg. A") $100,000 of 7½% convertible debentures due 1968, and 187,500 common shares to be offered in units of one $100 debenture and 187½ shares. **Price**—$287.50 per unit. **Business**—Operation of licensed departments in department stores, selling clothing, records, pocketbooks, sporting goods, greeting cards, etc. **Proceeds**—For inventory, expansion and debt repayment. **Office** — 550 5th Ave., New York. **Underwriter** — A. J. Davis Co., Pittsburgh.

★ **Career-Ways Systems, Inc.**
April 18, 1963 ("Reg. A") 100,000 capital shares. **Price**—$3. **Business**—Co. plans to keep an electronic filing system of skills for employment of members. **Proceeds**—For equipment, inventory, research and working capital. **Address**—Route 206 Center, Princeton, N. J. **Underwriter**—Chase Securities Corp., N. Y.

★ **Central Illinois Public Service Co. (5/21)**
April 22, 1963 filed $10,000,000 of first mortgage bonds, series I, due May 1, 1993. **Proceeds** — For construction. **Office**—607 E. Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co. - Equitable Securities Corp. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; First Boston Corp.; Lehman Brothers - Bear, Stearns & Co. (jointly). **Bids**—May 21 (10:30 a.m. CDST) at 20 No. Wacker Dr. (21st floor), Chicago.

★ **Community Health Associations, Inc.**
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

★ **Copenhagen (City of) (5/22)**
April 24, 1963 filed $15,000,000 of sinking fund external loan bonds due May 15, 1978. **Price** — By amendment. **Proceeds**—For additions and improvement to the City's facilities. **Underwriters** — Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York.

★ **Ekco Products Co. (5/20-24)**
April 22, 1963 filed 80,000 common. **Price**—By amendment. **Business** — Manufacture of housewares, commercial equipment, aluminum foil containers, and baker pans. **Proceeds**—For selling stockholders. **Office**—1949 N. Cicero Ave., Chicago. **Underwriter**—Lehman Brothers, New York.

★ **Farmers Mutual Telephone Co. of Clarinda, Iowa**
April 8, 1963 ("Reg. A") 1,250 common. **Price**—$40. **Business**—A telephone company serving Clarinda, College Springs and Braddyville, Iowa. **Proceeds** — For expansion. **Office** — 106-108 W. Chestnut St., Clarinda, Iowa. **Underwriter**—None.

★ **Globe Security Systems, Inc.**
April 17, 1963 filed 200,000 common. **Price**—By amendment (max. $13.75). **Business**—Furnishing of uniformed guards, plant protection and investigatory services. **Proceeds**—For selling stockholders. **Office**—2011 Walnut St., Philadelphia. **Underwriter**—Drexel & Co., Philadelphia.

★ **Israel American Diversified Fund, Inc.**
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office** — 100 West Tenth St., Wilmington, Del. **Underwriter**—Israel Fund Distributors, Inc. (same address).

★ **P. & H. Exploration & Mining Corp.**
April 4, 1963 ("Reg. A") 280,000 common. **Price**—25c. **Business**—Mining of silver, lead, zinc, tungsten and other ores. **Proceeds**—For mining operations. **Office**—803 N. Pierre St. (P. O. Box 133), Wenatchee, Wash. **Underwriter**—None.

★ **Pacific Telephone & Telegraph Co. (6/12)**
April 23, 1963 the company announced that its preferred and common stockholders would be offered the right to subscribe for 13,013,969 common shares of Pacific Northwest Bell Telephone Co., a former division which became independent on June 30, 1961, on the basis of 7 Northwest common for each 8 Pacific preferred or one Northwest common for each 8 Pacific common shares held of record June 4. Rights will expire July 3. A prospectus and warrants covering the sale will be mailed to stockholders about June 12. A.T. & T., which owns about 90% of Pacific Telephone's stock will be the principal subscriber to the offering. **Office**—140 New Montgomery St., San Francisco. **Underwriter**—None.

★ **Red Kap, Inc. (5/27-31)**
April 23, 1963 filed 240,000 common, of which 100,000 are to be offered by company and 140,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture and distribution of industrial uniforms to industrial rental laundries. **Proceeds**—For debt repayment and working capital. **Address** — Sudekum Bldg., Nashville, Tenn. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ **Sapawe Gold Mines Ltd.**
April 16, 1963 filed 1,000,000 common. **Price**—By amendment (max. 30c). **Business** — Company is engaged in exploratory mining for gold. **Proceeds** — For a mill, equipment, loan repayment, and other corporate purposes. **Address**—Phoenix Bldg., Toronto, Ontario. **Underwriter**—None.

★ **Southern California Edison Co. (5/22)**
April 22, 1963 filed $60,000,000 of first and refunding mortgage bonds, series Q, due May 15, 1988. **Proceeds**—To refund $32,400,000 of outstanding 3% bonds due 1965, and for debt repayment. **Office**—601 West Fifth St., Los Angeles. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—May 22 (8:30 a.m. PDST) at above address.

★ **Southern Union Gas Co. (5/20-24)**
April 22, 1963 filed $5,200,000 of sinking fund debentures due 1983, also 50,000 cumulative preferred shares. **Price**—By amendment. **Business** — A public utility rendering natural gas service in Texas, New Mexico, Arizona and Colorado. **Proceeds** — For debt repayment. **Address**—Fidelity Union Tower, Dallas. **Underwriter**—A. C. Allyn & Co., Chicago.

★ **Star Aluminum & Construction Co., Inc.**
April 8, 1963 ("Reg. A") 200,000 class A common. **Price**—$1.30. **Business**—Remodeling of private homes, and commercial buildings. **Proceeds**—For general corporate purposes. **Office** — 210 N. Adams St., Havre de Grace, Md. **Underwriter**—None.

★ **United Servomation Corp.**
April 19, 1963 filed 215,000 common. **Price**—By amendment (max. $22). **Business**—Sale of various food and tobacco products through automatic vending machines. **Proceeds**—Foro selling stockholders. **Office**—410 Park Ave., New York. **Underwriter**—Hemphill, Noyes & Co., New York.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Arkansas Louisiana Gas Co.
$45,000,000 of 4⅜% first mortgage bonds due April 1, 1983, offered at 99% and accrued interest, to yield 4.45%, by Eastman Dillon, Union Securities & Co., New York.

Cabot Corp.
296,560 common offered at $41.50 per share by Carl M. Loeb, Rhoades & Co., and White, Weld & Co., Inc., New York.

Consolidated Natural Gas Co.
$35,000,000 of 4⅜% debentures due April 1, 1988 offered at 99.773% and accrued interest, to yield 4.39%, by Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., and Solomon Brothers & Hutzler, New York.

Crowell-Collier Publishing Co.
$5,429,900 of 5% convertible subordinated debentures due 1983, offered at par to common stockholders on the basis of $100 of debentures for each 60 shares held of record April 18. Rights will expire May 3. Carl M. Loeb, Rhoades & Co., New York, is the principal underwriter.

Great Eastern Insurance Co.
281,600 common offered at $5 per share by Emanuel, Deetjen & Co. and Zuckerman, Smith & Co., New York.

Lenox, Inc.
172,500 common offered at $16.25 per share by Hemphill, Noyes & Co., New York.

Mack Shirt Corp.
102,060 class A common offered at $12.50 per share by W. E. Hutton & Co., New York and Cincinnati.

Mitsui & Co., Ltd.
$10,000,000 of 6⅜% sinking fund debentures due May 1, 1978, offered at par by Smith, Barney & Co. Inc., and The Nomura Securities Co. Ltd., New York.

Mitsui & Co., Ltd.
125,000 American Depositary Shares offered at $14 per share by Smith, Barney & Co. Inc., and The Nomura Securities Co. Ltd., New York.

Norway (Kingdom of)
$25,000,000 of 5¼% external loan bonds due May 1, 1978 at 98.25%, to yield 5.42%, by Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. Inc.; Lazard Freres & Co.; and Smith, Barney & Co. Inc., New York.

Portland General Electric Co.
725,302 common offered at $25.75 per share by Blyth & Co., Inc., New York.

Tampa Electric Co.
$48,000,000 of 4½% first mortgage bonds due May 1, 1993 offered at 101.875% to yield 4.39% by Halsey, Stuart & Co., Inc., New York.

Tennessee Gas Transmission Co.
200,000 shares of 5.08% cum. preferred stock offered at $100 per share by Stone & Webster Securities Corp., and White, Weld & Co., New York.

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

Prospective Offerings

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

★ **Central Valley National Bank (Oakland, Calif.)**
April 22, 1963 it was reported that this bank is offering its stockholders the right to subscribe for an additional 87,120 common shares on the basis of one new share for each four held of record April 8, with rights to expire May 3. **Price**—$31. **Proceeds**—To increase capital funds. **Address** — 22nd at Broadway, Oakland, Calif. **Underwriter**—Davis, Skaggs & Co., San Francisco.

● **Chicago Burlington & Quincy RR (5/8)**
March 18, 1963 the company announced plans to sell $5,400,000 of equipment trust certificates in May. Two additional issues, totaling about $10,200,000, are tentatively scheduled for Aug. 1, and Oct. 1. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 8 (12 noon CDST) at above address.

Chicago, Rock Island & Pacific RR. (4/25)
March 27, 1963 the company announced plans to sell $2,625,000 of equipment trust certificates. **Office**—139 W. Van Buren St., Chicago. **Underwriters**—(Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—April 25 (12 noon CST) at above address.

Chicago Union Station Co. (5/15)
March 19, 1963 it was reported that this company, owned by four major railroads, plans to sell $20,000,000 of 1-10 year serial bonds and $29,000,000 of sinking fund bonds due 1988. **Proceeds** — To repay bank loans, and refund outstanding first 3⅛% and first 2⅞% bonds maturing July 1, 1963. **Office**—210 So. Canal St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Blyth & Co. **Bids**—Expected May 15.

Columbia Gas System, Inc. (6/6)
March 18, 1963 the company stated that it has made tentative plans to sell $25,000,000 of 25-year debentures in June, for possible refunding operations. It has definite plans to sell $25,000,000 of debentures in October to raise money for construction. **Office**—120 E. 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected June 6.

★ **Commonwealth Telephone Co.**
April 24, 1963 the company announced plans to offer stockholders the right to subscribe for an additional 71,000 common shares on a 1-for-10 basis. **Proceeds**—For general corporate purposes. **Office** — 100 Lake St., Dallas, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Offering**—Expected in late May.

Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named.

Community Public Service Co.
Jan. 16, 1963 it was reported that this company plans to sell $8,000,000 of first mortgage bonds in June 1963. **Office**—408 W. 7th Street, Fort Worth, Tex. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp.

Connecticut Light & Power Co.
Dec. 10, 1962 it was reported that the company is considering the issuance of about $22,500,000 of bonds in 1963 or 1964. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

★ **Connecticut Yankee Atomic Power Co.**
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter which wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York, Inc.
Feb. 26, 1963 the company stated that it will have to raise approximately $690,000,000 through the sale of securities, to fnance its five year construction program. In addition it will be required to refinance $27,561,000 of 3½% bonds maturing July 1, 1963, and $24,331,000 due July 1, 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

● **Consumers Power Co.**
April 24, 1963 it was reported that the company plans to sell $20,000,000 of straight debentures in the second half of 1963. **Office**—212 W. Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp (jointly); Morgan Stanley & Co.

★ **Duke Power Co.**
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co., New York.

★ **Eazor Express, Inc. (5/6-10)**
April 24, 1963 it was reported that the ICC had authorized the sale of 125,000 shares of this firm's common stock. **Price**—By amendment. **Business**—A motor carrier of general commodities operating in 11 states from Mass. to W. Va., and west to Ill. **Proceeds**—For selling stockholder, T. A. Eazor, Chairman. **Office**—15 Twenty-sixth St., Pittsburgh. **Underwriter**—W. E. Hutton & Co., 14 Wall St., New York.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Food Fair Properties, Inc.
May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment. **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Alleghany Ave., Philadelphia. **Underwriter**—To be named. The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

Great Northern Ry. (5/21)
March 2, 1963 it was reported that the company plans to sell $6,600,000 of equipment trust certificates. **Office**—39 Broadway, New York. **Underwriters** — (Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected May 21 (12 noon EDST) at above address.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C. Langley & Co. (jointly); Lee Higginson Corp.

Hawaiian Electric Co., Ltd.
March 5, 1963 it was reported that this company plans to sell about $14,000,000 of first mortgage bonds in the third quarter. **Office**—900 Richards St., Honolulu. **Underwriters** — Dillon, Read & Co. Inc., New York and Dean Witter & Co., San Francisco.

Hawaiian Telephone Co.
March 25, 1963, the company announced plans to sell about $9,000,000 of common stock late in the third quarter. Details have not been decided upon. However, it is expected that the common will be offered on a rights basis to stockholders. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

Hitachi, Ltd.
April 10, 1963 it was reported that this Japanese firm plans to raise between $10-$20,000,000 in the U. S. by the sale of A. D. R's in the third quarter of 1963. **Business**—Company is Japan's largest manufacturer of electrical equipment and appliances turning out over 10,000 different products ranging from locomotives to transistor radios. **Proceeds**—For expansion. **Address** — Tokyo, Japan. **Underwriter**—Dillon, Read & Co., Inc., New York.

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Indiana Bell Telephone Co., Inc. (6/11)
March 4, 1963 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of debentures in June, marking its first sale of debt securities. **Office**—240 No. Meridian St., Indianapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected June 11 (11 a.m. EDST) at 195 Broadway, New York. **Information Meeting**—June 6 (2:30 p.m. EDST) at same address.

Indiana & Michigan Electric Co. (8/6)
March 12, 1963 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $45,000,000 of first mortgage bonds due 1993. **Office**—2101 Spy Run Ave., Fort Wayne, Ind. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co. Inc.; First Boston Corp. **Bids**—Expected Aug. 6 at American Electric Power Co., 2 Broadway, New York.

★ Interstate Securities Co.
April 24, 1963 it was reported that this company plans to offer stockholders the right to subscribe for an additional 173,433 shares on a 1-for-4 basis. **Business**—Engaged in automobile and commercial financing, and the making of small loans. **Proceeds**—For general corporate purposes. **Office** — 3430 Broadway, Kansas City, Mo. **Underwriter**—A. G. Becker & Co., Inc., Chicago. **Offering**—Expected in early June.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in late 1963 or early 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Iowa Public Service Co.
March 12, 1963 the company announced plans to sell $14,000,000 of first mortgage bonds in September. **Address**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; White, Weld & Co.; First Boston Corp.

★ Japan Fund, Inc.
April 18, 1963 it was reported that directors of the Fund had authorized the officers to investigate the possibility of a rights offering of common stock to stockholders. **Business**—A closed-end diversified investment company seeking capital appreciation through investments primarily in common stocks of Japanese firms. **Office**—25 Broad St., New York. **Underwriters**—Bache & Co.; Paine, Webber, Jackson & Curtis, and The Nikko Securities Co., Ltd., New York.

Japan (Government of)
April 16, 1963 it was reported that the Diet had approved the Government's budget for fiscal 1964, which included plans to sell $60,000,000 of external loan bonds and $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. $25,000,000 of the external loan bonds have been registered with the SEC for sale on or about May 1, leaving a balance of $35,000,000 to be sold probably by Dec. 31, 1963. **Underwriters**— To be named. The current issue of external loan bonds will be underwritten by First Boston Corp. The last issue of Tokyo bonds in March 1927, was handled by Kuhn, Loeb & Co.

Jersey Central Power & Light Co.
March 12, 1963 it was reported that this subsidiary of General Public Utilities Corp., plans to sell $10,000,000 of 30-year bonds and $9,000,000 of 25-year debentures in the fall. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder Peabody & Co.; Harriman Ripley & Co.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly).

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly).

Mexico (Government of)
April 5, 1963 it was reported that the Mexican Congress had authorized the sale of $100,000,000 of bonds in other countries. It is expected that the majority of them would be sold in the U. S. Details as to terms, timing, etc., have not been decided upon. **Proceeds**—For economic development. **Underwriter**—Kuhn, Loeb & Co., New York.

Michigan Wisconsin Pipe Line Co.
March 12, 1963 the company stated that it is considering the issuance of about $25,000,000 of bonds in the third quarter, to refund a like amount of outstanding 6¼% first pipe line bonds due June 15, 1977. Action is contingent upon successful completion of its rate case now pending with the FPC. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co.

Missouri Pacific RR
March 13, 1963 it was reported that this road plans the sale of $4,500,000 of equipment trust certificates in late May or early June. This will be the second installment of a total $9,000,000 issue. **Address**—Missouri Pacific Bldg., St. Louis 3, Mo. **Underwriters**—(Competitive). Probable bidders: Salmon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

★ Mountain States Telephone & Telegraph Co. (6/3)
April 22, 1963 it was reported that this utility, 86.75% owned by A. T. & T., plans to offer stockholders the right to subscribe for about 4,037,432 additional capital shares on the basis of one new share for each 10 held of record June 3. Rights would expire June 28. **Proceeds**—To repay bank loans incurred for construction. **Office**—931 Fourteenth St., Denver. **Underwriter**—None.

National Uni-Pac, Inc.
March 27, 1963 it was reported that the company plans to file a registration statement covering 150,000 common. **Price**—$4. **Business**—The sale or lease of coin operated vending machines. **Proceeds** — To redeem outstanding debentures, and for other corporate purposes. **Office**—15 Peachtree St., N. W. Atlanta, Ga. **Underwriter**—To be named.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $10,000,000 of first mortgage bonds in Sept. **Address**—Fourth and Stewart Avenue, Las Vegas. **Underwriters**—(Competitive): White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $4,000,000 of common stock in September. Transaction is subject to approval by State and Federal regulatory authorities. **Address** — Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co.
Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

★ New York Central RR (5/23)
April 23, 1963 the company announced plans to sell $2,700,000 of equipment trust certificates in May. **Office**—466 Lexington Ave., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 23 (12 noon EDST) at above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Nippon Telegraph & Telephone Pubilc Corp.
April 16, 1963 it was reported that the company plans to sell $20,000,000 of bonds in the United States in the third quarter of 1963. **Business** — Nippon Telegraph, wholly-owned by the Japanese Government, furnishes domestic telephone and telegraph services, without competition, in Japan. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co.; First Boston Corp., and Smith, Barney & Co., New York.

Norfolk & Western Ry. (6/24)
April 8, 1963 it was reported that this road plans to sell about $4,300,000 of 1-15 year equipment trust certificates in June. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—June 24 (12 noon EDST).

Northern Illinois Gas Co. (7/10)
April 9, 1963 the company reported that it plans to sell $20,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-Equitable Securities Corp.; Glore, Forgan & Co. **Bids**—Expected July 10.

Northern Natural Gas Co.
Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of debt securities sometime in 1963 or 1964. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Northern States Power Co. (Minn.)
Jan. 11, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly).

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

Pacific Power & Light Co.
Nov. 28, 1962 it was reported that the company plans to issue $30,000,000 of first mortgage bonds in June 1963. **Proceeds**—To repay outstanding loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly).

Pennsylvania Power Co. (6/12)
April 9, 1963 it was reported that this utility plans to sell $9,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Office**—19 E. Washington St., New Castle, Pa. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co.,-White, Weld & Co.-Equitable Securities Corp.-Shields & Co. (jointly); Harriman Ripley & Co.; Lehman Brothers-Eastman Dillon, Union Securities & Co.-Ladenburg, Thalmann & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.-Blyth & Co. (jointly). **Bids**—Expected June 12 (11 a.m. EDST) at 300 Park Ave., New York. **Information Meeting**—June 10 (3:45 p.m. EDST) at 15 William St., New York.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co. The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Public Service Electric & Gas Co. (6/18)
March 4, 1963 it was reported that this company plans to sell $40,000,000 of first mortgage bonds due 1993. **Proceeds** — For construction. **Office** — 80 Park Place, Newark, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.-Blyth & Co.-Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids** — Expected June 18 (11 a.m. EDST) at above address. **Information Meeting**—June 13 (2 p.m. EDST) at One Chase Manhattan Plaza, New York.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Security National Bank of Long Island
April 16, 1963 it was reported that the bank plans to offer stockholders the right to subscribe for an additional 141,519 common shares on a 1-for-9 basis. The proposal will be voted on by stockholders in mid-June and the date of the meeting would also be the record date for the rights offering. **Address**—Huntington, N. Y. **Underwriter**—M. A. Schapiro & Co., New York.

★ Southern California Gas Co. (6/26)
April 22, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $40,000,000 of first mortgage bonds. **Proceeds**—To refund outstanding 5⅛% bonds due July 1, 1983, and for construction. **Office**—810 South Flower St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Eastman Dillon, Union Securities & Co.; Blyth & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected June 26.

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mort-

gage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

★ Southern Pacific Co. (6/4)
April 24, 1963 it was reported that this company plans to sell $8,100,000 of equipment trust certificates. **Office**—165 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Solomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—June 4 (12 noon EDST) at above address.

Southern Railway Co.
Jan. 15, 1963 stockholders authorized the company to issue $50,000,000 of general mortgage bonds. **Proceeds**—To acquire stock of Central of Georgia Ry.; retire first mortgage 3¾% bonds of Atlanta & Charlotte Air Line RR.; reimburse the treasury for capital expenditures and provide for additional capital expenditures. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly).

Southern Union Gas Co.
March 27, 1963 it was reported that this utility plans to sell $5,000,000 of preferred stock and $5,000,000 of debentures in the first half of 1963 to help finance its $11,750,000 construction program. **Office**—1507 Pacific Ave., Dallas. **Underwriters**—Snow, Sweeny & Co., Inc., New York, and A. C. Allyn & Co., Chicago.

Tennessee Valley Authority
Oct. 3, 1962, A. J. Wagner, Chairman, stated that the Authority plans to issue $50,000,000 of short- or long-term securities in the spring of 1963. **Proceeds**—For construction. **Office**—Knoxville, Tenn. **Underwriters**—To be named. On Jan. 24, 1962 the Authority sold at competitive bidding $45,000,000 of 4½% bonds due Feb. 1, 1987. The issue was won by a group jointly managed by Chase Manhattan Bank; Morgan Guaranty Trust Co. of New York; Chemical Bank New York Trust Co.; C. J. Devine & Co.; and the First National Bank of Chicago.

Transcontinental Gas Pipe Line Co.
Feb. 20, 1963 it was reported that the company is considering the issuance of $30-$40,000,000 of debt securities in the third quarter. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

Union Light, Heat & Power Co.
Feb. 18, 1963 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $6,000,000 of first mortgage bonds in 1963. **Office**—139 East Fourth St., Cincinnati. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Equitable Securities Corp.; White, Weld & Co.; Kidder Peabody & Co.

Washington Gas Light Co.
Au. 1, 1962 it was reported that this company plans to sel $12,000,000 of 25-year bonds, in the second quarter of 1963. **Office**—1100 H. St., N. W., Washington, D. C **Underwriters**—(Competitive): Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

Wavelabs, Inc.
April 16, 1963 it was reported that the company had withdrawn a "Reg. A" covering 100,000 capital shares in order to prepare a full filing covering a larger number of shares. It is expected that the registration statement will be filed within a month. **Business**—Manufacture of airborne and shipboard vibration monitoring devices and equipment. **Proceeds**—For debt repayment, advertising, research and working capital. **Office** — 4343 Twain St., San Diego. **Underwriter**—To be named.

Western Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Western Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

Wisconsin Public Service Corp.
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Dealer-Broker Recommendations

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Reece Corp.—Memorandum—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Reliance Manufacturing—Memorandum—Golkin, Divine & Fishman, Inc., 67 Broad Street, New York 4, N. Y.

Rockwell Manufacturing—Memorandum—Schmidt, Roberts & Parke, 123 South Broad Street, Philadelphia 9, Pa.

Russ Togs—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Sierra Pacific Power Co.—Memorandum—Lamson Bros. & Co., 141 West Jackson Boulevard, Chicago 4, Ill.

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

Southeastern Public Service — Bulletin—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Square D Company — Analysis—Robert W. Baird & Co., 731 North Water Street, Milwaukee 1, Wis.

Standard Oil of Indiana—Report—Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a bulletin on **Consolidated Foods** and memoranda on **Chicago Pneumatic Tool** and **E. W. Bliss.**

Sunset House Distributing Corp. — Memorandum — Crowell, Weedon & Co., 629 South Spring Street Los Angeles 14, Calif.

Tennessee Gas Transmission — Comments—Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Tennessee Gas Transmission—Memorandum—Eppler, Guerin & Turner, Inc., Fidelity Union Tower, Dallas 1, Texas. Also available are memoranda on **Taylor Publishing** and **Ennis Business Forms.**

Tenney Engineering Inc.—Financial Report—Tenney Engineering Inc., Dept. 9, 1090 Springfield Rd., Union, N. J.

Texas Gulf Sulphur — Report — Purcell & Co., 50 Broadway, New York 4, N. Y.

Thor Power Tool Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y.

Toledo Scale Corp. — Circular—McDonald & Co., Union Commerce Building, Cleveland 14, O.

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

Traileurop—Memorandum—Kordan & Co., Inc., 50 Broadway, New York 4, N. Y.

United States Freight Company—Analysis—Lieberbaum & Co., 50 Broadway, New York 4, N. Y.

U. S. Leasing — Memorandum — William R. Staats & Co., 640 S. Spring St., Los Angeles 14, Calif. Also available is a memorandum on **Bonanza Air Lines.**

U. S. Steel—Memorandum—Joseph Mayr & Company, 50 Broadway, New York 4, N. Y.

U. S. Steel—Memorandum—E. F. Hutton & Company, Inc., 1 Chase Manhattan Plaza, New York 5, New York.

Valve Corporation of America—Report—Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pa.

Wagner Electric—Report—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Warner & Swasey Company — Analysis — Abraham & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **F. W. Woolworth & Co.**

Westinghouse Electric — Analysis —John H. Kaplan & Co., 120 Broadway, New York 5, N. Y.

Weyerhaeuser Company—Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Illinois.

F. W. Woolworth—Memorandum —E. F. Hutton & Company Inc., 1 Chase Manhattan Plaza, New York 5, N. Y.

F. W. Woolworth—Report—Sartorius & Co., 39 Broadway, New York 6, N. Y. Also available is a report on **W. T. Grant.**

Tampa Electric Bonds Offered

Halsey, Stuart & Co. Inc., New York, heads a group which is offering $48,000,000 Tampa Electric Co. 4½% first mortgage bonds due 1993. The bonds are priced at 101.875% plus accrued interest, to yield approximately 4.39%.

The group was awarded the issue at competitive sale April 24 on its bid of 101.23%.

Net proceeds from this sale will be used by the company to refund all of its 5% first mortgage bonds due in 1990 in the principal amount of $24,750,000, to pay duplicate interest of $110,000 plus a redemption premium of $1,732,500, and to pay outstanding bank loans which it is estimated will aggregate $19,169,500 at time of sale of these bonds. The balance will be applied to the 1963 construction program.

The new bonds are redeemable at option of the company as a whole or in part on 30 days notice at regular redemption prices ranging from 106.40% prior to May 1, 1964, down to 100 in 1992, and accrued interest. The bonds are also redeemable at special redemption prices through operation of the sinking and improvement fund and the renewal and replacement fund at prices receding from 102% in 1963 to par in 1992, plus accrued interest.

Tampa Electric, organized in 1899, is a public utility operating wholly within the State of Florida and is engaged in the generation, purchase, transmission, distribution and sale of electric energy. The company serves an area of approximately 1,700 square miles on the Florida west coast, with an estimated population of 550,000, including the communities of Tampa, Port Tampa, Plant City, Dade City, Winter Haven, Mulberry, Auburndale and Lake Alfred. The area is served in its entirety from the company's three electric generating plants in Tampa.

Operating revenues in 1962 totaled $48,193,966 and net income amounted to $8,261,381. Ratio of earnings to fixed charges was 5.23.

NY Savings Banks Ass'n Elects

The Savings Banks Association of New York State has announced the election of James Bloor as Chairman of Group IV of the Association, comprising the savings banks in Manhattan and The Bronx.


James Bloor

Mr. Bloor, who is President of Central Savings Bank in the City of New York, succeeds Henry R. Sutphen, Jr., President of American Irving Savings Bank.

Charles E. Gillespie, Vice-President of Harlem Savings Bank, was named Secretary-Treasurer of the Group. W. Emerson Gentzler, President of Empire City Savings Bank and Lloyd F. Dempsey, Senior Vice-President of Dollar Savings Bank of the City of New York, were appointed members of the Executive Committee.

James Bloor is the President and chief executive officer of the Central Savings Bank in the City of New York.

Mr. Bloor came with the bank in 1955 as trustee and Executive Vice-President and was elected President in January 1961. Prior to his association with Central Savings Bank, Mr. Bloor has been a Vice-President of the Chase Manhattan Bank. He is currently a director and member of the Executive Committee of the Rockland National Bank, Suffern, New York; a directir of Atico Finance Corporation, Miami, Florida; a director of the Guardian Life Insurance Company and an advisory board member of the Chemical Bank New York Trust Company.

Mr. Bloor is a resident of Grand View on Hudson and is a Vice-President and Trustee of Nyack Hospital.

Mr. Bloor, a veteran of World War II, served with the United States Navy in the Pacific Theatre.

Central Savings Bank, with assets of over $550 million, has four offices in Manhattan and is one of the oldest and largest savings banks in the country.

Portland General Electric Company Common Offered

A nationwide syndicate of 96 investment banking firms headed by Blyth & Co. Inc., New York are offering publicly 725,302 common shares of Portland General Electric Co. at $25.75 per share.

Net proceeds from the sale, together with $18,000,000 principal amount of first mortgage bonds being placed privately with a group of institutional investors, will be used to repay in full the company's notes payable, obtained for temporary financing of the construction program. The balance will be added to the general funds of the company.

Portland General Electric supplies electric energy exclusively within the state of Oregon, servicing a 3,300 square mile area, including 45 incorporated cities of which Portland and Salem are the largest. The company serves approximately 268,650 customers, constituting 41% of the electric customers within the state.

Nashville Dealers Spring Party

NASHVILLE, Tenn. — The Security Dealers of Nashville will hold their annual spring party May 16 and 17. Tariff is $40 and reservations should be made by May 6 with H. O. Booth, Jr., Spencer Trask & Co.

A dinner will be given on May 16 at the Hillwood Country Club. Field day will follow on May 17 at the Belle Meade Country Club.

Non-Branch Banking Policy— A Formula for Stagnation

Continued from page 13

allow sufficient scope for bank expansion to meet those needs, and we must erect and preserve the sort of banking structure which will sustain the continued adaptation of our banking facilities to the new requirements as they appear.

We should not allow a fear of change to deny to ourselves the best banking structure that we can devise. The needs are clear. Our duty is to see that they are met with the least harm and the greatest gain.

It is proper that we should be concerned to avoid a degree of bank expansion which would threaten the solvency and liquidity of our banks. And it is also proper that we should be concerned to avoid excessive concentration of banking control. But it is equally as important that we should assure the adequacy of our banking facilities, in the most positive, forward-looking sense.

The formation of new branches is but one of a variety of devices through which these objectives may be achieved. No harm can come from the availability of this technique to the regulatory authorities, and to the banks — but only a gain through a broadening of the tools which are at hand. If the kit of tools is arbitrarily limited, less effective means will have to be employed, and the tasks to be performed will not be done as well.

Broadened authority to permit branching will not be used by this Office indiscriminately, without regard to the needs for banking facilities, or without relation to the effects upon the viability of existing institutions. Nor will this authority be utilized in a manner which will result in excessive concentration of banking control.

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 power 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 to 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 entail conflicting objectives. These objectives are of coordinate importance, and we must accommodate our banking structure to 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 of which commercial banks are capable. But the rate of their growth is striking evidence of their efforts to fill the vacuum created by unsatisfied demands for financial services. The expansion of these nonbank financial institutions has been particularly notable in those States, such as Florida, which prohibit branching by commercial banks. Wherever the potential strength of the commercial banks has been chained, the effect has been to elevate 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 banks, nor of the community, nor of the Nation. It is a formula for stagnation—not prcgress.

Response to Existing Impediments

The force of the commercial banking system has not, however, lain entirely dormant. Throughout the country, particularly in many of the States which severely restrict the branching powers of commercial banks, there has been a strong upsurge of demand for the creation of new banking establishments. With existing banks denied the privilege of branching, and with clear opportunities prevailing for the profitable use of new capital in this industry — many well-capitalized, highly-competent, groups have been formed to seek new bank charters.

During the past year, Florida stood at the head of the list of the 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 growing 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 refresh constantly the initiative which is required in this industry if it is to play its proper role in the growth of our economy. But in an industry in which competent management is scarce, it is highly unwise to deprive the public of the full expression of the capacities cf 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 glowing 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 community service.

*An address by Mr. Saxon before the Florida Bankers Association, Miami Beach, Fla.

Keresey V.-P. of Donaldson, Lufkin

As of May 6, James F. Keresey will become Vice-President of Donaldson, Lufkin & Jenrette, Inc., 1 Whitehall Street, New York City, members of the New York Stock Exchange. Mr. Keresey 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, $108,720,000 New York, New York (1964-1993) bonds, came up for competitive bidding on Wednesday. The group led by the *First National City Bank, Bankers Trust Co., The Morgan Guaranty Trust Co., Harriman Ripley & Co., Inc., Smith, Barney & Co.* and *Halsey, Stuart & Co., Inc.* submitted the better of the two bids made for this large issue, stipulating a net interest cost of 2.8889%. The runner-up bid, made by the Chase Manhattan Bank and associates, was a net interest cost of 2.90313%. The bonds bore various coupons and were reoffered to yield from 1.70% to 3.40%.

It is reported that $80,000,000 of the bonds were spoken for at the time of the bid making. This would appear to assure a most successful flotation. The present balance is down to about $16,000,000.

Also on Wednesday (4/24) $8,000,000 Baltimore County, Maryland (1965-2003) bonds were purchased by the *First National City Bank* group on its net interest cost bid of 3.1168%. The runner-up bid was made by the Harris Trust and Savings Bank and associates, setting a 3.1224% net interest cost.

The bonds were priced to yield from 1.80% to 3.75% and the underwriting has been successfully closed out.

On Wednesday, a group headed by *Halsey, Stuart & Co. Inc.* submitted the high bid for $3,500,000 Roanoke County, Virginia bonds. The group bid a net interest cost of 2.810%. The second best bid, made by the Bankers Trust Co. group, was a 2.819% net interest cost.

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

The present balance is $1,665,000.

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 do better than the general market. *The Commercial and Financial Chronicle's* revenue bond Index averages out at a 3.442% yield on April 24 as against a 3.453% yield a week ago. This would indicate that the market is generally up close to one-quarter of a point.

Individual issues that did better on the week include Florida Turnpike 4¾s, Kansas Turnpike 3⅜s, Mackinac Bridge 4s, Maine Turnpike 4s, New York Power Authority 3.20s, Oklahoma Turnpike 4¾s and Richmond-Petersburg Turnpike 3.45s.

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

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 The City of New York various purpose bonds. The lot consisted of $41,170,000 of 3.10% bonds, due 1964-1993; $35,000,000 of 2.80%, due 1964-1973; and $32,550,000 of 2.30% bonds due 1964-1968.

The group was awarded the issues at competitive sale on its bid of 100.2378%, setting an annual net interest cost of 2.8889%.

On reoffering the securities were scaled to yield from 1.70% to 3.40%.

Included in the offering are the following:

Morgan Guaranty Trust Co. of New York; Bankers Trust Co.; Harriman Ripley & Co., Inc.; Smith, Barney & Co.; The First Boston Corp.; Halsey, Stuart & Co., Inc.; The First National Bank of Chicago; Continental Illinois National Bank and Trust Co. of Chicago; Mellon National Bank & Trust Co.;

C. J. Devine & Co.; Salomon Brothers & Hutzler; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Phelps, Fenn & Co.; White, Weld & Co.; W. H. Morton & Co., Inc.; Shields & Co., and Mercantile Trust Co.

Course on Puts & Calls

A course in the proper use of the purchase and sale of puts and calls will be given by Hirsch & Co., members of the New York Stock Exchange, at the firm's 655 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 other areas pertinent to puts and calls operations.

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 plant, the mere existence of excess capacity in other industries is irrelevant. Furthermore, it should be clear that increased 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 slow 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.

Jaeger Agents Opens

MANHASSET, N. Y. — Jaeger Agents, Inc., has opened offices at 105 Old Mill Road to engage in a securities business. Officers are Molly O'Doherty Jaeger, President and Treasurer; 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 Cohon & Co.

Patton V.-P. of F. H. Hatch Co.

The investment firm of Frederic H. Hatch & Co., Inc., 72 Wall Street, New York City, has announced that Henry H. Patton has joined the company as a Vice-President.

Mr. Patton was formerly Senior Vice-Persident of International Basic Economy Corporation (IBEC). He previously was President of American Overseas Finance Co., which, in 1960, merged with Transoceanic Development Corporation, Ltd., and became T-AOFC Ltd. Prior to that, he was associated with Kuhn, Loeb & Co.

Mr. Patton currently is also Director of United Nuclear Corporation and International Resources Fund, Inc.

With Manley, Bennett

DETROIT, Mich. — T. Stephen Hauser has become associated with Manley, Bennett, McDonald & Co. as a registered representative. Until completion of the Northland Tower office, he will be located in the firm's Buhl Building office.

Since 1958 Hauser has been an account executive with Merrill Lynch, Pierce, Fenner & Smith Inc.

Penington, Colket Office

SOUTH WILLIAMSPORT, Pa.—Penington, Colket & Co., has opened an office at 515 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 Feo, Vice-President and Treasurer; and S. H. Skolnick, Secretary.

Doheny, Treanor Join Walston & Co., Inc.

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

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

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 home building up by as much as $50 a unit. The average house has from 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 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 bulging at their savings vaults with money they have been 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 dispatching notices to their shareholders that effective with the quarter starting June 1, 1963, the dividend rate will be cut.

In the Nation's Capital for example some of the large associations have advised that they are reducing the rate from 4¼% per annum (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 rate reduction in dividends.

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

Mr. McMurray points out that savings and loan associations are faced with more competition. The changes in the money picture 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 becoming more limited and the quality of credit may be weakening."

Vacation Home Program Being Considered by Administration

There is, under serious consideration, although it has not been publicized nationally, a proposal by the Kennedy Administration that would stimulate housing construction in this country.

The Federal Housing Administration has taken under advisement the question of vacation home financing. It would be a revolutionary thing in the entire field of housing if this should be approved.

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 mountain or rural areas, if they 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 "within certain limitations which have been prescribed by administrative regulation." This means that under present regulations insured mortgages for such housing is very limited.

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

FHA Program Seen Boon to Michigan's Economy

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 and other community facilities, vacation home financing by FHA has been exceedingly narrow.

A Michigan Senator, Philip A. Hart, got FHA to take a new look at vacation home financing. His request and inquiry were prompted by the sagging economy in parts of Michigan, especially in 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 zing if FHA can liberalize its regulations.

Conventional financing for vacation homes is difficult to obtain. Many of the areas do not have the organized year-round fire and police protection. Therefore, the conventional loan sources are not interested in making loans because they fear a high rate of defaults.

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 substantially higher.

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

"Best growth prospect for 1963? . . . The government stockpile!"

The Commissioner observed: "It is possible that the criteria 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 scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

April 26, 1963 (New York City)
Security Traders Association of New York Annual Dinner in the Grand Ballroom, Waldorf-Astoria Hotel.

CHRONICLE's Special Pictorial Section May 9.

May 3, 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 8-11, 1963 (White Sulphur Springs, W. Va.)
Investment Bankers Association Board of Governors Meeting at the Greenbrier.

May 12-15, 1963 (Chicago, Ill.)
Financial Analysts Federation annual convention at the Palmer House.

May 13-15, 1963 (Washington, D. C.)
National Association of Mutual Savings Banks 43rd annual conference at the Sheraton Park Hotel.

May 16-17, 1963 (Cincinnati, O.)
Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and Dinner May 16 at the Queen City Club; Outing May 17 at the Losantiville Country Club.

May 16-17, 1963 (Nashville, Tenn.)
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 17, 1963 (Baltimore, Md.)
Baltimore Security Traders Association 28th annual spring outing at the Country Club of Maryland.

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

May 17, 1963 (Philadelphia, Pa.)
Investment Association of Philadelphia annual outing at the Gulf Mills Golf Club, Gulph Mills, Pa.

May 23, 1963 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day at the Omaha Country Club (preceded May 22nd by cocktails and a dinner.)

May 30-31, 1963 (Atlanta, Ga.)
Georgia Security Dealers Association Spring Party. A Cocktail Party and Dinner will be held May 30, with Outing on May 31.

June 7, 1963 (New York City.)
Bond Club of New York 29th Annual Field Day at Sleepy Hollow Country Club, Scarborough, N. Y.

CHRONICLE's Special Pictorial Section June 13.

June 7, 1963 (New York City.)
Municipal Bond Club of New York 30th Annual Field Day at the Westchester Country Club, Rye, N. Y.

June 14, 1963 (Philadelphia, Pa.)
Philadelphia Securities Association Annual Outing at the Aronomink Golf Club, Newtown Square, Pa.

June 19-21, 1963 (Chicago, Ill.)
Investment Bankers Association Municipal Conference at the Pick-Congress Hotel.

CHRONICLE's Special Pictorial Supplement July 11, 1963.

June 20-23, 1963 (Canada)
Investment Dealers Association of Canada Annual Meeting at Jasper Park Lodge.

June 21, 1963 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual summer outing and golf tournament at the Whitemarsh Country Club, Whitemarsh, Pa.

June 27, 1963 (Des Moines, Iowa)
Iowa Investment Bankers Association 28th Annual Field Day at the Wakonda Club.

Sept. 11-13, 1963 (Pebble Beach, Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

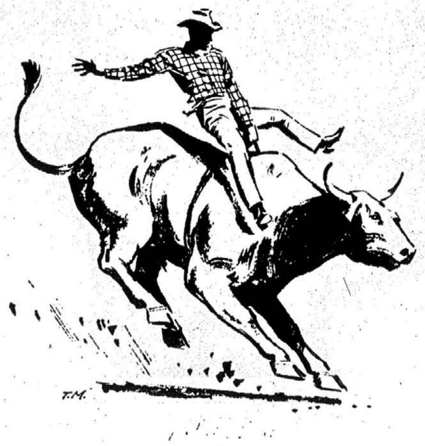
Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City.)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Volume 197 Number 6258 . . . *A Supplement to the Commercial and Financial Chronicle* Thursday, April 25, 1963 (1)



TEXAS GROUP

INVESTMENT BANKERS ASSOCIATION OF AMERICA

28TH ANNUAL CONVENTION

DALLAS, TEXAS • • • APRIL 3, 4, 5, 1963

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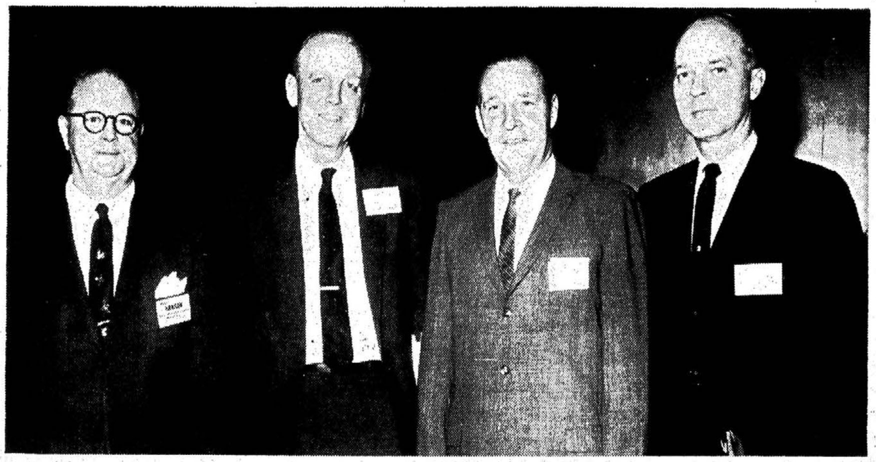

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Lorrin C. Mawdsley, *Van Alstyne, Noel & Co.*, New York; Jesse Sanders, *Sanders & Company*, Dallas; Edward L. Warren, *Morgan Guaranty Trust Company*, New York; Thomas L. Ray, *Mercantile Trust Company*, St. Louis; Frank P. Smeal, *Morgan Guaranty Trust Company*, New York

Corporate Forum: Robert R. Gilbert, Jr., *Sanders & Company*, Dallas, Moderator; William Georgeson, *Continental Assurance Co.*, Chicago, and Grogan Lord, *Texas Capital Corp.*, Georgetown, Tex., Speakers

Corporate Forum Panel: William J. Radding, Jr., *National Association of Securities Dealers*, Dallas; John W. Turner, *Eppler, Guerin & Turner, Inc.*, Dallas; J. Reis Bambenek, *Dallas Union Securities Co., Inc.*, Dallas; Allen L. Oliver, Jr., *Sanders & Company*, Dallas

Russell R. Rowles, *Rowles, Winston & Co.*, Houston; Mr. & Mrs. David A. Haley, *Harkness & Hill, Inc.*, Boston; Elmer Eaton, *Paine, Webber, Jackson & Curtis*, New York; F. Vincent Reilly, *Commercial & Financial Chronicle*, New York

Carl Stolle, *G. A. Saxton & Co., Inc.*, New York; William G. Hobbs, Jr., *Funk, Hobbs & Hart, Inc.*, San Antonio; Philip F. McManus, *New York Hanseatic Corporation*, New York; Milton Halpern, *Rauscher, Pierce & Co., Inc.*, San Antonio; Jesse Sanders, *Sanders & Company*, Dallas

Newell S. Knight, *First National Bank*, St. Louis; C. P. Anderson, *Goodbody & Co.*, Chicago, Richard O. Arneson, *Dittmar & Company, Inc.*, San Antonio; Jack Nelson, *Dick & Merle-Smith*, Dallas; Jack Coleman, *Dick & Merle-Smith*, Dallas; Joseph C. Kennedy, *Bankers Trust Company*, New York

Hugh Bass, *Metropolitan Dallas Corporation*, Dallas; R. A. Underwood, Jr., *R. A. Underwood & Co., Inc.*, Dallas; Allen L. Oliver, Jr., *Sanders & Company*, Dallas; Mr. & Mrs. William N. Edwards, *William N. Edwards & Co.*, Ft. Worth; B. H. Estes, *Eppler, Guerin & Turner, Inc.*, Dallas

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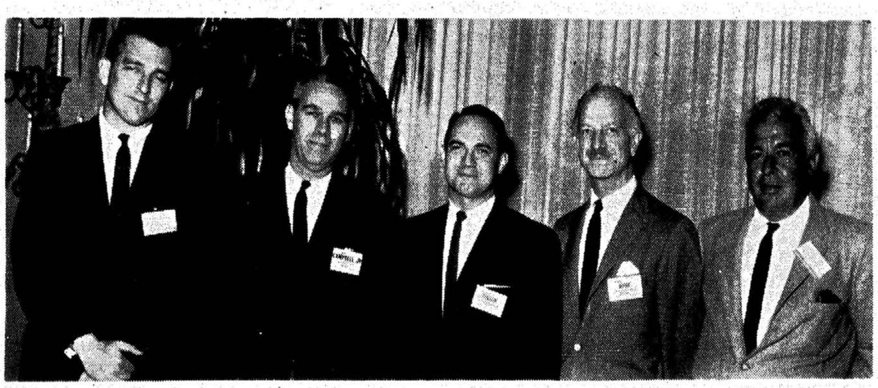

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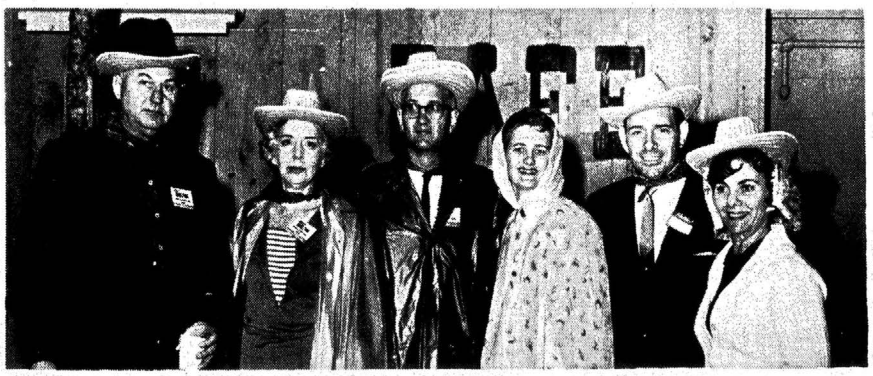

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Ray Condon, *B. J. Van Ingen & Co., Inc.*, Chicago; J. B. Sanford, Jr., *Hattier & Sanford*, New Orleans; James E. Snyder, *A. C. Allyn & Co.*, Chicago; William Georgeson, *Continental Assurance Co.*, Chicago; Rolfe Beaudry, *Fridley & Frederking*, Houston

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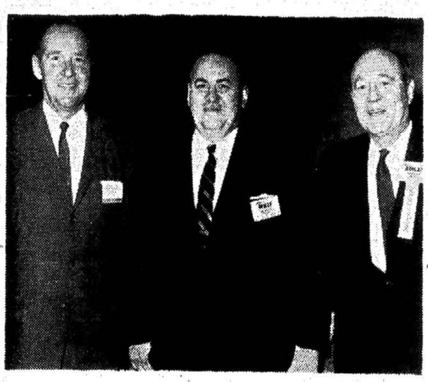

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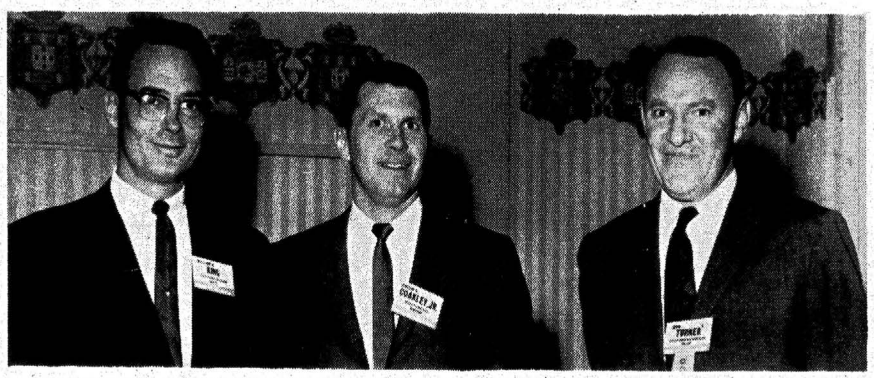

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